



Financial Statements



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INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007



Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2007	2006	2007	2006
Revenue	5&6	906,415	576,578	494,516	49,551
Cost of sales	7	(395,686)	(309,350)	-	(2,391)
Gross profit		510,729	267,228	494,516	47,160
Other income		18,743	15,426	11,823	894,220
Selling and distribution costs		(37,770)	(32,095)	-	(360)
Administration expenses		(29,063)	(22,420)	(18,737)	(16,115)
Other expenses		(15,133)	(9,539)	(511)	(620)
Profit from operations		447,506	218,600	487,091	924,285
Share of results in associates		3,652	1,825	-	-
Profit before taxation	5,8&9	451,158	220,425	487,091	924,285
Taxation	12	(103,102)	(47,207)	(118,490)	338
Profit for the financial year		348,056	173,218	368,601	924,623
Attributable to:					
Equity holders of the Company		344,064	171,147	368,601	924,623
Minority interests		3,992	2,071	-	-
		348,056	173,218	368,601	924,623
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	13	45.72	22.91		
- diluted (sen)	13	45.47	22.69		
Gross dividends per share (sen)	14	14.00	7.00		

The notes set out on pages 50 to 92 form part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2007

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2007	2006 (Restated)	2007	2006
ASSETS					
Non-current assets					
Property, plant and equipment	15	384,239	367,644	8,551	5,687
Land held for property development	16	232,765	226,253	-	-
Investment properties	17	10,594	10,874	-	-
Plantation development	18	469,510	445,512	-	-
Leasehold land use rights	19	249,180	249,226	-	-
Intangible asset	20	16,955	-	-	-
Subsidiaries	21	-	-	242,187	192,187
Jointly controlled entity	22	1,901	-	-	-
Associates	23	11,291	12,961	2,123	2,123
Long term investments	24	32,718	32,653	-	-
Amount due from subsidiaries	21	-	-	1,539,377	-
Long term receivables	28	-	5,000	-	5,000
Deferred tax assets	25	6,871	5,669	167	1,033
Current assets					
Property development costs	16	111,150	104,134	-	-
Land held for sale	26	-	-	1,290	1,290
Inventories	27	119,500	114,926	13	14
Tax recoverable		23,645	13,414	23,428	11,401
Trade and other receivables	28	114,700	84,008	7,213	10,970
Amounts due from subsidiaries	21	-	-	394,352	1,881,174
Amount due from other related companies	29	4	4	-	-
Amounts due from associates	23	803	1,094	656	665
Short term investments	30	204,234	121,184	187,163	104,651
Bank balances and deposits	31	290,860	140,179	248,901	108,783
		864,896	578,943	863,016	2,118,948
Total assets		2,280,920	1,934,735	2,655,421	2,324,978
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	32	377,569	375,211	377,569	375,211
Reserves	33	1,686,740	1,382,152	2,161,793	1,829,155
		2,064,309	1,757,363	2,539,362	2,204,366
Minority interests		11,549	11,392	-	-
Total Equity		2,075,858	1,768,755	2,539,362	2,204,366
Non-current liabilities					
Other payables	34	15,592	17,220	-	1,628
Provision for directors' retirement gratuities	35	2,331	5,566	928	4,303
Deferred tax liabilities	25	40,613	41,088	-	5
		58,536	63,874	928	5,936
Current liabilities					
Trade and other payables	34	119,220	94,922	8,377	7,350
Amount due to ultimate holding company	29	876	638	876	638
Amount due to subsidiaries	21	-	-	105,390	105,439
Amount due to other related companies	29	488	1,249	488	1,249
Taxation		25,942	5,297	-	-
		146,526	102,106	115,131	114,676
Total liabilities		205,062	165,980	116,059	120,612
Total equity and liabilities		2,280,920	1,934,735	2,655,421	2,324,978
NET ASSETS PER SHARE (RM)		2.73	2.34		

The notes set out on pages 50 to 92 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007



Amounts in RM'000 unless otherwise stated

Group	Attributable to equity holders of the Company								Total Equity
	Share capital	Share premium	Re-valuation reserve	Reserve on exchange differences	Option reserve	Retained earnings	Total	Minority Interests	
Balance at 1 January 2007	375,211	32,948	18,075	(355)	379	1,331,105	1,757,363	11,392	1,768,755
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(12)	-	-	12	-	-	-
Net loss not recognised in income statement - exchange differences	-	-	-	(3,513)	-	-	(3,513)	-	(3,513)
Net income/(expense) recognised directly in equity	-	-	(12)	(3,513)	-	12	(3,513)	-	(3,513)
Profit for the financial year	-	-	-	-	-	344,064	344,064	3,992	348,056
Total recognised income and expense for the year	-	-	(12)	(3,513)	-	344,076	340,551	3,992	344,543
Employees share option scheme									
- Shares issued (see Note 32)	2,358	4,985	-	-	-	-	7,343	-	7,343
- Options granted (see Note 9)	-	-	-	-	274	-	274	-	274
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(3,835)	(3,835)
Appropriation:									
- Final dividend paid for financial year ended 31 December 2006 (4.25 sen less 27% tax) (See Note 14)	-	-	-	-	-	(23,357)	(23,357)	-	(23,357)
- Interim dividend paid for financial year ended 31 December 2007 (3.25 sen less 27% tax) (See Note 14)	-	-	-	-	-	(17,865)	(17,865)	-	(17,865)
	-	-	-	-	-	(41,222)	(41,222)	-	(41,222)
Balance at 31 December 2007	377,569	37,933	18,063	(3,868)	653	1,633,959	2,064,309	11,549	2,075,858

The notes set out on pages 50 to 92 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONT'D)

Amounts in RM'000 unless otherwise stated

Group	Attributable to equity holders of the Company						Total	Minority Interests	Total Equity
	Share capital	Share premium	Re-valuation reserve	Reserve on exchange differences	Option reserve	Retained earnings			
Balance at 1 January 2006	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 differences	-	-	-	(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									
- Shares issued (see Note 32)	2,432	4,679	-	-	-	-	7,111	-	7,111
- Options granted (see Note 9)	-	-	-	-	379	-	379	-	379
Minority interest arising on business combination	-	-	-	-	-	-	-	120	120
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(1,433)	(1,433)
Appropriation:									
- Final dividend paid for financial year ended 31 December 2005 (3.75 sen less 28% tax)	-	-	-	-	-	(20,164)	(20,164)	-	(20,164)
- Interim dividend paid for financial year ended 31 December 2006 (2.75 sen less 28% tax) (See Note 14)	-	-	-	-	-	(14,806)	(14,806)	-	(14,806)
	-	-	-	-	-	(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

The notes set out on pages 50 to 92 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONT'D)



Amounts in RM'000 unless otherwise stated

	Non-Distributable				Distributable	Total
	Share capital	Share premium	Revaluation reserve	Option reserve	Retained earnings	
Company						
Balance at 1 January 2007	375,211	32,948	104	379	1,795,724	2,204,366
Profit for the financial year	-	-	-	-	368,601	368,601
Total recognised income and expense for the year	-	-	-	-	368,601	368,601
Employees share option scheme						
- Shares issued (see Note 32)	2,358	4,985	-	-	-	7,343
- Option granted	-	-	-	274	-	274
Appropriation:						
- Final dividend paid for financial year ended 31 December 2006 (4.25 sen less 27% tax) (See Note 14)	-	-	-	-	(23,357)	(23,357)
- Interim dividend paid for financial year ended 31 December 2007 (3.25sen less 27% tax) (See Note 14)	-	-	-	-	(17,865)	(17,865)
	-	-	-	-	(41,222)	(41,222)
Balance at 31 December 2007	377,569	37,933	104	653	2,123,103	2,539,362

The notes set out on pages 50 to 92 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONT'D)

Amounts in RM'000 unless otherwise stated

	Non-Distributable				Distributable	Total
	Share capital	Share premium	Revaluation reserve	Option reserve	Retained earnings	
Company						
Balance at 1 January 2006	372,779	28,269	26,613	-	879,562	1,307,223
Revaluation surplus realised upon sale of land, net of tax, not recognised in income statement	-	-	(26,509)	-	26,509	-
Net expense recognised directly in equity	-	-	(26,509)	-	26,509	-
Profit for the financial year	-	-	-	-	924,623	924,623
Total recognised income and expense for the year	-	-	(26,509)	-	951,132	924,623
Employees share option scheme						
- Shares issued (see Note 32)	2,432	4,679	-	-	-	7,111
- Option granted	-	-	-	379	-	379
Appropriation:						
- Final dividend paid for financial year ended 31 December 2005 (3.75 sen less 28% tax)	-	-	-	-	(20,164)	(20,164)
- Interim dividend paid for financial year ended 31 December 2006 (2.75 sen less 28% tax) (see Note 14)	-	-	-	-	(14,806)	(14,806)
	-	-	-	-	(34,970)	(34,970)
Balance at 31 December 2006	375,211	32,948	104	379	1,795,724	2,204,366

The notes set out on pages 50 to 92 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007



Amounts in RM'000 unless otherwise stated

	Group		Company	
	2007	2006 Restated	2007	2006
Cash flows from operating activities				
Profit before taxation	451,158	220,425	487,091	924,285
Adjustments for:				
Depreciation of property, plant and equipment	20,567	16,973	462	345
Depreciation of investment properties	389	320	-	-
Amortisation of leasehold land use rights	2,878	1,646	-	-
Amortisation of plantation development	7	7	-	-
Property, plant and equipment written off	568	508	1	4
Bad debts written off	446	849	-	-
Provision for Directors' retirement gratuities	475	254	335	210
Allowance for doubtful debts	336	106	-	-
Loss/(gain) on disposal of property, plant and equipment	442	(83)	(98)	(21)
Share-based payment expenses	274	379	96	141
Share of results in associates	(3,652)	(1,825)	-	-
Interest income	(12,201)	(7,387)	(10,214)	(6,041)
Net surplus arising from compensation in respect of freehold land acquired by the Government	(27)	(1,770)	-	(1,770)
Dividend income	-	-	(474,180)	(26,320)
Gain arising from Group Rationalisation Exercise	-	-	-	(884,934)
	10,502	9,977	(483,598)	(918,386)
Operating profit before changes in working capital	461,660	230,402	3,493	5,899
Property development costs	4,194	15,047	-	-
Inventories	(4,574)	5,870	2	463
Receivables	(26,475)	(12,098)	8,757	2,659
Amounts due from associates	273	(411)	9	18
Payables	14,204	(14,419)	(1,194)	(5,314)
Amounts due to ultimate holding company	238	(91)	238	(91)
Amounts due to other related companies	(743)	786	(761)	783
Amounts due from subsidiaries	-	-	(20,159)	(16,797)
	(12,883)	(5,316)	(13,108)	(18,279)
Cash generated from operations	448,777	225,086	(9,615)	(12,380)
Tax paid (net of tax refund)	(94,364)	(53,983)	(1,628)	(7,257)
Retirement gratuities paid	(3,710)	-	(3,710)	-
	(98,074)	(53,983)	(5,338)	(7,257)
Net cash generated from/(used in) operating activities	350,703	171,103	(14,953)	(19,637)

The notes set out on pages 50 to 92 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONT'D)

Amounts in RM'000 unless otherwise stated

Note	Group		Company	
	2007	2006 Restated	2007	2006 Restated
Cash flows from investing activities				
Proceeds received from Government in respect of acquisition of freehold land and plantation	49	12,455	-	12,455
Interest received	12,201	7,387	10,215	6,041
Dividends received from:				
- subsidiaries	-	-	340,830	19,910
- associates	5,322	1,728	5,322	1,728
Repayments from associates	-	1,977	-	1,977
Proceeds from disposal of property, plant and equipment	788	129	147	43
Land held for property development	(7,105)	(2,874)	-	-
Purchase of property, plant and equipment	(44,646)	(20,850)	(2,784)	(1,519)
Leasehold land use rights	(3,580)	(15,500)	-	-
Investment properties	(109)	(772)	-	-
Intangible assets	(16,955)	-	-	-
Acquisition of a subsidiary (a)	-	1,042	-	-
Investment in subsidiaries	-	-	(50,000)	-
Investment in jointly controlled entity	(1,901)	-	-	-
Purchase of long term investments	(65)	(32,653)	-	-
Plantation development	(23,257)	(12,120)	-	-
Advances to subsidiaries	-	-	(117,061)	(16,471)
Repayments from subsidiaries	-	-	84,793	102,198
Net cash (used in)/generated from investing activities	(79,258)	(60,051)	271,462	126,362
Cash flows from financing activities				
Proceeds from issue of shares (see Note 32)	7,343	7,111	7,343	7,111
Dividends paid	(41,222)	(34,970)	(41,222)	(34,970)
Dividends paid to minority shareholders	(3,835)	(1,433)	-	-
Net cash used in financing activities	(37,714)	(29,292)	(33,879)	(27,859)
Net increase in cash and cash equivalents	233,731	81,760	222,630	78,866
Cash and cash equivalents at beginning of the financial year	261,363	179,603	213,434	134,568
Cash and cash equivalents at end of the financial year (b)	495,094	261,363	436,064	213,434

The notes set out on pages 50 to 92 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONT'D)



Amounts in RM'000 unless otherwise stated

Notes

(a) Analysis of the acquisition of a subsidiary in 2006

	Group 2006
Net assets acquired at the date of acquisition:	
Property, plant and equipment	(18,322)
Plantation development	(2,960)
Trade and other receivables	(288)
Bank balances and deposits	(1,321)
Trade and other payables	6,900
Long term payable	15,592
Minority interests	<u>120</u>
Total purchase consideration discharged by cash	(279)
Less : Bank balances and deposits of subsidiary acquired	<u>1,321</u>
Net cash inflow on acquisition of subsidiary	<u>1,042</u>

(b) Analysis of cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
Short term investments (<i>see Note 30</i>)	204,234	121,184	187,163	104,651
Bank balances and deposits (<i>see Note 31</i>)	290,860	140,179	248,901	108,783
	<u>495,094</u>	<u>261,363</u>	<u>436,064</u>	<u>213,434</u>

Included in the above bank balances and deposits for the Group is an amount of RM14.7 million (2006 : RM12.7 million) deposited by a subsidiary involved in property development activities into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

The notes set out on pages 50 to 92 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

Amounts in RM'000 unless otherwise stated

1. 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.

2. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with and comply with Financial Reporting Standards, Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965. The bases of measurement applied to assets and liabilities include cost, amortised cost, lower of cost and net realisable value, revalued amount and fair value.

The preparation of financial statements in conformity with Financial Reporting Standards and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these judgements and estimates are based on Directors' best knowledge of current events and actions, actual results could differ from those estimates.

Judgments and estimations

In the process of applying the Group's accounting policies, management makes judgments that can significantly affect the amount recognised in the financial statements. These judgments include:

Provision for taxation

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new Financial Reporting Standards

Accounting policies adopted by the Group and the Company have been applied consistently in dealing with items that are considered material in relation to the financial statements, unless otherwise stated. The following new and revised Financial Reporting Standards ("FRSs") that are relevant to the Group have been adopted during the financial year:

FRS 117	Leases
Amendments to FRS 119 ₂₀₀₄	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The adoption of the above FRSs did not result in substantial changes to the Group's accounting policies other than the effects of the adoption of FRS 117 which have been highlighted in the section on changes in accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group's financial periods beginning on or after 1 January 2008, but which the Group has not early adopted, are as follows:

- *FRS 107 Cash Flow Statements.*
This revised standard has no significant changes as compared to the original standard.
- *FRS 112 Income Taxes.*
This revised standard has removed the requirements that prohibit recognition of deferred tax on reinvestment allowances or other allowances in excess of capital allowances.
- *FRS 118 Revenue.*
This revised standard has no significant changes as compared to the original standard.
- *Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation.*
This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in.
- *FRS 134 Interim Financial Reporting.*
This revised standard has no significant changes as compared to the original standard.
- *FRS 137 Provisions, Contingent Liabilities and Contingent Assets.*
This revised standard has no significant changes as compared to the original standard.
- *IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.*
This interpretation deals with changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate.
- *IC Interpretation 8 Scope of FRS 2.*
This Interpretation clarifies that FRS 2 *Share-based Payment* applies even in the absence of specifically identifiable goods or services.

Standards, amendments to published standards and interpretations to existing standards that are not yet effective and not relevant for the Group's operations

- *FRS 111 Construction Contracts.*
This revised standard has no significant changes as compared to the original standard.
- *FRS 120 Accounting for Government Grants and Disclosure of Government Assistance.*
This revised standard allows alternative treatment that non-government grant to be recorded at nominal amount.
- *IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments.*
This interpretation deals with liabilities or equity classification of financial instruments which give the holder the right to request redemption, but subject to limits on whether it will be redeemed.
- *IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.*
This interpretation deals with accounting in the financial statements of a contributor for its interests arising from decommissioning funds.
- *IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.*
This interpretation provides guidance on the recognition, in the financial statements of producers, of liabilities for waste management under the European Union Directive in respect of sales of historical household equipment.
- *IC Interpretation 7 Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies.*
This interpretation provides guidance on how to apply the requirement of FRS 129 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period.

The effective date for FRS 139 Financial Instruments: Recognition and Measurement has yet to be determined by the MASB. Entities are exempted from disclosing the impact of FRS 139 prior to its effective date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Changes in Accounting Policies

The principal effects of the changes in accounting policies resulting from the adoption of the revised FRS 117 are set out below :

- i) Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses. Under the revised FRS 117, leasehold land is classified as an operating lease unless title passes to the lessee at the end of the lease term. With the adoption of the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified as leasehold land use rights and amortised over the period of its remaining lease term, as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as leasehold land use rights has been accounted for retrospectively and the comparatives in the balance sheet have been restated.
- ii) The effects on the comparatives to the Group on adoption of FRS 117 are as follows:

RM'000	As previously reported	Effects on adoption of FRS 117	As restated
Group			
At 1 January 2007			
Decrease in property, plant and equipment	616,870	(249,226)	367,644
Increase in leasehold land use rights	-	249,226	249,226

However, the impact from the adoption of FRS 117 on the income statement is immaterial and is not separately disclosed.

Basis of Consolidation

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

a) *Subsidiaries*

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

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See accounting policy note on treatment of goodwill.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition and prior to 1 January 2006, the negative goodwill is credited to retained earnings in the year of acquisition. Negative goodwill arising from new acquisition, on or after 1 January 2006, is recognised directly in the income statement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

a) *Subsidiaries (cont'd)*

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

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

b) *Jointly Controlled Entities*

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties.

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the income statement and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition less impairment losses, where applicable. See accounting policy note on impairment of assets.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other parties in the ventures. The Group does not recognise its share of profits or losses from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

c) *Associates*

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

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

The Group's investment in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

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

Where necessary, in applying the equity method, adjustments have been made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment

Property, plant and equipment are tangible items that:

- i) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- ii) are expected to be used during more than one period.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for certain properties which were revalued before 1998. In accordance with the transitional provision allowed by MASB upon first adoption of IAS 16, Property, Plant and Equipment, the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation, amortisation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items.

The depreciable amount of an item of property, plant and equipment is determined as the difference between the cost less its residual value. The residual value is the estimated amount that the Group expects to obtain from disposal of the asset, after deducting the estimated cost to disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Freehold land and capital work-in-progress are not depreciated. The Group depreciates other assets based on their consumption pattern and is applied separately to each significant component.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Land improvements	25
Buildings and improvements	20 - 50
Plant and machinery	4 - 10
Motor vehicles	5
Furniture, fittings and equipment	3 - 10

The assets' residual values and useful lives are reviewed annually and revised, if appropriate.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in income statement. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

Investment Properties

Investment properties consist of investments in land and buildings that are held for long-term rental yield and/or capital appreciation and are not occupied by the Group.

Investment in freehold land is stated at cost. Other investment properties are stated at cost, less accumulated depreciation and impairment losses. Depreciation for other investment properties is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	Years
Buildings and improvements	5 - 50

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

Gain and losses on disposal are determined by comparing net disposal proceeds with carrying amount and are included in the income statement.

Plantation Development

Plantation development (previously termed as "Biological Assets") comprise cost of planting and development on oil palm and other plantation crops.

Cost of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. The cost of new planting capitalised is not amortised. However, where the cost of new planting is incurred on leasehold land which has unexpired period shorter than the crop's economic life, the cost is amortised over the remaining period of the lease on a straight line basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasehold Land Use Rights

Leasehold land that normally has a finite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as leasehold land use rights (referred to as prepaid lease payments in FRS 117, Leases) that are amortised over the lease term in accordance with the pattern of benefits provided.

The Group had previously classified the leasehold land use rights within its property, plant and equipment. On adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as leasehold land use rights.

Property Development Activities

a) *Land Held for Property Development*

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

Cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amounts, it continues to retain these amounts as its surrogate cost as allowed by FRS 201²⁰⁰⁴, *Property Development Activities*. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

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

b) *Property Development Costs and Revenue Recognition*

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

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

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

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

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

Investments

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

Short term quoted investments are stated at the lower of cost and market value, determined on a portfolio basis by comparing aggregate cost against aggregate market value. Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date. Money market instruments are stated at the lower of cost and net realisable value.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments (cont'd)

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

Intangible Assets

a) *Goodwill*

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiaries at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) *Research and Development Expenditure*

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated that the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Collaborations and alliances are maintained with third parties for provision of research and development expertise and capacity in genomics for the achievement of performance milestones. Milestones payments are capitalised to the extent that the capitalisation criteria in FRS 138 - Intangible Assets are met. Judgement is involved in determining whether amount paid meets the performance milestones so as to enable the amount to be capitalised as intangible assets.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use or sale, on a straight-line basis over useful life, not exceeding twenty years.

Intangible assets are tested for impairment annually, in accordance with FRS 136. See accounting policy note on impairment of assets.

Inventories

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

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

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

Non-Current Assets Classified as Assets Held for Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than a continuing use.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Receivables

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

Cash and Cash Equivalents

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

Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets or liabilities with another entity that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issue of new shares, options or for the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the option are exercised.

Borrowing

Borrowings are recognised initially based on the proceeds received.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Impairment of Non-Financial Assets

The carrying values of assets, with the exception of inventories, assets arising from construction contracts, deferred tax assets and financial assets (excluding investments in subsidiaries, jointly controlled entities and associates), are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, an impairment review is performed to assess whether the carrying amount of the asset is fully recoverable.

Irrespective of whether there is any indication of impairment, the Group also:

- a) tests intangible assets with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.
- b) tests goodwill acquired in a business combination for impairment annually.

Impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit.

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

Assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Contingent Liabilities and Contingent Assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contingent Liabilities and Contingent Assets (cont'd)

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

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provision of FRS 137²⁰⁰⁴ and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

Provisions

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

Income Taxes

a) *Current taxation*

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

b) *Deferred taxation*

Deferred tax liabilities and/or assets are recognised, using liability method, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. However, deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax liability in respect of asset revaluations is also recognised. Deferred tax liabilities and assets are measured at the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

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

Employee Benefits

a) *Short-term employee benefits*

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

b) *Post-employment benefits*

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Benefits (cont'd)

c) *Long-term employee benefits*

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

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

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

d) *Share-based compensation benefits*

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.

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 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 (option reserve). At each balance sheet date, the Group will revise its estimates of the number of share options that are expected to become exercisable. The option reserves in respect of options which have been lapsed are transferred to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Income Recognition

a) *Revenue*

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

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

Management fees are recognised on accrual basis. Dividend income is recognised when the right to receive payment is established.

b) *Other income*

Other income comprising interest income, rental income and golf club memberships fees are recognised on accrual basis.

Dividends

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

Foreign Currency Translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currency Translation (cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, non-monetary items are translated at balance sheet date using historical rates or rates prevailing when the fair value of the assets are determined. Monetary items are translated at the closing rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the closing rate are recognised in the income statement. However, the exchange differences arising on monetary items that form part of the net investment in the foreign operations are recognised directly in equity in the consolidated financial statements until the disposal of the foreign operations in which case they are recognised as gain or loss in the consolidated income statement.

(c) Group companies

On consolidation, the results and financial position of all the Group's entities which have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows :

- (i) assets and liabilities, including goodwill and fair value adjustments arising from business combinations completed on/after 1 January 2006, for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

Financial Instruments

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

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

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

a) Financial instruments recognised on the balance sheet

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

b) Fair value estimation for disclosure purposes

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Segmental Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Group adopts business segment analysis as its primary reporting format. No geographical segment analysis is reported as the Group's overseas operations is immaterial and all customers are in Malaysia.

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

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Interest Rate Risk

The Group has no significant exposure to interest rate risk.

Market Risk

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

Credit Risk

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

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

Liquidity and Cash Flow Risks

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

Foreign Currency Exchange Risk

The Group is exposed to foreign currency exchange risk when subsidiaries enter into transactions that are not denominated in their functional currencies. The Group attempts to significantly limit its exposure for committed transactions by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

5. SEGMENT ANALYSIS

	Plantation		Property		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue – external	845,701	486,041	60,714	90,537	-	-	906,415	576,578
Segment profit/(loss)	428,892	195,198	7,389	12,948	(1,003)	1,297	435,278	209,443
Interest income							12,201	7,387
Net surplus arising from disposals of freehold land and plantation	27	1,770	-	-	-	-	27	1,770
Share of results in associates	3,549	1,890	132	(65)	(29)	-	3,652	1,825
Profit before taxation							451,158	220,425
Taxation							(103,102)	(47,207)
Profit for the financial year							348,056	173,218
Other information:								
i) Assets								
a) Segment assets	1,243,736	1,148,460	507,927	501,833	1,319	1,862	1,752,982	1,652,155
b) Jointly controlled entities	1,901	-	-	-	-	-	1,901	-
c) Associates	8,686	10,101	2,659	2,885	(54)	(25)	11,291	12,961
d) Interest bearing instruments							483,580	249,867
e) Unallocated corporate assets							31,166	19,752
Total assets							2,280,920	1,934,735
ii) Liabilities								
a) Segment liabilities	81,249	72,290	55,889	45,313	5	105	137,143	117,708
b) Unallocated corporate liabilities							67,919	48,272
Total liabilities							205,062	165,980
iii) Other disclosures								
a) Capital expenditure incurred*	65,382	69,602	3,177	3,025	-	-	68,559	72,627
b) Depreciation and amortisation charged*	22,614	17,917	1,227	1,029	-	-	23,841	18,946

* Includes capital expenditure in respect of property, plant and equipment, investment properties, plantation development and leasehold land use rights.

The segment analysis is organised as follows:

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

6. REVENUE

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

	Group		Company	
	2007	2006	2007	2006
Sale of goods:				
Sale of plantation produce	845,701	486,041	-	6,434
Sale of development properties	59,501	89,542	-	-
Rendering of services:				
Revenue from golf course operations	1,213	995	-	-
Fee from management services	-	-	20,336	16,797
Investment Income	-	-	474,180	26,320
	906,415	576,578	494,516	49,551

7. COST OF SALES

	Group		Company	
	2007	2006	2007	2006
Cost of inventories recognised as an expense				
- Plantation produce	354,397	240,870	-	2,391
- Development properties	39,775	66,959	-	-
Cost of services recognised as an expense	1,514	1,521	-	-
	395,686	309,350	-	2,391

8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2007	2006	2007	2006
Charges:				
Depreciation of property, plant and equipment	20,567	16,973	462	345
Depreciation of investment properties	389	320	-	-
Amortisation of leasehold land use rights	2,878	1,646	-	-
Amortisation of plantation development	7	7	-	-
Replanting expenditure	5,378	3,836	-	112
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 10)	2,514	2,607	1,915	2,181
Charges payable to related companies:				
- Rental of premises	1,138	914	840	792
- Shared services fee	572	535	572	535
- Hire of equipment	148	769	148	769
Property, plant and equipment written off	568	508	1	4
Shared services fee payable to ultimate holding company	680	628	662	628
Bad debts written off	446	849	-	-
Allowance for doubtful debts	336	106	-	-
Auditors' remuneration (See Note 11)				
- current year	290	195	53	50
- prior year	52	-	-	-
Employee benefits expense (see Note 9)	82,318	65,931	14,492	12,873
Research and development expenditure	572	-	-	-
Repairs and maintenance				
- property, plant and equipment	8,774	8,809	153	442
- investment properties	38	16	-	-
Transportation costs	34,263	26,918	258	360
Utilities	3,540	2,931	-	-
Raw materials and consumables	177,967	99,861	-	-
Credits:				
Net surplus and additional compensation arising from acquisition of freehold land and plantation	27	1,770	-	1,770
Gain arising from Group rationalisation exercise	-	-	-	884,934
Interest income	12,201	7,387	10,214	6,041
Income from associates				
- Gross dividend	-	-	7,290	2,400
- Management fee	600	991	-	-
Rental income	1,987	1,321	331	295
(Loss)/gain on disposal of property, plant and equipment	(442)	83	98	21
Rental income from related companies	67	67	-	-
Income from subsidiaries				
- Gross dividend	-	-	466,890	23,920
- Management fee	-	-	20,336	16,797
Non statutory audit fee payable to auditors (See Note 11)	138	192	75	145

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007	2006	2007	2006
Wages, salaries and bonuses	75,319	54,461	11,174	9,893
Defined contribution plans	2,547	3,790	1,358	1,271
Provision for retirement gratuities	475	254	383	210
Share-based payments	274	379	96	141
Other short term employee benefits	3,703	7,047	1,481	1,358
	82,318	65,931	14,492	12,873

Employee benefits expense, as shown above, include the remuneration of Executive Directors.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
Non-Executive Directors*				
Fees	406	301	406	301
Salaries and bonuses	410	336	-	-
Defined contribution plan	49	40	-	-
Provision for retirement gratuities	140	44	-	-
	1,005	721	406	301
Executive Directors				
Fees	76	90	76	84
Salaries and bonuses	952	1,381	952	1,381
Defined contribution plan	146	205	146	205
Provision for retirement gratuities	335	210	335	210
	1,509	1,886	1,509	1,880
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 8)	2,514	2,607	1,915	2,181
Estimated money value of benefits-in-kind (not charged to the income statements):				
Non-Executive Directors	10	11	-	-
Executive Directors	10	20	10	20
	20	31	10	20
	2,534	2,638	1,925	2,201

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

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

Amounts in RM'000	2007	2006
	Number	
Non-Executive Directors		
0 – 50	1	2
50 – 100	4	3
450 – 500	-	1
650 – 700	1	-

10. DIRECTORS' REMUNERATION (Cont'd)

Amounts in RM'000	2007	2006
	Number	
Executive Directors		
350 – 400	-	1
500 – 550	1	-
950 – 1,000	1	-
1,500 – 1,550	-	1

Executive Directors of the Company and its subsidiaries have been granted options under the Asiatic Executive Share Option Scheme ("the Scheme") on the same terms and conditions as those offered to other executive employees. Details of the Scheme are set out in Note 32. The unissued shares under the Scheme in respect of Directors are as follows:

Date granted	Exercisable period	Subscription price (sen/share)	Number of shares			
			At 1 January '000	Offered and accepted '000	Exercised/relinquished/lapsed '000	At 31 December '000
Financial year ended 31.12.2007:						
2.9.2002	2.9.2005					
	– 31.8.2010	145	577	-	(577)	-
1.12.2003	1.12.2006					
	– 31.8.2010	165	620	-	(496)	124
			<u>1,197</u>	-	<u>(1,073)</u>	<u>124</u>
Financial year ended 31.12.2006:						
2.9.2002	2.9.2005					
	– 31.8.2010	145	1,531	-	(954)	577
1.12.2003	1.12.2006					
	– 31.8.2010	165	744	-	(124)	620
			<u>2,275</u>	-	<u>(1,078)</u>	<u>1,197</u>
					2007	2006
					'000	'000
					<u>124</u>	<u>825</u>

Details relating to options exercised by three Directors during the financial year are as follows:-

Exercise Date	Fair values of shares at share issue date (sen/share)	Subscription price (sen/share)	Number of shares issued	
			2007 '000	2006 '000
May	580 / 308 - 346	145	577	288
August	555	165	124	-
November	378 - 382	145	-	666
December	775 - 780 / 428	165	372	124
			<u>1,073</u>	<u>1,078</u>
			2007	2006
Ordinary share capital – at par			536	539
Share premium			1,119	1,049
Proceeds received on exercise of share options			1,655	1,588
Fair value at exercise date of shares issued			<u>6,924</u>	<u>3,960</u>

11. AUDITORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
Statutory audit fees payable to:				
PricewaterhouseCoopers Malaysia*	213	195	53	50
Other member firms of PricewaterhouseCoopers International Limited*	77	-	-	-
Total statutory audit fees (See Note 8)	290	195	53	50
Underprovision in prior year:				
Paid to other member firms of PricewaterhouseCoopers International Limited*	52	-	-	-
Fees for other audit related services payable to:				
PricewaterhouseCoopers Malaysia*	138	192	75	145
Total Remuneration	480	387	128	195

* PricewaterhouseCoopers Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

12. TAXATION

	Group		Company	
	2007	2006	2007	2006
Current taxation charge:				
Malaysian income tax charge	104,663	44,059	117,544	1,129
Deferred tax (reversal)/charge (See Note 25)	(1,677)	2,849	861	(1,428)
	102,986	46,908	118,405	(299)
Prior years' taxation:				
Income tax under/(over) provided	116	344	85	(39)
Deferred tax over provided (See Note 25)	-	(45)	-	-
	103,102	47,207	118,490	(338)

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

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Malaysian tax rate	27.0	28.0	27.0	28.0
Tax effects of:				
- expenses not deductible for tax purposes	-	2.5	0.2	-
- income not subject to tax	(0.1)	(0.4)	-	(26.9)
- tax incentives	(4.1)	(7.8)	(2.8)	(1.1)
- over/(under) provision in prior financial years	-	0.1	-	-
- others	0.1	(1.0)	-	(0.1)
Average effective tax rate	22.9	21.4	24.4	(0.1)

Subject to the agreement by the Inland Revenue Board, the amount of unutilised tax losses of subsidiaries available for which the related tax effects have not been recognised in the net income amounted to approximately RM378,000 (2006 : RM378,000) as at the financial year end. The amount of tax savings in respect of brought forward tax losses for which credit has been recognised by subsidiaries and tax incentive on an investment made by the Company during the financial year amounted to RM95,000 (2006 : RM3,000) and RM13.5 million (2006 : RM9.8 million) respectively.

13. EARNINGS PER SHARE

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

	Group	
	2007	2006
a) Basic earnings per share		
Profit for the financial year	344,064	171,147
Weighted number of ordinary shares in issue	752,492,455	747,106,923
Basic earnings per share (sen)	45.72	22.91
b) Diluted earnings per share		
Profit for the financial year	344,064	171,147
Adjusted weighted average number of ordinary shares in issue:		
Weighted number of ordinary shares in issue	752,492,455	747,106,923
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	4,176,233	7,050,331
	756,668,688	754,157,254
Diluted earnings per share (sen)	45.47	22.69

14. DIVIDENDS

	Group and Company	
	2007	2006
Interim paid – 3.25 sen less 27% tax (2006 : 2.75 sen less 28% tax) per ordinary share of 50 sen each.	17,865	14,806
Proposed special dividend - 6 sen less 26% tax (2006 : Nil) per ordinary share of 50 sen each.	33,561	-
Proposed final – 4.75 sen less 26% tax (2006 : 4.25 sen less 27% tax) per ordinary share of 50 sen each.	26,569	23,310
Additional final dividends paid in respect of previous financial year due to issue of shares pursuant to the Asiatic Executive Share Option Scheme	-	47
	60,130	23,357
	77,995	38,163

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 RM33.6 million. The special dividend has not been recognised in the Statement of Changes in Equity as it was declared subsequent to the financial year end.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 4.75 sen less 26% tax (2006 : 4.25 sen less 27% tax) per ordinary share of 50 sen each amounting to RM26.6 million (2006 : RM23.4 million) will be proposed for shareholders' approval. The financial statements did not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
2007							
Group							
Net book value:							
At 1 January	491,686	59,505	50,129	3,978	3,094	8,478	616,870
Effects of adoption of FRS 117	(249,226)	-	-	-	-	-	(249,226)
Restated at 1 January	242,460	59,505	50,129	3,978	3,094	8,478	367,644
Additions	13,814	1,532	7,334	1,883	1,927	14,891	41,381
Disposals	(1,459)	(701)	(478)	(50)	-	-	(2,688)
Written off	-	(182)	(376)	-	(10)	-	(568)
Depreciation:							
- charged to income statement	(4,705)	(2,556)	(11,624)	(901)	(781)	-	(20,567)
- capitalised under plantation development	-	(66)	(258)	(46)	(20)	-	(390)
Reclassifications	47	4,127	593	-	155	(4,922)	-
Reclassifications to plantation development	(573)	-	-	-	-	-	(573)
At 31 December	249,584	61,659	45,320	4,864	4,365	18,447	384,239
At 31 December							
Cost	211,297	99,185	141,025	10,106	12,473	18,447	492,533
At 1981 valuation	46,613	-	-	-	-	-	46,613
Accumulated depreciation	(8,326)	(37,526)	(95,705)	(5,242)	(8,108)	-	(154,907)
Net book value	249,584	61,659	45,320	4,864	4,365	18,447	384,239

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
2006							
Group							
Net book value:							
At 1 January	459,243	59,857	54,584	2,018	2,504	5,329	583,535
Effects of adoption of FRS 117 (See Note 19)	(233,127)	-	-	-	-	-	(233,127)
Restated at 1 January	226,116	59,857	54,584	2,018	2,504	5,329	350,408
Additions	17,424	772	5,991	2,131	735	7,546	34,599
Disposals	(415)	-	-	(45)	(1)	-	(461)
Written off	(16)	(179)	(289)	(5)	(19)	-	(508)
Assets of subsidiary acquired	808	73	1,068	-	488	-	2,437
Depreciation:							
- charged to income statement	(1,862)	(2,379)	(12,005)	(45)	(682)	-	(16,973)
- capitalised under plantation development	-	(89)	(314)	(76)	(22)	-	(501)
Reclassifications	405	1,450	1,094	-	91	(3,040)	-
Reclassifications to investment properties	-	-	-	-	-	(1,357)	(1,357)
As at 31 December	242,460	59,505	50,129	3,978	3,094	8,478	367,644
At 31 December							
Cost	197,794	97,106	143,980	9,241	10,798	8,478	467,397
At 1981 valuation	48,287	-	-	-	-	-	48,287
Accumulated depreciation	(3,621)	(37,601)	(93,851)	(5,263)	(7,704)	-	(148,040)
Net book value	242,460	59,505	50,129	3,978	3,094	8,478	367,644

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
2007							
Company							
Net book value:							
At 1 January	949	44	181	1,236	536	2,741	5,687
Additions	-	185	46	307	417	2,421	3,376
Disposals	-	-	-	(41)	(8)	-	(49)
Written off	-	-	-	-	(1)	-	(1)
Depreciation	-	(3)	(22)	(257)	(180)	-	(462)
At 31 December	949	226	205	1,245	764	5,162	8,551
At 31 December							
Cost	949	465	335	2,481	3,885	5,162	13,277
Accumulated depreciation	-	(239)	(130)	(1,236)	(3,121)	-	(4,726)
Net book value	949	226	205	1,245	764	5,162	8,551
2006							
Net book value:							
At 1 January	124,840	2,142	2,663	590	668	2,411	133,314
Additions	-	-	120	763	167	358	1,408
Disposal arising from Group							
Rationalisation Exercise	(122,789)	(2,059)	(2,517)	(28)	(141)	(28)	(127,562)
Disposals – others	(415)	-	-	(22)	-	-	(437)
Written off	-	-	(1)	(2)	(1)	-	(4)
Depreciation	-	(39)	(84)	(65)	(157)	-	(345)
Reclassification to land held for sale (See Note 26)	(687)	-	-	-	-	-	(687)
At 31 December	949	44	181	1,236	536	2,741	5,687
At 31 December							
Cost	949	281	289	2,703	3,736	2,741	10,699
Accumulated depreciation	-	(237)	(108)	(1,467)	(3,200)	-	(5,012)
Net book value	949	44	181	1,236	536	2,741	5,687

The valuation of the freehold land made by the Directors in 1981 were based upon valuations carried out by an independent firm of professional valuers using fair market value basis. The net book value of the revalued freehold land for the Group and the Company would have amounted to RM45.6 million (2006 : RM45.6 million) and RM Nil (2006 : RM Nil) respectively had they been stated in the financial statements at cost.

16. PROPERTY DEVELOPMENT ACTIVITIES

	Group 2007		Group 2006	
(a) Land held for property development:				
Freehold land		89,718		91,766
Development cost		143,047		134,487
		<u>232,765</u>		<u>226,253</u>
At the beginning of the financial year				
- freehold land	91,766		94,058	
- development costs	134,487	226,253	131,369	225,427
Costs incurred during the financial year				
- freehold land	2,185		-	
- development costs	15,444	17,629	8,626	8,626
Costs transferred to property development costs (see Note 16(b))				
- freehold land	(4,233)		(2,292)	
- development costs	(6,884)	(11,117)	(5,508)	(7,800)
At the end of the financial year		<u>232,765</u>		<u>226,253</u>
(b) Property development costs:				
Freehold land		30,999		31,182
Development costs		116,877		152,521
Accumulated costs charged to income statement		(36,726)		(79,569)
		<u>111,150</u>		<u>104,134</u>
At the beginning of the financial year				
- freehold land	31,182		29,703	
- development costs	152,521		132,516	
- accumulated costs charged to income statement	(79,569)	104,134	(50,837)	111,382
Costs incurred during the financial year				
- transferred from land held for property development (see Note 16(a))	11,117		7,800	
- freehold land	81		-	
- development costs	33,784	44,982	47,069	54,869
Costs charged to income statement		(28,574)		(57,349)
Costs transferred to inventories				
- freehold land	(4,497)		(813)	
- development costs	(76,312)		(32,572)	
- accumulated costs charged to income statement	71,417	(9,392)	28,617	(4,768)
At the end of the financial year		<u>111,150</u>		<u>104,134</u>

17. INVESTMENT PROPERTIES

	2007	2006
Group		
Net book value:		
At 1 January	10,874	9,065
Additions	109	2,129
Depreciation	(389)	(320)
At 31 December	10,594	10,874
At 31 December		
Cost	13,931	13,822
Accumulated depreciation	(3,337)	(2,948)
Net book value at end of the financial year	10,594	10,874
Fair value at end of the financial year	18,820	17,955

The aggregate rental income and direct operating expenses arising from investment properties that generated rental income which was recognised during the financial year amounted to RM1,869,000 and RM671,000 respectively (2006 : RM1,308,000 and RM490,000).

The fair values of the investment properties were based on valuation by independent professional qualified valuers. Valuations were based on sales of comparable properties in the vicinity.

18. PLANTATION DEVELOPMENT

	Group		Company	
	2007	2006	2007	2006
Net book value				
At 1 January	445,512	429,712	-	91,857
Additions	23,489	13,117	-	-
Assets of subsidiary acquired	-	2,960	-	-
Disposals	(57)	(270)	-	(91,254)
Amortisation	(7)	(7)	-	-
Reclassification from property, plant and equipment (See Note 15)	573	-	-	-
Reclassification to land held for sale (See Note 26)	-	-	-	(603)
At 31 December	469,510	445,512	-	-
At 31 December				
Cost	469,535	445,530	-	-
Accumulated amortisation	(25)	(18)	-	-
Net book value at end of the financial year	469,510	445,512	-	-

19. LEASEHOLD LAND USE RIGHTS

	Group	
	2007	2006
Net book value		
At 1 January	-	-
Effects of adoption of FRS 117	249,226	233,127
	249,226	233,127
Additions	3,580	2,857
Assets of subsidiary acquired	-	15,885
Amortisation charged to income statement	(2,878)	(1,646)
Amortisation capitalised under plantation development	(748)	(997)
At 31 December	249,180	249,226
At 31 December		
Cost	271,633	268,053
Accumulated amortisation	(22,453)	(18,827)
Net book value	249,180	249,226
Analysed by:		
- unexpired period more than 50 years	243,976	243,809
- unexpired period less than 50 years	5,204	5,417
	249,180	249,226

20. INTANGIBLE ASSET

	Group	
	2007	2006
Beginning of the financial year	-	-
Additions	16,955	-
End of financial year	16,955	-

The intangible asset comprises expenditure incurred on intellectual property development relating to the use of genomics-based techniques and other methods or tools thereof to increase the yields and profit streams principally from oil palm and other crops where it is reasonably anticipated that the costs will be recovered through commercialisation, sale and marketing of all the resulting products from the aforesaid development.

As at 31 December 2007, the expenditure incurred represents payments in respect of the oil palm genome sequencing data received to date.

Amortisation of the intangible asset will commence when the asset is available for use or sale.

21. SUBSIDIARIES

	Company	
	2007	2006
Unquoted shares - at cost	245,822	195,822
Less : Amounts written down to-date	(3,635)	(3,635)
	242,187	192,187
Amounts due from subsidiaries		
- Non-current	1,539,377	-
- Current	394,352	1,881,174
	1,933,729	1,881,174
Amounts due to subsidiaries		
- Current	(105,390)	(105,439)

The amounts due from and to subsidiaries represent outstanding amounts arising from inter-company sales and purchases, advances, payments and receipts on behalf of or by subsidiaries. The outstanding amounts which are less than one year and classified as current assets and current liabilities respectively, are interest free, unsecured and are repayable on demand.

The outstanding amounts which are more than one year and classified as non-current assets, are interest free, unsecured and repayable after 12 months. The carrying value of the outstanding amounts which are more than one year approximates its fair value.

Included in amount due from subsidiaries in the previous financial year is an amount of RM990.4 million representing balance of purchase price receivable for sale of plantation land and buildings erected thereon located in West Malaysia pursuant to the Group Rationalisation Exercise. This amount has no cash flow impact and is outstanding as at the end of financial year.

The subsidiaries are listed in Note 41.

22. JOINTLY CONTROLLED ENTITY

During the financial year, the Group had through Degan Limited, a wholly-owned subsidiary of Asiatic Centre for Genome Technology Sdn Bhd ("ACGT"), a wholly-owned subsidiary of the Company, subscribed 50% shareholdings in a jointly controlled entity pursuant to a Joint Venture Formation Agreement entered between ACGT and Synthetic Genomics Inc on 28 February 2007.

Details of jointly controlled entity are as follows:

Name of Jointly Controlled Entity	Effective percentage of ownership	Country of incorporation	Principal activities
	2007		
SGSI-Asiatic Limited	50	British Virgin Islands	Genomics research and development

Unquoted – at cost:	Group
Shares in foreign corporation	2007
	1,901

22. JOINTLY CONTROLLED ENTITY (Cont'd)

The Group's aggregate share of the income, expenses, assets and liabilities of the jointly controlled entity is as follows:

	Group 2007
Income	-
Expenses	-
	-
Non-current assets	-
Current assets	171
Current liabilities	-
Non-current liabilities	-
Net assets	171

There are no capital commitments or contingent liabilities relating to the Group's interest in jointly controlled entity at the financial year end.

23. ASSOCIATES

	Group		Company	
	2007	2006	2007	2006
Unquoted shares - at cost	2,123	2,123	2,123	2,123
Group's share of post-acquisition reserves	9,168	10,838	-	-
Share of net assets, other than goodwill	11,291	12,961	2,123	2,123
Amount due from associates	803	1,094	656	665
Less : Balance included in current assets	(803)	(1,094)	(656)	(665)
	-	-	-	-
	11,291	12,961	2,123	2,123

The amounts due from associates represent outstanding amounts arising from trade transactions and advances and payments made on behalf of associates, are unsecured and interest free and are repayable on demand.

The Group's share of the results of its associates, all of which are unlisted, and its share of the assets and liabilities are as follows:

	Group	
	2007	2006
Revenue	57,281	30,663
Net profit	3,652	1,825
Total assets	24,246	22,561
Total liabilities	(12,955)	(9,600)

The associates are listed in Note 41.

24. LONG TERM INVESTMENTS

	Group	
	2007	2006
Unquoted shares in a foreign corporation, at cost	32,718	32,653
Fair value of the unquoted shares in a foreign corporation	32,718	32,653

The Directors are of the view that the fair value of the unquoted shares in a foreign corporation approximate its book based on the recent shares transaction in the foreign corporation.

25. DEFERRED TAXATION

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

	Group		Company	
	2007	2006	2007	2006
Deferred tax assets:				
- subject to income tax	6,871	5,480	167	1,033
- subject to real property gains tax	-	189	-	-
	6,871	5,669	167	1,033
Deferred tax liabilities:				
- subject to income tax	(40,613)	(37,780)	-	-
- subject to real property gains tax	-	(3,308)	-	(5)
	(40,613)	(41,088)	-	(5)
	(33,742)	(35,419)	167	1,028
At 1 January	(35,419)	(32,615)	1,028	(400)
(Charged)/credited to income statement (see Note 12):				
- Property, plant and equipment	(2,664)	(2,165)	(78)	1,570
- Provision for Directors' retirement gratuities	(830)	(40)	(857)	(27)
- Land held for property development	1,962	568	-	-
- Property development costs	203	275	-	-
- Inventories	738	(674)	-	-
- Accruals	687	166	(10)	79
- Other temporary differences	1,581	(934)	84	(194)
	1,677	(2,804)	(861)	1,428
At 31 December	(33,742)	(35,419)	167	1,028

25. DEFERRED TAXATION (Cont'd)

	Group		Company	
	2007	2006	2007	2006
Subject to income tax				
i) Deferred tax assets (before offsetting)				
- Property, plant and equipment	1,035	1,116	-	-
- Provision for Directors' retirement gratuities	617	1,447	262	1,119
- Land held for property development	2,766	2,125	-	-
- Property development costs	-	1,021	-	-
- Inventories	1,362	628	-	-
- Accruals	2,751	2,064	269	279
- Other temporary differences	1,562	330	84	-
	10,093	8,731	615	1,398
- Offsetting	(3,222)	(3,251)	(448)	(365)
Deferred tax assets (after offsetting)	6,871	5,480	167	1,033
ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(39,403)	(35,046)	(448)	(365)
- Land held for property development	(345)	(359)	-	-
- Property development costs	(3,513)	(4,737)	-	-
- Inventories	(573)	(577)	-	-
- Other temporary differences	(1)	(312)	-	-
	(43,835)	(41,031)	(448)	(365)
- Offsetting	3,222	3,251	448	365
Deferred tax liabilities (after offsetting)	(40,613)	(37,780)	-	-
Subject to real property gains tax				
iii) Deferred tax assets (before offsetting)				
- Property, plant and equipment	-	724	-	-
- Offsetting	-	(535)	-	-
Deferred tax assets (after offsetting)	-	189	-	-
iv) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	-	(2,498)	-	(5)
- Land held for property development	-	(1,307)	-	-
- Other temporary differences	-	(38)	-	-
	-	(3,843)	-	(5)
- Offsetting	-	535	-	-
Deferred tax liabilities (after offsetting)	-	(3,308)	-	(5)

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

	Group	
	2007	2006
Unutilised tax losses	378	378
Property, plant and equipment	858	944
	1,236	1,322

26. LAND HELD FOR SALE

	Company	
	2007	2006
Land held for sale	1,290	1,290

The land held for sale in the previous financial year comprised freehold land (see Note 15) measuring approximately 242 acres and the plantation development (see Note 18) situated therein located in the Mukim of Tangkak, Johor. The land was planned to be sold to a fellow subsidiary for property development. However, the period required to execute the said plan has been extended due to the delay in the process involved to complete the sale.

27. INVENTORIES

	Group		Company	
	2007	2006	2007	2006
At cost:				
Produce stocks	4,208	2,935	-	-
Stores and spares	10,031	5,061	13	14
Completed development properties	105,261	106,930	-	-
	119,500	114,926	13	14

28. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
Current:				
Trade receivables	67,913	47,487	-	-
Less : Allowance for bad and doubtful debts	(1,099)	(766)	-	-
	66,814	46,721	-	-
Accrued billings in respect of property development	7,626	13,415	-	-
Deposits	2,418	2,167	614	478
Prepayments*	24,828	635	145	8
Other receivables	13,014	21,070	6,454	10,484
	114,700	84,008	7,213	10,970
Non-current:				
Other receivables	-	5,000	-	5,000
	114,700	89,008	7,213	15,970

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

	Group		Company	
	2007	2006	2007	2006
More than one year and less than two years	-	5,000	-	5,000
Fair value for non-current receivables				
- Other receivables	-	4,634	-	4,634

* Included in the prepayment of the Group was an advance payment on provision of genomics research services of RM24.1 million (2006 : NIL) made by ACGT to SGSI-Asiatic Limited.

28. TRADE AND OTHER RECEIVABLES (Cont'd)

The currency profile of trade and other receivables excluding advance payment for the genomics research services as at the end of the financial year is as follows:-

	Group		Company	
	2007	2006	2007	2006
Ringgit Malaysia	89,164	89,008	7,213	15,970
Indonesia Rupiah	1,425	-	-	-
	90,589	89,008	7,213	15,970

Credit terms offered by the Group range from 7 to 14 days (2006 : 7 to 14 days) from date of invoice.

Bad debts written off during the financial year against allowance created in previous financial years for the Group amounted to RM71,000 (2006 : RM68,000).

Included in other receivables of the Group in the previous financial year was a secured housing loan of RM500,000 granted to an Executive Director of the Company which carries interest at 4% per annum. The housing loan has been fully repaid in the current financial year.

The other receivables included in non-current portion in the previous financial year represent amounts receivable in respect of additional compensation arising from freehold land previously acquired by the government. The carrying amounts of long term receivables at the balance sheet date were not reduced to their estimated fair values as these amounts were awarded by high court and the Directors are of the opinion that the amounts will be receivable in full on their due dates. The fair values of long term receivables were derived by discounting future contractual cash flows at the risk free rate over 2 years.

29. HOLDING COMPANY AND OTHER RELATED COMPANIES

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

	Group		Company	
	2007	2006	2007	2006
Amount due to ultimate holding company	876	638	876	638
Amounts due to other related companies	488	1,249	488	1,249
	1,364	1,887	1,364	1,887
Amounts due from other related companies	(4)	(4)	-	-
	1,360	1,883	1,364	1,887

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

30. SHORT TERM INVESTMENTS

Short term investments represent investments in unquoted money market instruments and are stated at cost. Money market instruments comprise negotiable certificates of deposit and bankers' acceptances. The short term investments of the Company as at 31 December 2007 have maturity periods ranging between overnight and one month (2006 : *between overnight and one month*).

Short term investments of the Group and of the Company as at 31 December 2007 are deriving interest at weighted average interest rate of 3.28% per annum (2006 : *3.42% per annum*) at the end of the financial year.

31. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
Deposits with licensed banks	279,346	128,683	241,408	100,164
Cash and bank balances	11,514	11,496	7,493	8,619
	290,860	140,179	248,901	108,783
Add:				
Money market instruments (See Note 30)	204,234	121,184	187,163	104,651
Cash and cash equivalents	495,094	261,363	436,064	213,434

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

	Group				Company			
	Currency profile		Interest rate per annum (%)		Currency profile		Interest rate per annum (%)	
	2007	2006	2007	2006	2007	2006	2007	2006
Ringgit Malaysia	491,929	261,363	3.22	3.30	436,064	213,434	3.27	3.41
Indonesia Rupiah	3,165	-	-	-	-	-	-	-
	495,094	261,363			436,064	213,434		

The deposits of the Group and of the Company as at 31 December 2007 have maturity period of one month (2006 : *one month*). Cash and bank balances of the Group and of the Company are held at call.

Included in deposits with licensed banks for the Group is an amount of RM14.7 million (2006 : *RM12.7 million*) deposited by a subsidiary into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

32. SHARE CAPITAL

	Company	
	2007 '000	2006 '000
Authorised:		
1,000,000,000 ordinary shares of 50 sen each	500,000	500,000
Issued and fully paid:		
Ordinary shares of 50 sen each		
At beginning of the financial year		
- 750,422,000 (2006 : 745,558,000)	375,211	372,779
Issue of shares		
- 4,716,000 (2006 : 4,864,000)	2,358	2,432
At end of the financial year		
- 755,138,000 (2006 : 750,422,000)	377,569	375,211

During the financial year, 59,000 ordinary shares of 50 sen each fully-paid at the subscription price of 92 sen per share, 1,976,000 ordinary shares of 50 sen each fully-paid at the subscription price of 145 sen per share and 2,681,000 ordinary shares of 50 sen each fully-paid at the subscription price of 165 sen per share were issued by virtue of the exercise of the Options to take up unissued ordinary shares of the Company by executive employees of the Group pursuant to The Asiatic Executive Share Option Scheme ("the Scheme") all of which ordinary shares rank pari passu with the then existing ordinary shares of the Company. These Options were granted prior to the current financial year.

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

The main features of the Scheme are as follows:

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

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

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

32. SHARE CAPITAL (Cont'd)

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

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

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

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

- ix) All new ordinary shares issued upon exercise of the Options granted under the Scheme will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.
- x) The Options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, right or other entitlements in respect of their unexercised options.
- xi) The persons to whom the Options have been issued have no right to participate by virtue of the Options in any share issue of any other company.

32. SHARE CAPITAL (Cont'd)

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

Date granted	Exercisable period	Subscription price (sen/share)	← (Number of options) →				
			At 1 January	Offered and accepted	Exercised	Lapsed	At 31 December
<i>Financial year ended 31.12.2007:</i>							
11.11.2000	11.11.2003 - 31.8.2010	92	66,000	-	(59,000)	-	7,000
2.9.2002	2.9.2005 - 31.8.2010	145	2,193,000	-	(1,976,000)	-	217,000
1.12.2003	1.12.2006 - 31.8.2010	165	4,467,000	-	(2,681,000)	(10,000)	1,776,000
29.8.2005	29.8.2008 - 31.8.2010	183	1,855,000	-	-	(19,000)	1,836,000
			8,581,000	-	(4,716,000)	(29,000)	3,836,000

Date granted	Exercisable period	Subscription price (sen/share)	← (Number of options) →				
			At 1 January	Offered and accepted	Exercised	Lapsed	At 31 December
<i>Financial year ended 31.12.2006:</i>							
11.11.2000	11.11.2003 - 31.8.2010	92	301,000	-	(229,000)	(6,000)	66,000
2.9.2002	2.9.2005 - 31.8.2010	145	5,990,000	-	(3,733,000)	(64,000)	2,193,000
1.12.2003	1.12.2006 - 31.8.2010	165	5,445,000	-	(902,000)	(76,000)	4,467,000
29.8.2005	29.8.2008 - 31.8.2010	183	1,966,000	-	-	(111,000)	1,855,000
			13,702,000	-	(4,864,000)	(257,000)	8,581,000

	2007	2006
Number of share options vested at balance sheet date	2,000,000	4,247,000

32. SHARE CAPITAL (Cont'd)

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

Exercise date	Fair value of shares at share issue date (sen/share)	Subscription price (sen/share)	Number of shares issued	
			2007	2006
January – March	442 - 545 / 233 - 287	92 - 165 / 92 - 145	1,290,000	653,000
April – June	580 – 675 / 285 - 346	92 - 165 / 92 - 145	1,159,000	609,000
July – September	525 – 635 / 308 - 388	145 - 165 / 92 - 145	151,000	997,000
October – December	590 – 815 / 346 - 428	92 - 165 / 92 - 165	2,116,000	2,605,000
			4,716,000	4,864,000
			2007	2006
Ordinary share capital – at par			2,358	2,432
Share premium			4,985	4,679
Proceeds received on exercise of share options			7,343	7,111
Fair value at exercise date of shares issued			29,939	13,656

The fair value of options granted on 29 August 2005 determined using the Trinomial valuation model was at RM0.42 per share. The significant inputs into the model were share price of RM1.82 at the grant date, exercise price shown above, first exercise date and expiration date, price volatility of 33.35%, dividend yield of 1.56%, annual risk-free interest rate of 3.285% and option life of 5 years. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of monthly share prices over the last five years.

33. RESERVES

	Group		Company	
	2007	2006	2007	2006
Share premium	37,933	32,948	37,933	32,948
Option reserve	653	379	653	379
Revaluation reserve	18,063	18,075	104	104
Exchange differences	(3,868)	(355)	-	-
	52,781	51,047	38,690	33,431
Retained earnings	1,633,959	1,331,105	2,123,103	1,795,724
	1,686,740	1,382,152	2,161,793	1,829,155

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

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007. As at 31 December 2007, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits and tax exempt income to pay RM770.6 million (2006 : RM460.5 million) of the retained earnings of the Company as franked and exempt dividends.

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
Current:				
Trade payables	42,194	27,399	2,490	184
Accrual of property development expenditure	18,833	14,169	-	-
Deposits	14,839	2,650	281	233
Accrued expenses	35,817	28,779	5,591	6,918
Retention monies	6,463	7,980	15	15
Amount due to related companies	8	13,005	-	-
Other payables	1,066	940	-	-
	119,220	94,922	8,377	7,350
Non-current:				
Amount due to shareholders of a subsidiary	15,592	15,592	-	-
Other payables	-	1,628	-	1,628
	15,592	17,220	-	1,628
	134,812	112,142	8,377	8,978
The maturity profile for non-current payables is as follows:				
More than one year and less than two years	15,592	17,220	-	1,628
Fair value of non-current other payables	14,457	15,875	-	1,501

The currency profile of trade and other payables as at the end of the financial year is as follows:-

	Group		Company	
	2007	2006	2007	2006
Ringgit Malaysia	114,119	96,550	8,377	8,978
Indonesia Rupiah	20,693	15,592	-	-
	134,812	112,142	8,377	8,978

Credit terms available to the Group range from 30 to 90 days (2006 : 30 to 90 days) from date of invoice.

The amount due to related companies and shareholders of a subsidiary are unsecured and interest free.

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

35. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES

	Group		Company	
	2007	2006	2007	2006
At 1 January	5,566	5,312	4,303	4,093
Charged to income statement	475	254	335	210
Paid during the financial year to a former executive director of the Company	(3,710)	-	(3,710)	-
At 31 December	2,331	5,566	928	4,303

36. ON GOING LITIGATION

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

Subsequently, the Plaintiffs had also applied for an interlocutory injunction to restrain the Company and ATBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof ("the Injunction"). However, no injunction has been granted to date. The Court has still to deliver its ruling on a preliminary objection made against the injunction application.

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

There have been no material changes to the status of the legal suit as at the date of this report.

37. CAPITAL COMMITMENTS

	Group		Company	
	2007	2006	2007	2006
Authorised capital expenditure not provided for in the financial statements:				
- contracted	92,109	32,966	184	101
- not contracted	305,459	118,853	4,318	1,778
	397,568	151,819	4,502	1,879
Analysed as follows:				
- Property, plant and equipment	243,883	112,372	4,502	1,879
- Intellectual property development	49,268	-	-	-
- Investment properties	25,645	1,370	-	-
- Plantation development	78,772	36,958	-	-
- Investments	-	1,119	-	-
	397,568	151,819	4,502	1,879

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

On 8 June 2005, the 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"). One of the five Joint Venture Agreements, entered into between Sri Nangatayap Pte. Ltd., PT Mulia Agro Investama ("PT Agro") and Borneo Palma Pte. Ltd., a company related to PT Agro, has become unconditional on 5 December 2007 and the joint venture company, PT Sepanjang Intisurya Mulia has secured the Hak Guna Usaha ("HGU") certificate for 14,261 hectares of land. The other 4 Joint Venture Agreements have yet to become unconditional and are 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 HGU certificates or Rights/Titles to Cultivate the Land;
- iv) due diligence study on the Land and the Joint Venture Companies; and
- v) any other approvals, licenses and permits required for the Proposed Joint Venture.

The period for the fulfilment of the above conditions has since been extended up to and including 8 June 2009.

There have been no material changes to the status of the Proposed Joint Venture as at the date of this report.

b) Acquisition of a subsidiary during the financial year

During the financial year, the Group acquired the following subsidiary :

	Date of Acquisition	Country of Incorporation	Percentage of Equity Interest Acquired	Acquired by
Cosmo-Jupiter Bhd	16 November 2007	Malaysia	100	Asiatic Development Berhad

The above acquired subsidiary is a newly set up company and the acquisition does not have any material effect on the Group's profit for the current financial year.

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	Group		Company	
	2007	2006	2007	2006
a) Transactions with immediate holding company				
Provision of shared services in relation to secretarial, tax, treasury and other services by the immediate holding company to the Group	718	628	662	628
b) Transactions with subsidiaries				
Fees receivable from subsidiaries for the provision of management services	-	-	20,336	16,797
c) Transactions with associates				
Provision of palm oil mill management services to Serian Palm Oil Mill Sdn Bhd, an associate of the Company, by ADB (Sarawak) Palm Oil Mill Management Sdn Bhd, a wholly-owned subsidiary of the Company	613	991	-	-
d) Transaction with other related parties				
i) Progress payments made by a wholly-owned subsidiary, Asiatic Land Development Sdn Bhd ("ALDSB") to the contractor, Kien Huat Development Sdn Bhd ("KHD"), a company in which Datuk Lim Chee Wah, a brother of Tan Sri Lim Kok Thay, is a director and has deemed substantial financial interest, for the development of properties in Kulai, Johor. The progress payments include fees and reimbursables totalling RM Nil (2006 : RM1,435,500).	72	37,464	-	-
ii) Provision of information technology and system implementation services and rental of equipment by eGenting Sdn Bhd and Genting Information Knowledge Enterprise Sdn Bhd, all of which are indirect subsidiaries of Genting Berhad, the Company's immediate and ultimate holding company.	1,438	1,609	-	-
iii) Letting of office space and provision of related services by Oakwood Sdn Bhd, a wholly-owned subsidiary of Genting Berhad, the Company's immediate and ultimate holding company.	1,138	914	840	792

39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

	Group		Company	
	2007	2006	2007	2006
d) Transaction with other related parties (Cont'd)				
iv) Payment to SGSI-Asiatic Limited by ACGT, a wholly-owned subsidiary of the Company, where Tan Sri Lim Kok Thay is a director and shareholder of the Company as well as a director, shareholder and share option holder of Genting Berhad, the Company's immediate and ultimate holding company. SGSI-Asiatic Limited is a jointly controlled entity in which Tan Sri Lim Kok Thay is a beneficiary of a trust which has 13.6% equity interest in Synthetic Genomics Inc., which in turn has 50% interest in SGSI-Asiatic Limited for the provision of genomics research services.				
	41,066	-	-	-
e) Directors and key management personnel				
The remuneration of Directors and other key management personnel is as follows:				
Fees, salaries and bonuses	3,104	3,100	2,659	2,758
Defined contribution plan	385	369	330	329
Provision for retirement gratuities	475	254	335	210
Other short term employee benefits	2	2	1	2
Estimated money value of benefit-in-kind (not charged to the income statement)	60	78	50	67
	4,026	3,803	3,375	3,366

- f) The significant outstanding balances with subsidiaries, associates and other related parties were shown in Note 21, Note 23, Note 29 and Note 34 respectively.

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 13 February 2008, the Company and Asiatic SDC Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement for the sale and purchase of approximately 27,952 acres of plantation land and other assets located in Sabah for a total cash consideration of RM470.5 million ("the Proposed Exercise"). The Proposed Exercise was transacted at market values determined by an independent firm of professional valuers and has no financial impact at Group level. The objectives of the Proposed Exercise is to streamline operation and rationalise assets backing of the Group.

The Proposed Exercise is subject to the approval from Foreign Investment Committee.

41. SUBSIDIARIES AND ASSOCIATES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2007	2006		
Direct Subsidiaries				
Asiatic SDC Sdn Bhd	100	100	Malaysia	Plantation
Asiatic Plantations (WM) Sdn Bhd	100	100	Malaysia	Plantation
Asiatic Tanjung Bahagia Sdn Bhd	100	100	Malaysia	Plantation
Landworthy Sdn Bhd	84	84	Malaysia	Plantation
Kinavest Sdn Bhd	100	100	Malaysia	Plantation
Asiaticom Sdn Bhd	100	100	Malaysia	Plantation
Asiatic Oil Mills (WM) Sdn Bhd	100	100	Malaysia	FFB processing
ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	100	100	Malaysia	Provision of palm oil mill management services
Asiatic Land Development Sdn Bhd	100	100	Malaysia	Property development
Technimode Enterprises Sdn Bhd	100	100	Malaysia	Property investment
Asiatic Properties Sdn Bhd	100	100	Malaysia	Property investment
Mediglove Sdn Bhd	100	100	Malaysia	Investment holding
Asiatic Centre for Genome Technology Sdn Bhd	100	100	Malaysia	Genomics research and development
ALD Construction Sdn Bhd	100	100	Malaysia	Provision of project management services
Asiatic Commodities Trading Sdn Bhd	100	100	Malaysia	Pre-operating
Asiatic Vegetable Oils Refinery Sdn Bhd	100	100	Malaysia	Pre-operating
* Cosmo-Jupiter Berhad (formerly known as Cosmo-Jupiter Sdn Bhd)	100	-	Malaysia	Pre-operating
Orbit Crescent Sdn Bhd	100	100	Malaysia	Pre-operating
Amalgamated Rubber (Penang) Sdn Bhd	100	100	Malaysia	Dormant
AR Property Development Sdn Bhd	100	100	Malaysia	Dormant
Glugor Development Sdn Bhd	100	100	Malaysia	Dormant
Asiatic Green Tech Sdn Bhd	100	100	Malaysia	Dormant
Plantation Latex (Malaya) Sdn Bhd	100	100	Malaysia	Dormant
Kenyalang Borneo Sdn Bhd	100	100	Malaysia	Dormant
Asiatic Overseas Limited	100	100	Isle of Man	Dormant
Azzon Limited	100	100	Isle of Man	Dormant

41. SUBSIDIARIES AND ASSOCIATES (Cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2007	2006		
Indirect Subsidiaries				
Setiamas Sdn Bhd	100	100	Malaysia	Plantation and property development
Wawasan Land Progress Sdn Bhd	100	100	Malaysia	Plantation
Sawit Sukau Usahasama Sdn Bhd	56	56	Malaysia	Plantation
PT Sepanjang Intisurya Mulia	70	70	Indonesia	Plantation
Asiatic Indahpura Development Sdn Bhd	100	100	Malaysia	Property development
Asiatic Golf Course (Sg. Petani) Berhad	100	100	Malaysia	Golf course operation
Sri Nangatayap Pte Ltd	100	100	Singapore	Investment holding
Degan Limited	100	100	Isle of Man	Investment holding
Trushidup Plantations Sdn Bhd	100	100	Malaysia	Investment holding
Dianti Plantations Sdn Bhd	100	100	Malaysia	Dormant
Cengkeh Emas Sdn Bhd	100	100	Malaysia	Dormant
Kituva Plantations Sdn Bhd	100	100	Malaysia	Dormant
Asiatic Awanpura Sdn Bhd	100	100	Malaysia	Pre-operating
Asiatic Equities (S'pore) Pte Ltd	100	100	Singapore	Pre-operating
Ketapang Holdings Pte Ltd	100	100	Singapore	Pre-operating
Sandai Maju Pte Ltd	100	100	Singapore	Pre-operating
Sri Kenyalang Pte Ltd	100	100	Singapore	Pre-operating
Associates				
Serian Palm Oil Mill Sdn Bhd	40	40	Malaysia	FFB processing
@ Sri Gading Land Sdn Bhd	49	49	Malaysia	Property development
Setiacahaya Sdn Bhd	50	50	Malaysia	Property investment
@ Asiatic Ceramics Sdn Bhd	49	49	Malaysia	In receivership

* Subsidiary acquired during the financial year.

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

42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 February 2008.

STATEMENT ON DIRECTORS' RESPONSIBILITY

PURSUANT TO PARAGRAPH 15.27(A) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD



As required under the Companies Act, 1965 ("Act"), the Directors of Asiatic Development Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities so as to give a true and fair view of the financial position of the Company and of the Group for the financial year ended 31 December 2007.

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

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

This statement is made in accordance with a resolution of the Board dated 28 February 2008.

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **CHEAH CHING MOOI**, the Officer primarily responsible for the financial management of **ASIATIC DEVELOPMENT BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 41 to 92, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
CHEAH CHING MOOI, at KUALA LUMPUR on)
28 February 2008.) **CHEAH CHING MOOI**

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur



REPORT OF THE AUDITORS TO THE MEMBERS OF ASIATIC DEVELOPMENT BERHAD

We have audited the financial statements set out on pages 41 to 92. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

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

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

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

LOH LAY CHOON
(No. 2497/03/08 (J))
Partner of the firm

Kuala Lumpur
28 February 2008

TEN-YEAR SUMMARY

FINANCIAL

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
RM'000										
Revenue	906,415	576,578	522,720	514,667	490,818	296,099	199,863	230,783	446,811	351,304
Profit before taxation	451,158	220,425	216,456	225,847	210,281	129,700	86,525	69,167	272,850	163,743
Taxation	(103,102)	(47,207)	(44,610)	(50,328)	(63,774)	(28,872)	(14,418)	(13,522)	147	(39,889)
Profit for the financial year	348,056	173,218	171,846	175,519	146,507	100,828	72,107	55,645	272,997	123,854
Attributable to :-										
Equity holders of the Company	344,064	171,147	169,797	172,919	132,304	99,832	71,239	54,772	266,366	124,809
Minority interest	3,992	2,071	2,049	2,600	14,203	996	868	873	6,631	(955)
	348,056	173,218	171,846	175,519	146,507	100,828	72,107	55,645	272,997	123,854
Issued capital	377,569	375,211	372,779	371,252	370,862	370,668	370,668	370,668	370,668	370,668
Retained earnings	1,633,959	1,331,105	1,194,888	1,057,192	910,640	800,803	720,283	664,896	633,612	390,901
Other reserves	52,781	51,047	46,672	44,558	43,254	43,309	43,360	43,575	46,716	47,047
Equity attributable to equity holders of the Company	2,064,309	1,757,363	1,614,339	1,473,002	1,324,756	1,214,780	1,134,311	1,079,139	1,050,996	808,616
Minority interests	11,549	11,392	10,634	9,898	9,227	12,504	11,516	10,683	21,316	14,718
Total equity	2,075,858	1,768,755	1,624,973	1,482,900	1,333,983	1,227,284	1,145,827	1,089,822	1,072,312	823,334
Long term borrowings	-	-	-	-	-	5,388	5,388	5,388	5,388	5,388
Deferred tax liabilities	40,613	41,088	38,865	40,939	40,065	29,987	21,294	19,561	23,086	22,385
Provision for directors' retirement gratuities	2,331	5,566	5,312	5,218	4,378	6,529	5,577	5,485	5,091	4,446
Other payables	15,592	17,220	4,120	-	-	-	-	-	-	-
	2,134,394	1,832,629	1,673,270	1,529,057	1,378,426	1,269,188	1,178,086	1,120,256	1,105,877	855,553
Property, plant and equipment	384,239	367,644	350,408	327,540	287,526	282,727	238,419	236,801	254,068	253,784
Land held for property development	232,765	226,253	225,427	232,565	236,116	247,474	247,794	250,064	231,246	221,170
Investment properties	10,594	10,874	9,065	1,289	1,219	1,408	1,244	1,417	1,589	1,762
Plantation development	469,510	445,512	429,712	414,899	294,876	261,587	209,767	204,288	200,818	196,992
Leasehold land use rights	249,180	249,226	233,127	245,988	175,881	174,199	111,208	49,502	46,314	47,959
Intangible assets	16,955	-	-	-	-	-	-	-	-	-
Jointly controlled entity	1,901	-	-	-	-	-	-	-	-	-
Associates	11,291	12,961	12,864	11,919	11,672	9,810	9,671	1,199	2,184	8,717
Long term investments	32,718	32,653	-	-	653	289	289	289	638	1,438
Long term receivables	-	5,000	16,977	4,918	4,917	5,897	6,877	18,781	18,854	19,231
Deferred tax assets	6,871	5,669	6,250	1,788	2,011	3,432	-	-	-	-
	1,416,024	1,355,792	1,283,830	1,240,906	1,014,871	986,823	825,269	762,341	755,711	751,053
Net current assets	718,370	476,837	389,440	288,151	363,555	282,365	352,817	357,915	350,166	104,500
	2,134,394	1,832,629	1,673,270	1,529,057	1,378,426	1,269,188	1,178,086	1,120,256	1,105,877	855,553
Basic earnings per share (sen)	45.7	22.9	22.8	23.3	17.8	13.5	9.6	7.4	35.9	16.8
Net dividend per share (sen)	10.3	5.1	4.5	4.0	3.2	3.0	2.5	2.2	3.6	3.2
Dividend cover (times)	4.4	4.5	5.1	5.9	5.5	4.5	3.8	3.4	10.0	5.2
Current ratio	5.9	5.7	5.0	4.0	5.0	5.2	3.8	5.4	4.3	1.8
Net assets per share (sen)	273.4	234.2	216.5	198.4	178.6	163.9	153.0	145.6	141.8	109.1
Return (after tax and minority interests) on average shareholders' equity (%)	18.0	10.2	11.0	12.4	10.4	8.5	6.4	5.1	28.6	16.4
Market share price										
- highest (RM)	8.65	4.32	2.49	2.28	1.97	1.61	1.28	1.52	1.60	1.55
- lowest (RM)	4.42	2.13	1.60	1.66	1.14	1.12	0.80	0.80	1.01	0.76

Certain figures relating to the previous years have been reclassified / adjusted to conform with the current year's presentation mainly due to adoption of new/revised FRSS.

OPERATIONS


























	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
OIL PALM										
FFB Production (T)	1,208,140	1,132,026	1,099,285	978,693	864,603	707,863	700,275	655,366	574,359	472,962
Yield Per Mature Hectare (T)	22.4	21.4	22.1	21.7	22.5	20.9	21.4	20.2	18.5	16.8
Average Selling Prices										
Crude Palm Oil (RM/T)	2,500	1,520	1,398	1,600	1,568	1,352	883	1,000	1,445	2,321
Palm Kernel (RM/T)	1,445	897	1,017	1,068	748	665	438	703	1,071	1,103
RUBBER										
Production ('000 kg)	-	-	-	-	-	-	830	1,457	1,729	1,826
Yield Per Mature Hectare (kg)	-	-	-	-	-	-	1,526	1,591	1,420	1,201
Average Selling Prices of All Grades (Sen/kg)	-	-	-	-	-	-	182	223	209	250

LAND AREAS

HECTARES	2007			2006			2005	2004	2003	2002	2001	2000	1999	1998
	M'sia	Indon	Total	M'sia	Indon	Total								
Oil Palm														
Mature	54,104	-	54,104	53,968	-	53,968	51,068	48,630	38,816	37,145	32,683	32,605	31,625	29,095
Immature	5,594	1,716	7,310	5,566	-	5,566	7,250	7,951	9,894	9,139	6,076	4,765	4,331	6,581
	59,698	1,716	61,414	59,534	-	59,534	58,318	56,581	48,710	46,284	38,759	37,370	35,956	35,676
Rubber														
Mature	-	-	-	-	-	-	-	-	-	-	750	1,291	1,582	1,830
Immature	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	750	1,291	1,582	1,830
Durians & Others														
Mature	-	-	-	-	-	-	-	-	-	10	10	10	-	-
Immature	-	-	-	-	-	-	-	-	-	-	-	-	10	34
	-	-	-	-	-	-	-	-	-	10	10	10	10	34
TOTAL PLANTED AREA	59,698	1,716	61,414	59,534	-	59,534	58,318	56,581	48,710	46,294	39,519	38,671	37,548	37,540
Unplanted Agricultural Land/ Clearing In Progress														
Labour Lines, Buildings, Infrastructure etc.	3,234	105	3,339	2,858	-	2,858	2,681	2,516	2,243	2,425	1,863	1,923	1,857	1,786
Property Development	426	-	426	415	-	415	340	348	359	364	364	407	412	487
TOTAL TITLED AREA	65,931	14,261	80,192	65,964	14,261	80,225	66,004	66,016	63,588	57,477	50,765	41,001	41,052	41,371

LIST OF GROUP PROPERTIES

AS AT 31 DECEMBER 2007

Location	Tenure	Year Of Expiry	Hectares		Description	Age Of Buildings (years)	Year Of Acquisition/ Revaluation*	Net Book Value As At 31 Dec 2007 (RM'000)
			Plantation	Property Development				
PENINSULAR MALAYSIA								
A. NORTH								
1. ASIATIC Bukit Sembilan Estate, Baling/Sg. Petani/Jitra, Kedah	Freehold		1,314	147	  	12	1981*	59,967
2. ASIATIC Selama Estate, Serdang & Kulim, Kedah/Selama, Perak	Freehold		1,852				1981*	24,548
B. CENTRAL								
3. ASIATIC Sepang Estate, Sepang & Ulu Langat, Selangor	Freehold		666				1981*	14,268
4. ASIATIC Tebong Estate, Jasin & Alor Gajah, Melaka/Tampin & Kuala Pilah, Negeri Sembilan	Freehold		2,321				1981*	29,594
5. ASIATIC Cheng Estate, Melaka Tengah, Alor Gajah & Kuala Linggi, Melaka	Freehold		793	4	 		1981*	22,586
6. ASIATIC Tanah Merah Estate, Tangkak, Johor	Freehold		1,801				1981*	25,676
C. SOUTH								
7. ASIATIC Sri Gading Estate, Batu Pahat, Johor	Freehold		3,556	72	 		1983	77,567
8. ASIATIC Sungei Rayat Estate, Batu Pahat, Johor	Freehold		1,707				1983	29,632
9. ASIATIC Sing Mah Estate, Air Hitam, Johor	Freehold		669		 	27	1983	12,924
10. ASIATIC Kulai Besar Estate, Kulai/ Simpang Renggam, Johor	Freehold		2,763	103	   		1983	357,120
11. ASIATIC Setiamas Estate, Kulai & Batu Pahat, Johor	Freehold		134	100	 		1996	76,966
SABAH								
12. ASIATIC Sabapalm Estate, Labuk Valley, Sandakan	Leasehold	2085, 2887	4,360		 	37	1991	44,108
13. ASIATIC Tanjung Estate, Kinabatangan	Leasehold	2086, 2096	4,345		 	13	1988, 2001	44,092
14. ASIATIC Bahagia Estate, Kinabatangan	Leasehold	2085, 2086	4,548				1988, 2003	48,382
15. ASIATIC Tenegang Estate, Kinabatangan	Leasehold	2088	4,047				1990	33,892
16. ASIATIC Landworthy Estate, Kinabatangan	Leasehold	2083	4,039				1992	36,902
17. ASIATIC Layang Estate, Kinabatangan	Leasehold	2090	1,683				1993	19,825
18. ASIATIC Jambongan Estate, Beluran	Leasehold	2033 - 2100	3,711				2001 - 2004	62,442
19. ASIATIC Indah & ASIATIC Permai Estates, Kinabatangan	Leasehold	2096	8,830				2001	124,881
20. ASIATIC Mewah Estate, Kinabatangan	Leasehold	2083 - 2890	5,611		 	11	2002	119,081
21. ASIATIC Sekong & ASIATIC Suan Lamba Estates, Kinabatangan	Leasehold	2022 - 2098	6,755		 	11	2004	187,515
INDONESIA								
22. Ketapang, Kalimantan Barat	Leasehold	2037	14,261				2006	38,326
OTHER PROPERTIES OWNED								
23. Bangi Factory, Selangor	Leasehold	2086	12,140 (sq.m)			26	1990	2,636
24. ASIATIC Regional Office, Wisma Asiatic, Sandakan, Sabah	Leasehold	2100	2,023 (sq.m)			5	2004	2,923
25. Residential Bungalows, Sandakan, Sabah	Leasehold	2887	1,206 (sq.m)			23	1991	146
26. ASIATIC Vegetable Oils Refinery, Sandakan, Sabah	Leasehold	2080	8				1992	2,170
PROPERTIES MANAGED								
27. Bundoora Estate, Ulu Yam, Selangor	Freehold		105			11		
28. Serian Palm Oil Mill, Serian, Sarawak	Leasehold	2054	31					



Plantation



Property Development



Permaipura Golf & Country Club



Mill



Office



Vacant Land



Residential Bungalow



Factory



Asiatic Indahpura Car City



Asiatic Indahpura Sports City



GROUP OFFICES AND OPERATING UNITS


PLANTATION DIVISION**Peninsula Malaysia****ASIATIC Bukit Sembilan Estate**

Kuala Ketil
09300 Kedah
Tel/Fax : +604 4163214
Manager : Encik Salim bin Abd Rahim

ASIATIC Selama Estate

c/o Man Woh Sdn Bhd
34-36 Jalan Besar
34150 Selama
Perak
Tel/Fax : +604 4077245
Manager : Mr Murugasoo Munisamy

ASIATIC Sepang Estate

Nilai
71809 Negeri Sembilan
Tel : +603 87061240
Fax : +603 87065602
Manager : Encik Zainol Ahmad

ASIATIC Tebong Estate

Tebong P. O
76460 Melaka
Tel : +606 4486226
Fax : +606 4486750
Manager : Mr Bong Kim Poh

ASIATIC Cheng Estate

Alor Gajah
78000 Melaka
Tel : +606 5561216
Fax : +606 5581216
Acting Manager :
Mr Kenneth Sinclair Speldewinde

ASIATIC Tanah Merah Estate

P.O. Box 68
84907 Tangkak
Johor Darul Takzim
Tel : +606 9781310
Fax : +606 9799131
Manager : En Abdul Rahim Wilson
bin Abdullah

ASIATIC Sri Gading Estate

P. O Box 510
Batu Pahat
83009 Johor
Tel : +607 4558634
Fax : +607 4559629
Manager : Mr Ngo Kok Chai

ASIATIC Sungai Rayat Estate

Batu Pahat
83009 Johor
Tel : +607 4558237
Fax : +607 4557931
Manager : Mr Ganesan Sivaguru

ASIATIC Kulai Besar Estate

Batu 19, Kulai Besar
81000 Kulai
Johor Darul Takzim
Tel : +607 6840386
Manager : Mr Foo See Sun

ASIATIC Ayer Item Oil Mill

Batu 54 Jalan Johor
Air Hitam
86100 Johor
Tel/Fax : +607 7581998
Manager : Encik Jamhuri Lee Abdullah

Sabah**ASIATIC Regional Office, Sabah**

Wisma Asiatic,
KM 12, Labuk Road,
90000 Sandakan, Sabah
Tel : (089) 673 811/672 787
Fax : (089) 673 976

ASIATIC Sabapalm Estate

Tel/Fax : +6089 518294
Acting Manager : En Jumaine b Jaffar@Japar

ASIATIC Tenegang Estate

Tel : +6089 563120
Fax : +6089 791031
Manager : Encik Anas Lim Thiam Hui

ASIATIC Bahagia Estate

Tel/Fax : +6089 821157
Manager : Mr Lee Siew Kong

ASIATIC Tanjung Estate

Tel/Fax : +6089 791087
Manager : Mr Earnest Isac

ASIATIC Landworthy Estate

Tel : +6089 791088
Fax : +6089 791087
Manager : Encik Masing bin Kasana

ASIATIC Layang Estate

Tel/Fax : +6089 791089
Manager : Encik Abas Hj Ismail

ASIATIC Jambangan Estate

Tel/Fax : +6089 234300
Manager : Mr Tan Yeong Huat

ASIATIC Indah Estate

Tel : +6019 8928626
Manager : Mr Tiew Hoon Leng

ASIATIC Permai Estate

Tel : +6019 8928616
Fax : +6087 307101
Manager (Development) :
Encik Mohd Nadzar bin Awang

GROUP OFFICES AND OPERATING UNITS (CONT'D)

ASIATIC Mewah Estate

Tel : +6089 565914
 Fax : +6089 230856
 Manager : Encik Ibrahim b. S. Musleh

ASIATIC Sekong Estate

Tel/Fax : +6089 230231
 Manager : Encik Mohd Aminuddin b. Maidin

ASIATIC Suan Lamba Estate

Tel/Fax : +6089 230233
 Manager : Mr Yap Heng Lee

ASIATIC Sabapalm Oil Mill

Tel/Fax : +6089 518317
 Manager : Encik Anuar Buniran

ASIATIC Tanjung Oil Mill

Tel : +6089 791288
 Fax : +6089 791090
 Manager : Mr Teoh Kheong Hock

ASIATIC Mewah Oil Mill

Tel : +6089 563126
 Fax : +6089 563068
 Manager : Mr Yee Keoh Seng

ASIATIC Trushidup Oil Mill

Tel/Fax : +6089 234300
 Manager : Mr Kalyana Raman

Sarawak

Serian Palm Oil Mill

4 Km Kedup/ Mongkos Link Road
 Off 13 Km Poan Limau/ Mentung Marau Road
 Off 20 Km Serian/ Sri Aman Road
 P.O.Box 150, 94700 Serian, Sarawak
 Tel/Fax : +6011 218927
 Manager : Encik Muhamad Bostman bin Muhamud

Indonesia

Head Office

10th Floor Gedung Artha Graha
 Sudirman Central Business District
 Jl Jenderal Sudirman Kav.52-53
 Jakarta 12190

Ketapang Office

Jalan D.I. Panjaitan
 No. 63E Ketapang Kota
 Kalimantan Barat 78851
 Tel : +60534 3036320
 Fax : +60534 3036319
 President Director : Mr Arunan a/I Kandasamy

SIS Mulia Estate 1 & 2

Manager : Mr Jude Stephen Holloway

SIS Mulia Estate 3 & 4

Manager : Encik Mohd Daud b Abdullah

PROPERTY DIVISION

Asiatic Indahpura Sales Office

Batu 19, Kulai Besar
 81000 Kulai
 Johor
 Tel : +607 6624653
 Fax : +607 6624655
 VP/GM-Project : Encik Habibullah Khong

Asiatic Permaipura Golf & Country Sales Office

Riverside
 01810 Bedong
 Kedah
 Tel : 04-4594000
 Fax : 04-4594500
 Operations Manager : Encik Mohd Sukairi bin Sohott

Asiatic Pura Kencana Sri Gading Sales Office

Batu 8, Jalan Kluang
 83300 Sri Gading
 Batu Pahat, Johor
 Tel : 07-4558181
 Fax : 07-4557171
 Operations Manager : Mr Chang Cho Chuan

Asiatic Cheng Perdana Sales Office

No. 32 Jalan Cheng Perdana 1/6
 Desa Cheng Perdana 1
 Cheng, 75250 Melaka
 Tel : 06-3123548
 Fax : 06-3123590
 Manager- Project : Mr Wong Pei Yan

BIOTECHNOLOGY DIVISION

Asiatic Centre for Genome Technology Sdn Bhd

Head Office

25th Floor, Wisma Genting
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Tel : 03-23332288
 Fax : 03-21613621
 CEO : Mr Derrick Khoo Sin Huat

Office & Laboratory

L3-l-1 Enterprise 4, Technology Park Malaysia
 Lebuhraya Puchong-Sg Besi, Bukit Jalil
 57000 Kuala Lumpur, Malaysia
 Tel : 603-8996 9888
 Fax : 603-8996 3388
 Chief Scientific Officer : Dr Cheah Suan Choo

Jatropha Experimental Station

Jalan Salak-KLIA
 (Kuala Lumpur International Airport)
 Cincang 43900 Sepang
 Selangor, Malaysia

ANALYSIS OF SHAREHOLDINGS

AS AT 28 APRIL 2008

Class of Shares : Ordinary shares of 50 sen each

Voting Rights : One vote per share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	98	0.90	1,816	-
100 - 1,000	4,280	39.43	3,925,593	0.52
1,001 - 10,000	5,247	48.34	20,334,546	2.69
10,001 - 100,000	903	8.32	29,564,743	3.91
100,001 to less than 5% of issued shares	320	2.95	258,618,702	34.20
5% and above of issued shares	6	0.06	443,755,600	58.68
Total	10,854	100.00	756,201,000	100.00

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Shares	% of Issued Capital
1. Genting Berhad	85,171,000	11.26
2. Genting Berhad	80,000,000	10.58
3. Genting Berhad	80,000,000	10.58
4. Genting Berhad	80,000,000	10.58
5. Genting Berhad	80,000,000	10.58
6. Employees Provident Fund Board	38,584,600	5.10
7. Lembaga Tabung Angkatan Tentera	37,072,800	4.90
8. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for American International Assurance Company Limited</i>	11,404,300	1.51
9. HSBC Nominees (Tempatan) Sdn Bhd <i>Nomura Asset Mgmt Malaysia for Employees Provident Fund</i>	7,750,000	1.03
10. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	7,531,400	1.00
11. Genting Equities (Hong Kong) Limited	7,139,000	0.94
12. Valuecap Sdn Bhd	6,760,700	0.89
13. SBB Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan)</i>	6,203,500	0.82
14. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Wawasan 2020</i>	5,287,700	0.70
15. SBB Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	5,017,500	0.66
16. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for the HongKong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT)</i>	4,750,000	0.63
17. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund HG22 for Smallcap World Fund, Inc.</i>	3,740,000	0.50
18. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Dividend Fund</i>	3,395,100	0.45

ANALYSIS OF SHAREHOLDINGS

AS AT 28 APRIL 2008 (CONT'D)



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

Name	No. of Shares	% of Issued Capital
19. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)</i>	3,242,800	0.43
20. Cartaban Nominees (Asing) Sdn Bhd <i>Investors Bank and Trust Company for Ishares, Inc.</i>	2,985,600	0.40
21. Cartaban Nominees (Asing) Sdn Bhd <i>State Street London Fund 26AD for Asian Equity Fund</i>	2,586,100	0.34
22. Citigroup Nominees (Tempatan) Sdn Bhd <i>ING Insurance Berhad (INV-IL PAR)</i>	2,542,500	0.34
23. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Equity Fund</i>	2,457,200	0.33
24. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	2,364,900	0.31
25. Alliance Group Nominees (Tempatan) Sdn Bhd <i>Alliance Investment Management Berhad for Employees Provident Fund</i>	2,203,000	0.29
26. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Equity Fund</i>	2,145,100	0.28
27. Ke-Zan Nominees (Asing) Sdn Bhd <i>Kim Eng Securities Pte. Ltd. for Exquisite Holdings Limited</i>	2,000,000	0.26
28. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for RBC Dexia Investor Services Trust (Clients Account)</i>	1,975,100	0.26
29. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public South-East Asia Select Fund</i>	1,922,700	0.25
30. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	1,918,900	0.25
Total	578,151,500	76.45

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 APRIL 2008

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Indirect/ Deemed Interest	% of Issued Capital
Employees Provident Fund Board	57,441,100	7.60	-	-
Genting Berhad	406,895,000	53.81	7,249,000*	0.96
Kien Huat Realty Sdn Berhad	-	-	406,895,000^	53.81
Parkview Management Sdn Bhd	-	-	406,895,000^	53.81

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

^ Deemed interested through Genting Berhad

**DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS
AS AT 28 APRIL 2008**

INTEREST IN THE COMPANY

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman ⁽¹⁾	989,000	0.1308	-	-
Tan Sri Lim Kok Thay	369,000	0.0488	-	-
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	10,000	0.0013	-	-

INTEREST IN GENTING BERHAD ("GB"), A COMPANY WHICH OWNS 54.77% EQUITY INTEREST IN THE COMPANY

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman ⁽²⁾	1,204,600	0.0325	-	-
Tan Sri Lim Kok Thay	10,369,000	0.2800	-	-
Mr Quah Chek Tin ⁽³⁾	5,000	0.0001	-	-

INTEREST IN RESORTS WORLD BHD ("RWB"), A COMPANY WHICH IS 48.36% OWNED BY GB

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman ⁽⁴⁾	540,000	0.0094	-	-
Tan Sri Lim Kok Thay	1,660,000	0.0289	-	-
Mr Quah Chek Tin	5,000	0.0001	-	-

INTEREST IN GENTING INTERNATIONAL P.L.C. ("GIPLC"), A SUBSIDIARY OF GB

Name	No. of Shares			
	Direct Interest	% of Issued Capital	Deemed Interest	% of Issued Capital
Tan Sri Mohd Amin bin Osman ⁽⁵⁾	-	-	-	-
Tan Sri Lim Kok Thay	32,000	0.0003	-	-

Notes

The following disclosures are made 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:

- (1) Tan Sri Amin's spouse holds 80,000 ordinary shares (0.0106%) in the Company.
- (2) Tan Sri Amin's spouse holds 60,000 ordinary shares (0.0016%) in GB.
- (3) Mr Quah's spouse holds 630,000 ordinary shares (0.0170%) in GB.
- (4) Tan Sri Amin's spouse and children collectively hold 180,000 ordinary shares (0.0031%) in RWB.
- (5) Tan Sri Amin's spouse holds 400 ordinary shares (negligible) in GIPLC.

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of Asiatic Development Berhad ("the Company") will be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 19 June 2008 at 3.00 p.m.

AS ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 and the Directors' and Auditors' Reports thereon. (Ordinary Resolution 1)
2. To sanction the declaration of a final dividend of 4.75 sen less 26% tax per ordinary share of 50 sen each for the financial year ended 31 December 2007. (Ordinary Resolution 2)
3. To approve the payment of Directors' fees of RM481,825 for the financial year ended 31 December 2007 (2006: RM385,400). (Ordinary Resolution 3)
4. To re-elect the following persons as Directors of the Company pursuant to Article 99 of the Articles of Association of the Company:
 - i. Tan Sri Lim Kok Thay (Ordinary Resolution 4)
 - ii. Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin (Ordinary Resolution 5)
5. To consider and, if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
 - i. "That Tan Sri Mohd Amin bin Osman, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Ordinary Resolution 6)
 - ii. "That Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Ordinary Resolution 7)
6. To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 8)

AS SPECIAL BUSINESSES

To consider and if thought fit, pass the following Resolutions:

Special Resolution

7. Proposed Amendments to the Articles of Association of the Company

"That the amendments to the existing Articles of Association of the Company as proposed and set forth in Part B of the Document to Shareholders dated 28 May 2008 be and are approved and adopted by the Company, and that the Directors of the Company be and are authorised to do all acts and things and take all such steps as they may consider necessary and/or desirable to give full effect to these amendments to the Articles of Association of the Company."

(Special Resolution)

Ordinary Resolutions

8. Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being, and this authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company, and that:

- (a) approval and authority be and are given to the Directors of the Company to take all such actions that may be necessary and/or desirable to give effect to this resolution and in connection therewith to enter into and execute on behalf of the Company any instrument, agreement and/or arrangement with any person, and in all cases with full power to assent to any condition, modification, variation and/or amendment (if any) in connection therewith; and
- (b) the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

(Ordinary Resolution 9)

9. Proposed renewal of the authority for the Company to purchase and/or hold its own shares of an aggregate amount of up to 10% of its prevailing issued and paid-up share capital at any time

“That, subject to compliance with all applicable laws, the Company’s Articles of Association, and the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad (“Bursa Securities”) and/or any other relevant regulatory authority:

- (a) approval and authority be and are given for the Company to utilise up to the aggregate of the total retained earnings and share premium accounts of the Company based on its latest audited financial statements available up to the date of the transaction, to purchase, from time to time during the validity of the approval and authority under this resolution, such number of ordinary shares of 50 sen each in the Company (as may be determined by the Directors of the Company) on Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company, provided that the aggregate number of shares to be purchased and/or held by the Company pursuant to this resolution does not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time of purchase, and provided further that in the event that the Company ceases to hold all or any part of such shares as a result of (among others) cancellations, resales and/or distributions of any of these shares so purchased, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total issued and paid-up ordinary share capital of the Company at the time of purchase. Based on the audited financial statements of the Company for the financial year ended 31 December 2007, the Company’s retained earnings and share premium accounts were approximately RM2,123.1 million and RM37.9 million respectively;
- (b) approval and authority conferred by this resolution shall commence on the passing of this resolution, and shall remain valid and in full force and effect until:
 - (i) the conclusion of the next Annual General Meeting of the Company; or
 - (ii) the expiry of the period within which the next Annual General Meeting is required by law to be held,
 unless earlier revoked or varied by ordinary resolution of the members of the Company in general meeting, whichever occurs first;
- (c) approval and authority be and are given to the Directors of the Company in their absolute discretion, to deal with any shares purchased and any existing treasury shares (“the said Shares”) in the following manner:
 - (i) cancel the said Shares; and/or
 - (ii) retain the said Shares as treasury shares; and/or
 - (iii) distribute all or part of the said Shares as dividends to shareholders, and/or resell all or part of the said Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancel all or part of the said Shares,

or in any other manner as may be prescribed by all applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the said Shares shall continue to be valid until all the said Shares have been dealt with by the Directors of the Company; and

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (d) approval and authority be and are given to the Directors of the Company to take all such actions (including the appointment of up to two (2) Participating Organisations as defined in the Bursa Securities Listing Requirements and the opening and maintaining of Central Depository Accounts designated as Share Buy-Back Accounts) that may be necessary and/or desirable to give effect to this resolution and in connection therewith to enter into and execute on behalf of the Company any instrument, agreement and/or arrangement with any person, and in all cases with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed by any relevant regulatory authority or Bursa Securities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 10)

10. To transact any other business of which due notice shall have been given.

By Order of the Board

LOH BEE HONG
Secretary

Kuala Lumpur
28 May 2008

NOTES

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. A proxy need not be a member of the Company but in accordance with Section 149 of the Companies Act, 1965, a member shall not be entitled to appoint a person who is not a member of the Company as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESSES

- (1) Special Resolution, if passed, will streamline the Company's Articles with Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad as well as to facilitate some administrative issues and to ensure consistency throughout the Articles.

Further information on the Proposed Amendments to the Articles of Association of the Company is set out under Part B of the Document to Shareholders dated 28 May 2008 which is despatched together with the Company's 2007 Annual Report.

- (2) Ordinary Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares in the Company up to and not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

- (3) Ordinary Resolution 10, if passed, will empower the Directors of the Company to purchase and/or hold the Company's shares of an aggregate amount of up to 10% of the issued and paid-up share capital of the Company for the time being ("Proposed Share Buy-Back Renewal") by utilising up to the total retained earnings and share premium of the Company based on its latest audited financial statements up to the date of the purchase. This authority, will expire at the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held, unless revoked or varied by ordinary resolution of the members of the Company at a general meeting, whichever occurs first.

Further information on the Proposed Share Buy-Back Renewal is set out under Part A of the Document to Shareholders dated 28 May 2008 which is despatched together with the Company's 2007 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of Bursa Malaysia Securities Berhad

- Details of individuals who are standing for election as Directors

No individual is seeking election as a Director at the forthcoming Thirtieth Annual General Meeting of the Company.



ASIATIC DEVELOPMENT BERHAD
(34993-X)



FORM OF PROXY



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

"A" I/We _____ NRIC No./Co. No.: _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(ADDRESS)

being a member of ASIATIC DEVELOPMENT BERHAD hereby appoint

_____ NRIC No./Co. No.: _____
(FULL NAME)

of _____
(ADDRESS)

or failing him/her _____ NRIC No./Co. No.: _____
(FULL NAME)

of _____
(ADDRESS)

or failing him/her, *the CHAIRMAN OF THE MEETING as *my/our first proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 19 June 2008 at 3.00 p.m. and at any adjournment thereof.

"B" Where it is desired to appoint a second proxy, this section must also be completed. Otherwise it should be deleted.

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

of _____
(ADDRESS)

being a member of ASIATIC DEVELOPMENT BERHAD hereby appoint

_____ NRIC No./Co. No.: _____
(FULL NAME)

of _____
(ADDRESS)

or failing him/her _____ NRIC No./Co. No.: _____
(FULL NAME)

of _____
(ADDRESS)

or failing him/her, *the CHAIRMAN OF THE MEETING as *my/our second proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 19 June 2008 at 3.00 p.m. and at any adjournment thereof.



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

First Proxy "A"	%
Second Proxy "B"	%
	<u>100%</u>

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

My/our proxies shall vote as follows:

RESOLUTIONS		FIRST PROXY "A"		SECOND PROXY "B"	
		For	Against	For	Against
To receive and adopt the Audited Financial Statements	Ordinary Resolution 1				
To sanction the declaration of a final dividend of 4.75 sen less tax per ordinary share	Ordinary Resolution 2				
To approve the payment of Directors' fees	Ordinary Resolution 3				
To re-elect the following Directors pursuant to Article 99 of the Articles of Association of the Company: i. Tan Sri Lim Kok Thay ii. Gen. (B) Tan Sri Mohd Zahidi bin Hj Zainuddin	Ordinary Resolution 4 Ordinary Resolution 5				
To re-appoint the following Directors in accordance with Section 129 of the Companies Act, 1965: i. Tan Sri Mohd Amin bin Osman ii. Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Ordinary Resolution 6 Ordinary Resolution 7				
To re-appoint Auditors	Ordinary Resolution 8				
To amend the Articles of Association of the Company	Special Resolution				
To empower Directors to issue and allot shares up to 10% of the Company's total issued and paid-up capital	Ordinary Resolution 9				
To renew the authority for the Company to purchase and/or hold its own shares up to 10% of its prevailing issued and paid-up capital	Ordinary Resolution 10				

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

Signed this _____ day of _____ 2008

No. of Shares held	CDS Account No.

Signature of Member(s)

* Delete if inapplicable

NOTES

A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. A proxy need not be a member of the Company but in accordance with Section 149 of the Companies Act, 1965, a member shall not be entitled to appoint a person who is not a member of the Company as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.

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

EXPLANATORY NOTES ON SPECIAL BUSINESSES

- (1) Special Resolution, if passed, will streamline the Company's Articles with Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad as well as to facilitate some administrative issues and to ensure consistency throughout the Articles.

Further information on the Proposed Amendments to the Articles of Association of the Company is set out under Part B of the Document to Shareholders dated 28 May 2008 which is despatched together with the Company's 2007 Annual Report.

- (2) Ordinary Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting, to issue and allot shares in the Company up to and not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

- (3) Ordinary Resolution 10, if passed, will empower the Directors of the Company to purchase and/or hold the Company's shares of an aggregate amount of up to 10% of the issued and paid-up share capital of the Company for the time being ("Proposed Share Buy-Back Renewal") by utilising up to the total retained earnings and share premium of the Company based on its latest audited financial statements up to the date of the purchase. This authority, will expire at the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held, unless revoked or varied by ordinary resolution of the members of the Company at a general meeting, whichever occurs first.

Further information on the Proposed Share Buy-Back Renewal is set out under Part A of the Document to Shareholders dated 28 May 2008 which is despatched together with the Company's 2007 Annual Report.