



Financial Statements

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INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008



Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
Revenue	5&6	1,036,003	906,415	506,853	494,516
Cost of sales	7	(473,587)	(395,686)	(31,920)	-
Gross profit		562,416	510,729	474,933	494,516
Other income		28,122	18,743	19,134	11,823
Selling and distribution costs		(43,681)	(37,770)	(5,761)	-
Administration expenses		(43,310)	(29,063)	(24,168)	(18,737)
Other expenses		(23,440)	(15,133)	(2,299)	(511)
		480,107	447,506	461,839	487,091
Share of results in a jointly controlled entity		(36)	-	-	-
Share of results in associates		2,815	3,652	-	-
Profit before taxation	5&8	482,886	451,158	461,839	487,091
Taxation	12	(105,659)	(103,102)	(16,345)	(118,490)
Profit for the financial year		377,227	348,056	445,494	368,601
Attributable to:					
Equity holders of the Company		373,252	344,064	445,494	368,601
Minority interests		3,975	3,992	-	-
		377,227	348,056	445,494	368,601
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	13	49.35	45.72		
- diluted (sen)	13	49.24	45.47		
Gross dividends per share (sen)	14	10.00	14.00		

The notes set out on pages 54 to 98 form part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
ASSETS					
Non-current assets					
Property, plant and equipment	15	437,031	384,239	34,993	8,551
Land held for property development	16	317,334	232,765	-	-
Investment properties	17	11,807	10,594	-	-
Plantation development	18	518,312	469,510	284,237	-
Leasehold land use rights	19	270,624	249,180	162,376	-
Intangible asset	20	81,118	16,955	-	-
Subsidiaries	21	-	-	306,187	242,187
Jointly controlled entity	22	1,940	1,901	-	-
Associates	23	12,547	11,291	2,123	2,123
Long term investments	24	32,118	32,718	-	-
Amounts due from subsidiaries	21	-	-	1,556,038	1,539,377
Deferred tax assets	25	7,856	6,871	-	167
Current assets					
Property development costs	16	53,986	111,150	-	-
Land held for sale	26	-	-	-	1,290
Inventories	27	139,927	119,500	7,044	13
Tax recoverable		45,257	23,645	33,494	23,428
Trade and other receivables	28	99,719	114,700	7,231	7,213
Amounts due from subsidiaries	21	-	-	118,311	394,352
Amounts due from other related companies	29	43	4	-	-
Amount due from a jointly controlled entity	22	83	-	-	-
Amounts due from associates	23	632	803	632	656
Short term investments	30	303,959	204,234	283,472	187,163
Bank balances and deposits	31	228,534	290,860	195,061	248,901
		872,140	864,896	645,245	863,016
Total assets		2,562,827	2,280,920	2,991,199	2,655,421
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	32	378,377	377,569	378,377	377,569
Reserves	33	1,968,205	1,686,740	2,521,249	2,161,793
		2,346,582	2,064,309	2,899,626	2,539,362
Minority interests		32,551	11,549	-	-
Total equity		2,379,133	2,075,858	2,899,626	2,539,362
Non-current liabilities					
Long term borrowings	36	1,225	-	-	-
Other payables	34	15,592	15,592	-	-
Provision for directors' retirement gratuities	35	2,643	2,331	1,129	928
Deferred tax liabilities	25	36,972	40,613	4,540	-
		56,432	58,536	5,669	928
Current liabilities					
Trade and other payables	34	103,942	119,220	9,030	8,377
Amounts due to ultimate holding company	29	2,924	876	2,924	876
Amounts due to subsidiaries	21	-	-	73,299	105,390
Amounts due to other related companies	29	651	488	651	488
Short term borrowings	36	19,017	-	-	-
Taxation		728	25,942	-	-
		127,262	146,526	85,904	115,131
Total liabilities		183,694	205,062	91,573	116,059
Total equity and liabilities		2,562,827	2,280,920	2,991,199	2,655,421
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)					
		3.10	2.73		

The notes set out on pages 54 to 98 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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 2008	377,569	37,933	18,063	(3,868)	653	1,633,959	2,064,309	11,549	2,075,858
Net loss not recognised in income statement - exchange differences	-	-	-	(5,749)	-	-	(5,749)	-	(5,749)
Net expense recognised directly in equity	-	-	-	(5,749)	-	-	(5,749)	-	(5,749)
Profit for the financial year	-	-	-	-	-	373,252	373,252	3,975	377,227
Total recognised income and expense for the financial year	-	-	-	(5,749)	-	373,252	367,503	3,975	371,478
Asiatic Executive Share Option Scheme - Shares issued (see Note 32)	808	1,910	-	-	-	-	2,718	-	2,718
- Fair value of employees' services (see Note 9)	-	184	-	-	21	-	205	-	205
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(4,963)	(4,963)
Minority interests arising on business combination	-	-	-	-	-	-	-	21,990	21,990
Appropriation:									
- Special dividend paid for the financial year ended 31 December 2007 (6 sen less 26% tax) (See Note 14)	-	-	-	-	-	(33,573)	(33,573)	-	(33,573)
- Final dividend paid for financial year ended 31 December 2007 (4.75 sen less 26% tax) (See Note 14)	-	-	-	-	-	(26,583)	(26,583)	-	(26,583)
- Interim dividend paid for financial year ended 31 December 2008 (5 sen less 26% tax) (See Note 14)	-	-	-	-	-	(27,997)	(27,997)	-	(27,997)
	-	-	-	-	-	(88,153)	(88,153)	-	(88,153)
Balance at 31 December 2008	378,377	40,027	18,063	(9,617)	674	1,919,058	2,346,582	32,551	2,379,133

The notes set out on pages 54 to 98 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (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 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 financial year	-	-	(12)	(3,513)	-	344,076	340,551	3,992	344,543
Asiatic Executive Share Option Scheme									
- Shares issued (see Note 32)	2,358	4,985	-	-	-	-	7,343	-	7,343
- Fair value of employees' services (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)	-	-	-	-	-	(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 54 to 98 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (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 2008	377,569	37,933	104	653	2,123,103	2,539,362
Profit for the financial year	-	-	-	-	445,494	445,494
Total recognised income for the financial year	-	-	-	-	445,494	445,494
Asiatic Executive Share Option Scheme						
- Shares issued (see Note 32)	808	1,910	-	-	-	2,718
- Fair value of employees' services	-	184	-	21	-	205
Appropriation:						
- Special dividend paid for the financial year ended 31 December 2007 (6 sen less 26% tax) (See Note 14)	-	-	-	-	(33,573)	(33,573)
- Final dividend paid for financial year ended 31 December 2007 (4.75 sen less 26% tax) (See Note 14)	-	-	-	-	(26,583)	(26,583)
- Interim dividend paid for financial year ended 31 December 2008 (5 sen less 26% tax) (See Note 14)	-	-	-	-	(27,997)	(27,997)
	-	-	-	-	(88,153)	(88,153)
Balance at 31 December 2008	378,377	40,027	104	674	2,480,444	2,899,626

The notes set out on pages 54 to 98 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (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 for the financial year	-	-	-	-	368,601	368,601
Asiatic Executive Share Option Scheme						
- Shares issued (see Note 32)	2,358	4,985	-	-	-	7,343
- Fair value of employees' services	-	-	-	274	-	274
Appropriation:						
- Final dividend paid for financial year ended 31 December 2006 (4.25 sen less 27% tax)	-	-	-	-	(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)
	-	-	-	-	(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 54 to 98 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Amounts in RM'000 unless otherwise stated

	Group		Company	
	2008	2007	2008	2007
Cash flows from operating activities				
Profit before taxation	482,886	451,158	461,839	487,091
Adjustments for:				
Depreciation of property, plant and equipment	18,456	20,567	2,706	462
Depreciation of investment properties	341	389	-	-
Amortisation of leasehold land use rights	2,630	2,878	1,404	-
Amortisation of plantation development	7	7	-	-
Property, plant and equipment written off	585	568	20	1
Bad debts written off	224	446	-	-
Provision for Directors' retirement gratuities	198	475	87	335
Provision for retirement benefits	1,771	-	2	-
Allowance for doubtful debts	1,031	336	-	-
(Gain)/loss on disposal of property, plant and equipment	(306)	442	(53)	(98)
Share-based payment expenses	205	274	91	96
Share of results in jointly controlled entity	36	-	-	-
Share of results in associates	(2,815)	(3,652)	-	-
Interest income	(19,137)	(12,201)	(16,960)	(10,214)
Net unrealised exchange loss	1,765	-	-	-
Net surplus arising from compensation in respect of land acquired by the Government	(2,505)	(27)	(97)	-
Dividend income	-	-	(351,882)	(474,180)
Other non-cash items	363	-	114	-
	2,849	10,502	(364,568)	(483,598)
Operating profit before changes in working capital	485,735	461,660	97,271	3,493
Property development costs	(23,076)	4,194	-	-
Inventories	(18,470)	(4,574)	(7,032)	2
Receivables	17,879	(26,475)	(18)	8,757
Amounts due from jointly controlled entity	(83)	-	-	-
Amounts due from associates	(476)	273	24	9
Payables	(20,425)	14,204	(103)	(1,194)
Amounts due to ultimate holding company	2,048	238	2,048	238
Amounts due to other related companies	771	(743)	163	(761)
Amounts due from subsidiaries	-	-	(20,611)	(20,159)
	(41,832)	(12,883)	(25,529)	(13,108)
Cash generated from/(used in) operations	443,903	448,777	71,742	(9,615)
Tax paid (net of tax refund)	(157,113)	(94,364)	(21,152)	(1,628)
Retirement gratuities paid	-	(3,710)	-	(3,710)
	(157,113)	(98,074)	(21,152)	(5,338)
Net cash generated from/(used in) operating activities	286,790	350,703	50,590	(14,953)

The notes set out on pages 54 to 98 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2008	2007	2008	2007
Cash flows from investing activities					
Proceeds received from Government in respect of acquisition of land		3,044	49	258	-
Interest received		19,137	12,201	16,960	10,215
Dividends received from:					
- subsidiaries		-	-	349,760	340,830
- associates		1,571	5,322	1,571	5,322
Proceeds from disposal of property, plant and equipment		359	788	85	147
Land held for property development		(2,837)	(7,105)	-	-
Purchase of property, plant and equipment		(68,170)	(44,646)	(27,920)	(2,784)
Leasehold land use rights		(6,194)	(3,580)	(163,780)	-
Investment properties		(66)	(109)	-	-
Intangible assets		(64,163)	(16,955)	-	-
Acquisition of subsidiaries	(a)	(16,960)	-	-	-
Investment in subsidiaries	40(C)(c)	-	-	(64,000)	(50,000)
Investment in jointly controlled entity		(78)	(1,901)	-	-
Investment in associates		(10)	-	-	-
Purchase of long term investments		-	(65)	-	-
Plantation development		(42,754)	(23,257)	(283,635)	-
Repayment from/(advances to) subsidiaries		-	-	248,015	(32,268)
Net cash (used in)/generated from investing activities		(177,121)	(79,258)	77,314	271,462
Cash flows from financing activities					
Proceeds from issue of shares (see Note 32)		2,718	7,343	2,718	7,343
Proceeds from bank borrowings		18,328	-	-	-
Dividends paid		(88,153)	(41,222)	(88,153)	(41,222)
Dividends paid to minority shareholders		(4,963)	(3,835)	-	-
Net cash used in financing activities		(72,070)	(37,714)	(85,435)	(33,879)
Net increase in cash and cash equivalents		37,599	233,731	42,469	222,630
Cash and cash equivalents at beginning of the financial year		495,094	261,363	436,064	213,434
Effects of currency translation		(200)	-	-	-
Cash and cash equivalents at end of the financial year	(b)	532,493	495,094	478,533	436,064

The notes set out on pages 54 to 98 form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (CONT'D)



Amounts in RM'000 unless otherwise stated

Notes

(a) Analysis of the acquisition of subsidiaries

Details of the assets, liabilities and net cash outflow arising from the acquisition of subsidiaries as disclosed in Note 40 (C) (a) (i) are as follows:-

	Group	
	Book Value	Fair Value
<i>Net assets acquired at the date of acquisition:</i>		
Property, plant and equipment (See Note 15)	(4,993)	(4,993)
Plantation development (See Note 18)	(8,359)	(8,359)
Leasehold land use rights (See Note 19)	(782)	(23,574)
Trade and other receivables	(4,154)	(4,154)
Inventories	(1,957)	(1,957)
Deferred taxation	(2)	(2)
Bank balances and deposits	(14,176)	(14,176)
Trade and other payables	2,489	2,489
Borrowings	1,600	1,600
Minority interests	12,189	21,990
Net assets/Total purchase consideration discharged by cash	<u>(18,145)</u>	<u>(31,136)</u>
Less : Bank balances and deposits of subsidiaries acquired		<u>14,176</u>
Net cash outflow on acquisition of subsidiaries		<u>(16,960)</u>

The Group has completed its purchase price allocation exercise on the acquisition of the above subsidiaries and has accounted for the fair value adjustments on 3 October 2008 accordingly.

The revenue and net loss of the acquired subsidiaries included in the consolidated income statement of the Group for the period from 3 October 2008 to 31 December 2008 amounted to nil and RM1.8 million respectively. Had the acquisition taken effect on 1 January 2008, the revenue and net loss of the acquired subsidiaries included in the consolidated income statement of the Group would have been nil and RM3.6 million respectively. These amounts have been calculated using the Group's accounting policies.

(b) Analysis of cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
Short term investments (see Note 30)	303,959	204,234	283,472	187,163
Bank balances and deposits (see Note 31)	228,534	290,860	195,061	248,901
	<u>532,493</u>	<u>495,094</u>	<u>478,533</u>	<u>436,064</u>

Included in the above bank balances and deposits for the Group is an amount of RM8.2 million (2007 : RM14.7 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

Amounts in RM'000 unless otherwise stated

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. During the financial year, the Company also became involved in plantation activities with the acquisition of plantation assets from its subsidiary as part of the Group's rationalisation exercise.

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 42 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 ("FRS"), the 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 FRS 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 judgment in the process of applying the Company's accounting policies. Although these judgments 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:

a) 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.

b) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

c) Internally generated development costs

The Group recognises costs incurred on development projects as intangible assets to the extent that the capitalisation criteria in FRS138 - Intangible Assets are met. The Group uses its judgment in determining whether the milestones payments for research and development expertise and capacity in genomics meet the capitalisation criteria so as to enable the amount to be capitalised. The future commercial viability of these intangible assets is assessed by using discounted cash flow valuation technique, which requires the Group to use estimates and assumptions concerning the future.



2. BASIS OF PREPARATION (Cont'd)

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 FRSs that are relevant to the Group have been adopted during the financial year:

- FRS 107²⁰⁰⁷ Cash Flow Statements
- FRS 112²⁰⁰⁷ Income Taxes
- FRS 118²⁰⁰⁷ Revenue
- Amendment to FRS 121²⁰⁰⁷ The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
- FRS 134²⁰⁰⁷ Interim Financial Reporting
- FRS 137²⁰⁰⁷ Provision, Contingent Liabilities and Contingent Assets
- IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 8 Scope of FRS 2

The adoption of the above FRSs and IC interpretation did not result in substantial changes to the Group's accounting policies and have no significant financial impact on the Group's result and financial position for the financial year ended 31 December 2008. In respect of FRS 112, the Group will continue to recognise in the income statement, the tax impact arising from the investment tax allowances as and when it is utilised.

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

The new standards and IC Interpretations that are applicable to the Group and the Company, but which the Group and the Company have not early adopted, are as follows:

- FRS 8 Operating Segments (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114²⁰⁰⁴ Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from financial periods beginning on 1 January 2010. This standard is not expected to have any material impact to the Group and Company.
- IC Interpretation 9 Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010). IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group will apply this standard from financial periods beginning on 1 January 2010. This standard is not expected to have any material impact to the Group and Company.
- IC Interpretation 10 Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply this standard from financial periods beginning on 1 January 2010. This standard is not expected to have any material impact to the Group and Company.

The following standards will be effective for annual period beginning on or after 1 January 2010. The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Group and Company.

- FRS 139 Financial Instruments: Recognition and Measurement
- FRS 7 Financial Instruments: Disclosures

3. SIGNIFICANT ACCOUNTING POLICIES

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.

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 values 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.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 investments 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.

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, 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period that they are incurred.

Freehold land and property, plant and equipment which are under construction are not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use. The Group depreciates other assets based on their consumption pattern and is applied separately to each significant component.

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 was already of the age and in the condition expected at the end of its useful life.

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

	Years
Land improvements	25
Buildings and improvements	10 - 50
Plant and machinery	4 - 10
Motor vehicles	5 - 8
Furniture, fittings and equipment	3 - 10

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment (Cont'd)

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 less accumulated impairment losses. 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 comprises 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.

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 remaining lease period ranging from 14 to 879 years in accordance with the pattern of benefits provided.

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 of 2 to 3 years.

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.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Development Activities (Cont'd)

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

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.

Investments in subsidiaries, jointly controlled entities and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

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

Money market instruments are stated at the lower of cost and net realisable value.

Intangible Assets

a) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair values 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. See accounting policy note on impairment of assets.

Goodwill on acquisition of jointly controlled entity and associates occurring on or after 1 January 1995 is included in investments in jointly controlled entity and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible Assets (Cont'd)

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. Judgment is involved in determining whether the 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.

Receivables

Receivables are carried at estimated realisable values. In estimating the 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, 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. 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.



3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share Capital (Cont'd)

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 options are exercised.

Borrowings

Borrowings are recognised initially based on the proceeds received, net of transaction costs incurred.

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.

Finance Leases – Accounting by Lessee

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge incurred on qualifying assets are capitalised until the assets are ready for their intended use after which such expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease period.

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.

An impairment loss is reversed only to the extent of previously recognised impairment losses for the same asset unless the asset is carried at revalued amount, in which case the reversal is treated as an increase to revaluation reserve. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements, 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.

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 values 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 137 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 includes 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 asset 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 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 and golf club membership fees are recognised on an accrual basis. Dividend income is recognised when the right to receive payment is established.

b) Other income

Other income comprising interest income and rental income are recognised on an 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 values 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) Financial instruments not recognised on balance sheet

The Group is a party to a put and call option agreement as disclosed in Note 37 to the financial statements. The instrument is not recognised in the financial statements on inception.

c) 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 and geographical segment analysis as its secondary reporting format.

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exist. 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's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure which arises from the Group's borrowings is managed through the use of fixed and floating rate debts.

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. The Group's cash and cash equivalents and short term deposits are placed with creditworthy financial institutions and the risks arising therefrom are minimised in view of the financial strength of these financial institutions.

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.

The Group is also exposed to foreign currency translation risk arising from its net investments in foreign subsidiaries, which is not hedged due to the long term nature of those investments.

5. SEGMENT ANALYSIS**a) Primary reporting format – business segments**

	Plantation		Property		Others		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue – external	936,524	845,701	99,479	60,714	-	-	1,036,003	906,415
Segment profit/(loss)	455,888	428,892	12,421	7,389	(9,844)	(1,003)	458,465	435,278
Interest income							19,137	12,201
Net surplus arising from compensation in respect of land acquired by the Government	2,505	27	-	-	-	-	2,505	27
Share of results in a jointly controlled entity	-	-	-	-	(36)	-	(36)	-
Share of results in associates	2,790	3,549	21	132	4	(29)	2,815	3,652
Profit before taxation							482,886	451,158
Taxation							(105,659)	(103,102)
Profit for the financial year							377,227	348,056
Other information:								
i) Assets								
a) Segment assets	1,286,427	1,162,407	539,962	507,927	150,604	82,648	1,976,993	1,752,982
b) Jointly controlled entity	-	-	-	-	1,940	1,901	1,940	1,901
c) Associates	10,007	8,686	2,590	2,659	(50)	(54)	12,547	11,291
d) Interest bearing instruments							518,191	483,580
e) Unallocated corporate assets							53,156	31,166
Total assets							2,562,827	2,280,920
ii) Liabilities								
a) Segment liabilities	94,656	81,249	47,431	55,889	332	5	142,419	137,143
b) Unallocated corporate liabilities							41,275	67,919
Total liabilities							183,694	205,062
iii) Other disclosures								
a) Capital expenditure incurred *	114,820	61,282	1,858	3,177	4,717	4,100	121,395	68,559
b) Depreciation and amortisation charged *	19,531	22,513	1,315	1,227	588	101	21,434	23,841

* 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.



5. SEGMENT ANALYSIS (Cont'd)

b) Secondary reporting format – geographical segments

The Group's business segments operate in two main geographical areas:

- Malaysia[#] - mainly plantation, property development and genomics research and development
- Indonesia - plantation

[#] Company's home country

	Revenue		Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
Malaysia	1,036,003	906,415	2,422,595	2,221,237	90,008	49,967
Indonesia	-	-	125,745	46,491	31,387	18,592
	1,036,003	906,415	2,548,340	2,267,728	121,395	68,559
Jointly controlled entity	-	-	1,940	1,901	-	-
Associates	-	-	12,547	11,291	-	-
	1,036,003	906,415	2,562,827	2,280,920	121,395	68,559

In determining the geographical segments of the Group, sales are based on the country in which the customer is located. There are no sales between the segments. Total assets and capital expenditure are determined based on where the assets are located.

6. REVENUE

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

	Group		Company	
	2008	2007	2008	2007
Sale of goods:				
Sale of plantation produce	936,524	845,701	134,246	-
Sale of development properties	98,185	59,501	-	-
Rendering of services:				
Revenue from golf course operations	1,294	1,213	-	-
Fee from management services	-	-	20,725	20,336
Dividend income	-	-	351,882	474,180
	1,036,003	906,415	506,853	494,516

7. COST OF SALES

	Group		Company	
	2008	2007	2008	2007
Cost of inventories recognised as an expense				
- Plantation produce	399,293	354,397	31,920	-
- Development properties	72,682	39,775	-	-
Cost of services recognised as an expense	1,612	1,514	-	-
	473,587	395,686	31,920	-

8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2008	2007	2008	2007
Charges:				
Depreciation of property, plant and equipment	18,456	20,567	2,706	462
Depreciation of investment properties	341	389	-	-
Amortisation of leasehold land use rights	2,630	2,878	1,404	-
Amortisation of plantation development	7	7	-	-
Replanting expenditure	6,718	5,378	1,170	-
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 10)	1,453	2,514	914	1,915
Charges payable to related companies:				
- Rental of premises	1,157	1,138	876	840
- Shared services fee	981	572	882	572
- Hire of equipment	712	148	455	148
Property, plant and equipment written off	585	568	20	1
Shared services fee payable to ultimate holding company	2,417	718	2,417	662
Bad debts written off	224	446	-	-
Allowance for doubtful debts	1,031	336	-	-
Auditors' remuneration (See Note 11)				
- current year	613	290	55	53
- prior year	-	52	-	-
Non-statutory audit fee payable to auditors (See Note 11)	238	138	160	75
Employee benefits expense (see Note 9)	97,922	82,318	26,574	14,492
Research and development expenditure	192	572	-	-
Repairs and maintenance				
- property, plant and equipment	10,221	8,774	46	153
- investment properties	36	38	-	-
Transportation costs	38,825	34,263	6,197	258
Utilities	4,641	3,540	49	-
Raw materials and consumables	186,042	177,967	-	-
Oil palm cess and levy	27,031	19,703	4,803	-
Net unrealised exchange loss	1,765	-	-	-
Credits:				
Net surplus arising from compensation in respect of land acquired by the Government	2,505	27	97	-
Interest income	19,137	12,201	16,960	10,214
Income from associates				
- Gross dividend	-	-	2,122	7,290
- Management fee	-	613	-	-
Rental income	2,204	1,987	351	331
Gain/(loss) on disposal of property, plant and equipment	306	(442)	53	98
Rental income from related companies	63	67	14	-
Income from subsidiaries				
- Gross dividend	-	-	349,760	466,890
- Management fee	-	-	20,725	20,336



9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008	2007	2008	2007
Wages, salaries and bonuses	82,975	75,319	21,005	11,174
Defined contribution plans	4,657	2,547	1,633	1,358
Provision for retirement gratuities	198	475	87	383
Share-based payments	205	274	91	96
Other short term employee benefits	9,887	3,703	3,758	1,481
	97,922	82,318	26,574	14,492

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

10. DIRECTORS' REMUNERATION

	Group		Company	
	2008	2007	2008	2007
Non-Executive Directors *				
Fees	441	406	441	406
Salaries and bonuses	382	410	-	-
Defined contribution plan	46	49	-	-
Provision for retirement gratuities	111	140	-	-
	980	1,005	441	406
Executive Directors				
Fees	51	76	51	76
Salaries and bonuses	291	952	291	952
Defined contribution plan	44	146	44	146
Provision for retirement gratuities	87	335	87	335
	473	1,509	473	1,509
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 8)	1,453	2,514	914	1,915
Estimated money value of benefits-in-kind (not charged to the income statements):				
Non- Executive Directors	16	10	-	-
Executive Directors	-	10	-	10
	16	20	-	10
	1,469	2,534	914	1,925

* 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	2008	2007
	Number	
Non-Executive Directors		
0 – 50	-	1
50 – 100	5	4
600 – 650	1	-
650 – 700	-	1

10. DIRECTORS' REMUNERATION (Cont'd)

Amounts in RM'000	2008	2007
	Number	
Executive Directors		
450 – 500	1	-
500 – 550	-	1
950 – 1,000	-	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 31.12.2008:						
1.12.2003	1.12.2006					
	- 31.8.2010	165	124	-	(124)	-
			124	-	(124)	-
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
			1,197	-	(1,073)	124
					2008 '000	2007 '000
Number of share options vested at balance sheet date					-	124

Details relating to options exercised by the 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	
			2008 '000	2007 '000
January	905	165	124	-
May	580	145	-	577
August	555	165	-	124
December	775 - 780	165	-	372
			124	1,073
Ordinary share capital – at par			2008 '000	2007 '000
Share premium			62	536
Proceeds received on exercise of share options			143	1,119
Fair value at exercise date of shares issued			205	1,655
			1,122	6,924

11. AUDITORS' REMUNERATION

	Group		Company	
	2008	2007	2008	2007
Statutory audit fees payable to:				
PricewaterhouseCoopers Malaysia*	258	213	55	53
Other member firms of PricewaterhouseCoopers International Limited*	355	77	-	-
Total statutory audit fees (See Note 8)	613	290	55	53
Underprovision in prior year: Paid to other member firms of PricewaterhouseCoopers International Limited*	-	52	-	-
Fees for other audit related services payable to:				
PricewaterhouseCoopers Malaysia*	238	138	160	75
Total remuneration	851	480	215	128

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

12. TAXATION

	Group		Company	
	2008	2007	2008	2007
Current taxation charge:				
Malaysian income tax charge	109,991	104,663	11,612	117,544
Deferred tax (reversal)/charge (See Note 25)	(7,750)	(1,677)	4,707	861
	102,241	102,986	16,319	118,405
Prior years' taxation:				
Income tax under provided	294	116	26	85
Deferred tax under provided (See Note 25)	3,124	-	-	-
	105,659	103,102	16,345	118,490

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Malaysian tax rate	26.0	27.0	26.0	27.0
Tax effects of:				
- expenses not deductible for tax purposes	0.1	-	0.9	0.2
- income not subject to tax	(0.2)	(0.1)	(19.7)	-
- tax incentives	(4.0)	(4.1)	(3.7)	(2.8)
- under provision in prior years	0.7	-	-	-
- others	(0.7)	0.1	-	-
Average effective tax rate	21.9	22.9	3.5	24.4

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	
	2008	2007
a) Basic earnings per share		
Profit for the financial year (<i>RM'000</i>)	373,252	344,064
Weighted number of ordinary shares in issue	756,295,536	752,492,455
Basic earnings per share (<i>sen</i>)	49.35	45.72
b) Diluted earnings per share		
Profit for the financial year (<i>RM'000</i>)	373,252	344,064
Adjusted weighted average number of ordinary shares in issue:		
Weighted number of ordinary shares in issue	756,295,536	752,492,455
Adjustment for share options granted under the Asiatic Executive Share Option Scheme	1,788,736	4,176,233
	758,084,272	756,668,688
Diluted earnings per share (<i>sen</i>)	49.24	45.47

14. DIVIDENDS

	Group and Company	
	2008	2007
Interim paid – 5 sen less 26% tax (2007 : 3.25 sen less 27% tax) per ordinary share of 50 sen each.	27,997	17,865
Special dividend paid – Nil (2007 : 6 sen less 26% tax per ordinary share of 50 sen each).	-	33,561
Proposed final – 5 sen less 25% tax (2007 : 4.75 sen less 26% tax) per ordinary share of 50 sen each.	28,383	26,569
Additional special and final dividends paid in respect of previous financial year due to issue of shares pursuant to the Asiatic Executive Share Option Scheme	-	26
	28,383	60,156
	56,380	78,021

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008 of 5 sen less 25% tax (2007 : 4.75 sen less 26% tax) per ordinary share of 50 sen each amounting to RM28.4 million (2007 : RM26.6 million) will be proposed for shareholders' approval. The financial statements did not reflect this final dividend which will be accrued as a liability upon the approval by shareholders.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and improvements	Buildings and improvements	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Construction in progress	Total
2008							
Group							
Net book value:							
At 1 January	249,584	61,659	45,320	4,864	4,365	18,447	384,239
Additions	10,947	3,229	12,442	6,929	2,971	33,226	69,744
Disposals	(538)	(29)	-	(24)	-	-	(591)
Written off	(142)	(163)	(253)	(9)	(18)	-	(585)
Assets of subsidiaries acquired	1,126	268	2,471	650	275	203	4,993
Depreciation:							
- charged to income statement	(3,067)	(2,633)	(10,537)	(753)	(1,466)	-	(18,456)
- capitalised under plantation development	(1,265)	(153)	(638)	(272)	(266)	-	(2,594)
Reclassifications	2,925	3,115	2,755	-	5,883	(14,678)	-
Reclassification to investment properties (See Note 17)	-	-	-	-	-	(1,502)	(1,502)
Reclassification from leasehold land use rights (See Note 19)	3,352	-	-	-	-	-	3,352
Currency fluctuations	(638)	(99)	(186)	(337)	(105)	(204)	(1,569)
At 31 December	262,284	65,194	51,374	11,048	11,639	35,492	437,031
At 31 December							
Cost	228,738	104,670	155,616	16,426	21,326	35,492	562,268
At 1981 valuation	46,613	-	-	-	-	-	46,613
Accumulated depreciation	(13,067)	(39,476)	(104,242)	(5,378)	(9,687)	-	(171,850)
Net book value	262,284	65,194	51,374	11,048	11,639	35,492	437,031

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							
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 (See Note 18)	(573)	-	-	-	-	-	(573)
At 31 December	<u>249,584</u>	<u>61,659</u>	<u>45,320</u>	<u>4,864</u>	<u>4,365</u>	<u>18,447</u>	<u>384,239</u>
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	<u>249,584</u>	<u>61,659</u>	<u>45,320</u>	<u>4,864</u>	<u>4,365</u>	<u>18,447</u>	<u>384,239</u>

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
2008							
Company							
Net book value:							
At 1 January	949	226	205	1,245	764	5,162	8,551
Additions	13,104	7,235	2,709	1,426	1,057	2,981	28,512
Disposals	-	-	(3)	(22)	(7)	-	(32)
Written off	-	-	(8)	(9)	(3)	-	(20)
Depreciation	(559)	(365)	(644)	(262)	(876)	-	(2,706)
Reclassification	1,175	357	225	-	5,793	(7,550)	-
Reclassification from land held for sale (See Note 26)	688	-	-	-	-	-	688
At 31 December	15,357	7,453	2,484	2,378	6,728	593	34,993
At 31 December							
Cost	15,916	8,058	3,255	3,567	10,692	593	42,081
Accumulated depreciation	(559)	(605)	(771)	(1,189)	(3,964)	-	(7,088)
Net book value	15,357	7,453	2,484	2,378	6,728	593	34,993
2007							
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

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 would have amounted to RM45.6 million (2007 : RM45.6 million) had it been stated in the financial statements at cost.

During the financial year, the Group acquired plant and machinery and motor vehicle of RM2.4 million (2007 : RMNil) and RM0.1 million (2007 : RMNil) respectively by means of finance leases. The net book value of plant and machinery and motor vehicle under finance leases at 31 December 2008 were RM2.3 million (2007 : RMNil) and RM0.1 million (2007 : RMNil) respectively.

16. PROPERTY DEVELOPMENT ACTIVITIES

	Group			
	2008		2007	
(a) Land held for property development:				
Freehold land	111,122			89,718
Development costs	206,212			143,047
	317,334			232,765
At the beginning of the financial year				
- freehold land	89,718		91,766	
- development costs	143,047	232,765	134,487	226,253
Costs incurred during the financial year				
- freehold land	888		2,185	
- development costs	3,441	4,329	15,444	17,629
Costs transferred from/(to) property development costs (see Note 16(b))				
- freehold land	20,516		(4,233)	
- development costs	59,724	80,240	(6,884)	(11,117)
At the end of the financial year		317,334		232,765
(b) Property development costs:				
Freehold land		4,468		30,999
Development costs		103,537		116,877
Accumulated costs charged to income statement		(54,019)		(36,726)
		53,986		111,150
At the beginning of the financial year				
- freehold land	30,999		31,182	
- development costs	116,877		152,521	
- accumulated costs charged to income statement	(36,726)	111,150	(79,569)	104,134
Costs incurred during the financial year				
- freehold land	-		81	
- development costs	90,860	90,860	33,784	33,865
Costs charged to income statement		(67,303)		(28,574)
Costs transferred (to)/from land held for property development (see Note 16(a))		(80,240)		11,117
Costs transferred to inventories				
- freehold land	(6,015)		(4,497)	
- development costs	(42,799)		(76,312)	
- accumulated costs charged to income statement	48,333	(481)	71,417	(9,392)
At the end of the financial year		53,986		111,150



17. INVESTMENT PROPERTIES

	Group	
	2008	2007
Net book value:		
At 1 January	10,594	10,874
Additions	66	109
Reclassification from property, plant and equipment <i>(See Note 15)</i>	1,502	-
Depreciation	(341)	(389)
Written off	(14)	-
At 31 December	11,807	10,594
At 31 December		
Cost	15,462	13,931
Accumulated depreciation	(3,655)	(3,337)
Net book value at end of the financial year	11,807	10,594
Fair value at end of the financial year	22,020	18,820

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 RM1,925,000 and RM827,000 respectively (2007 : RM1,869,000 and RM972,000).

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	
	2008	2007	2008	2007
Net book value				
At 1 January	469,510	445,512	-	-
Additions	45,391	23,489	283,635	-
Assets of subsidiaries acquired	8,359	-	-	-
Disposals	(739)	(57)	-	-
Written back	376	-	-	-
Amortisation	(7)	(7)	-	-
Reclassification from property, plant and equipment <i>(See Note 15)</i>	-	573	-	-
Reclassification from land held for sale <i>(See Note 26)</i>	-	-	602	-
Currency fluctuations	(4,578)	-	-	-
At 31 December	518,312	469,510	284,237	-
At 31 December				
Cost	518,344	469,535	284,237	-
Accumulated amortisation	(32)	(25)	-	-
Net book value at end of the financial year	518,312	469,510	284,237	-

19. LEASEHOLD LAND USE RIGHTS

	Group		Company	
	2008	2007	2008	2007
Net book value				
At 1 January	249,180	249,226	-	-
Additions	6,194	3,580	163,780	-
Assets of subsidiaries acquired	23,574	-	-	-
Reclassification to property, plant and equipment (See Note 15)	(3,352)	-	-	-
Amortisation charged to income statement	(2,630)	(2,878)	(1,404)	-
Amortisation capitalised under plantation development	(791)	(748)	-	-
Currency fluctuations	(1,551)	-	-	-
At 31 December	270,624	249,180	162,376	-
At 31 December				
Cost	296,120	271,633	163,780	-
Accumulated amortisation	(25,496)	(22,453)	(1,404)	-
Net book value	270,624	249,180	162,376	-
Analysed by:				
- unexpired period more than 50 years	229,785	229,857	162,376	-
- unexpired period less than 50 years	40,839	19,323	-	-
	270,624	249,180	162,376	-

20. INTANGIBLE ASSET

Internally generated development cost	Group	
	2008	2007
Cost		
At 1 January	16,955	-
Additions	64,163	16,955
At 31 December	81,118	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 2008, the expenditure incurred represents mainly payments made in respect of the oil palm and jatropha genome sequencing data (2007 : oil palm genome sequencing data only) received to date.

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

21. SUBSIDIARIES

	Company	
	2008	2007
Unquoted shares - at cost	309,822	245,822
Less : Amounts written down	(3,635)	(3,635)
	306,187	242,187
Amounts due from subsidiaries		
- Non-current	1,556,038	1,539,377
- Current	118,311	394,352
	1,674,349	1,933,729
Amounts due to subsidiaries		
- Current	73,299	105,390

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 values of the outstanding amounts which are more than one year approximate their fair values.

The subsidiaries are listed in Note 42.

22. JOINTLY CONTROLLED ENTITY

	Group	
	2008	2007
Unquoted – at cost:		
Shares in foreign corporation	1,976	1,901
Group's share of post acquisition reserves	(36)	-
	1,940	1,901
Amount due from a jointly controlled entity	83	-
Less : Balance included in current assets	(83)	-
	-	-
	1,940	1,901

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

Income	6	-
Expenses	(42)	-
	(36)	-
Current assets	180	171
Current liabilities	(44)	-
Net assets	136	171

There are no capital commitments or contingent liabilities relating to the Group's interest in the jointly controlled entity at the financial year end (2007 : Nil).

22. JOINTLY CONTROLLED ENTITY (Cont'd)

Details of the jointly controlled entity are as follows:

Name of jointly controlled entity	Effective percentage of ownership		Country of incorporation	Principal activities
	2008	2007		
SGSI-Asiatic Limited	50	50	British Virgin Islands	Genomics research and development

23. ASSOCIATES

	Group		Company	
	2008	2007	2008	2007
Unquoted shares - at cost	2,133	2,123	2,123	2,123
Group's share of post-acquisition reserves	10,414	9,168	-	-
Share of net assets, other than goodwill	12,547	11,291	2,123	2,123
Amounts due from associates	632	803	632	656
Less : Balance included in current assets	(632)	(803)	(632)	(656)
	-	-	-	-
	12,547	11,291	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	
	2008	2007
Revenue	62,606	57,281
Net profit	2,815	3,652
Total assets	21,358	24,246
Total liabilities	(8,811)	(12,955)
Share of net assets	12,547	11,291

The associates are listed in Note 42.

There are no contingent liabilities relating to the Group's interest in associates at the financial year end (2007 : Nil).



24. LONG TERM INVESTMENTS

	Group	
	2008	2007
Unquoted shares in a foreign corporation, at cost	32,118	32,718
Fair value of the unquoted shares in a foreign corporation	60,113	32,718

The fair value of the unquoted shares in a foreign corporation was derived based on the recent shares transaction during the financial year 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 taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2008	2007	2008	2007
Deferred tax assets	7,856	6,871	-	167
Deferred tax liabilities	(36,972)	(40,613)	(4,540)	-
	(29,116)	(33,742)	(4,540)	167
At 1 January	(33,742)	(35,419)	167	1,028
(Charged)/credited to income statement (see Note 12):				
- Property, plant and equipment	636	(2,664)	(4,566)	(78)
- Provision for Directors' retirement gratuities	168	(830)	20	(857)
- Land held for property development	600	1,962	-	-
- Property development costs	3,290	203	-	-
- Inventories	(644)	738	-	-
- Accruals	1,106	687	(77)	(10)
- Other temporary differences	(530)	1,581	(84)	84
	4,626	1,677	(4,707)	(861)
At 31 December	(29,116)	(33,742)	(4,540)	167
i) Deferred tax assets (before offsetting)				
- Property, plant and equipment	1,021	1,035	-	-
- Provision for Directors' retirement gratuities	785	617	282	262
- Land held for property development	3,715	2,766	-	-
- Inventories	697	1,362	-	-
- Accruals	3,857	2,751	192	269
- Other temporary differences	1,032	1,562	-	84
	11,107	10,093	474	615
- Offsetting	(3,251)	(3,222)	(474)	(448)
Deferred tax assets (after offsetting)	7,856	6,871	-	167

25. DEFERRED TAXATION (Cont'd)

	Group		Company	
	2008	2007	2008	2007
ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(38,753)	(39,403)	(5,014)	(448)
- Land held for property development	(694)	(345)	-	-
- Property development costs	(223)	(3,513)	-	-
- Inventories	(552)	(573)	-	-
- Other temporary differences	(1)	(1)	-	-
	(40,223)	(43,835)	(5,014)	(448)
- Offsetting	3,251	3,222	474	448
Deferred tax liabilities (after offsetting)	(36,972)	(40,613)	(4,540)	-

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

	Group	
	2008	2007
Unutilised tax losses	378	378
Property, plant and equipment	426	858
	804	1,236

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 RM144,000 (2007 : RM95,000) and RM16.6 million (2007 : RM13.5 million) respectively.

26. LAND HELD FOR SALE

	Company	
	2008	2007
At 1 January	1,290	1,290
Less : Reclassification to property, plant and equipment (See Note 15)	(688)	-
Reclassification to plantation development (See Note 18)	(602)	-
At 31 December	-	1,290

The land held for sale comprised freehold land measuring approximately 242 acres and the plantation development 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 property development project had been postponed to a later date and hence, the land held for sale had been reclassified to freehold land and plantation development accordingly.

27. INVENTORIES

	Group		Company	
	2008	2007	2008	2007
At cost:				
Produce stocks	4,468	4,208	-	-
Stores and spares	33,489	10,031	7,044	13
Completed development properties	101,970	105,261	-	-
	139,927	119,500	7,044	13



28. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
Current :				
Trade receivables	41,478	67,913	-	-
Less : Allowance for bad and doubtful debts	(2,126)	(1,099)	-	-
	39,352	66,814	-	-
Accrued billings in respect of property development	8,980	7,626	-	-
Deposits	2,192	2,418	736	614
Prepayments*	30,977	24,828	433	145
Other receivables	18,218	13,014	6,062	6,454
	99,719	114,700	7,231	7,213

* Included in prepayments of the Group was an advance payment on provision of genomics research services of RM27.6 million (2007 : RM24.1 million) made by Asiatic Centre for Genome Technology Sdn Bhd to SGSI-Asiatic Limited.

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

	Group		Company	
	2008	2007	2008	2007
Ringgit Malaysia	58,216	88,708	6,798	7,068
Indonesia Rupiah	8,936	1,164	-	-
US Dollar	1,542	-	-	-
Singapore Dollar	48	-	-	-
	68,742	89,872	6,798	7,068

Credit terms offered by the Group range from 7 to 14 days (2007 : 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 RM4,900 (2007 : RM71,000).

The carrying amounts of the Group's and the Company's trade and other receivables approximate their fair values.

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	
	2008	2007	2008	2007
Amount due to ultimate holding company	2,924	876	2,924	876
Amounts due to other related companies	651	488	651	488
	3,575	1,364	3,575	1,364
Amounts due from other related companies	(43)	(4)	-	-
	3,532	1,360	3,575	1,364

The amounts due to and from holding company and other related companies are unsecured, interest free and are repayable 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 2008 have maturity periods ranging between overnight and one month (2007 : *between overnight and one month*).

Short term investments of the Group and of the Company as at 31 December 2008 are deriving interest at weighted average interest rate of 3.23% per annum (2007 : 3.28% per annum) at the end of the financial year.

31. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
Deposits with licensed banks	214,232	279,346	192,136	241,408
Cash and bank balances	14,302	11,514	2,925	7,493
	228,534	290,860	195,061	248,901
Add:				
Money market instruments (See Note 30)	303,959	204,234	283,472	187,163
Cash and cash equivalents	532,493	495,094	478,533	436,064

The currency profile and weighted average interest rates of the cash and cash equivalents as at the financial year end are as follows:

	Group				Company			
	Currency profile		Interest rate per annum (%)		Currency profile		Interest rate per annum (%)	
	2008	2007	2008	2007	2008	2007	2008	2007
Ringgit Malaysia	521,677	491,929	3.10	3.22	478,533	436,064	3.10	3.27
Indonesia Rupiah	4,175	3,165	0.50	-	-	-	-	-
US Dollar	6,516	-	0.04	-	-	-	-	-
Singapore Dollar	125	-	-	-	-	-	-	-
	532,493	495,094			478,533	436,064		

The deposits of the Group and of the Company as at 31 December 2008 have maturity period of one month (2007 : *one month*). Bank balances of the Group and of the Company are held at call.



32. SHARE CAPITAL

	Group and Company	
	2008	2007
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		
- 755,138,000 (2007 : 750,422,000)	377,569	375,211
Issue of shares		
- 1,617,000 (2007 : 4,716,000)	808	2,358
At end of the financial year		
- 756,755,000 (2007 : 755,138,000)	378,377	377,569

During the financial year, 5,000 ordinary shares of 50 sen each fully-paid at the subscription price of 92 sen per share, 69,000 ordinary shares of 50 sen each fully-paid at the subscription price of 145 sen per share, 1,167,000 ordinary shares of 50 sen each fully-paid at the subscription price of 165 sen per share and 376,000 ordinary shares of 50 sen each fully-paid at the subscription price of 183 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 Options granted	Percentage of new Shares comprised in the Options 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 31.12.2008:</i>							
11.11.2000	11.11.2003 - 31.8.2010	92	7,000	-	(5,000)	-	2,000
2.9.2002	2.9.2005 - 31.8.2010	145	217,000	-	(69,000)	-	148,000
1.12.2003	1.12.2006 - 31.8.2010	165	1,776,000	-	(1,167,000)	-	609,000
29.8.2005	29.8.2008 - 31.8.2010	183	1,836,000	-	(376,000)	(75,000)	1,385,000
			3,836,000	-	(1,617,000)	(75,000)	2,144,000

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 31.12.2007:</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

	2008	2007
Number of share options vested at balance sheet date	1,401,000	2,000,000

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	
			2008	2007
January – March	734 – 905 / 442 - 545	92 – 165 / 92 – 165	1,021,000	1,290,000
April – June	780 – 843 / 580 – 675	92 – 165 / 92 – 165	126,000	1,159,000
July – September	447 – 813 / 525 – 635	165 – 183 / 145 – 165	380,000	151,000
October – December	270 – 451 / 590 – 815	145 – 183 / 92 – 165	90,000	2,116,000
			1,617,000	4,716,000
			2008	2007
Ordinary share capital – at par			808	2,358
Share premium			1,910	4,985
Proceeds received on exercise of share options			2,718	7,343
Fair value at exercise date of shares issued			11,887	29,939

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	
	2008	2007	2008	2007
Share premium	40,027	37,933	40,027	37,933
Option reserve	674	653	674	653
Revaluation reserve	18,063	18,063	104	104
Exchange differences	(9,617)	(3,868)	-	-
	49,147	52,781	40,805	38,690
Retained earnings	1,919,058	1,633,959	2,480,444	2,123,103
	1,968,205	1,686,740	2,521,249	2,161,793

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. The single tier dividend is not taxable 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 2008. As at 31 December 2008, the Company has sufficient Section 108 tax credits and tax exempt income to pay up to RM713.7 million (2007 : RM770.6 million) of the retained earnings of the Company as franked and exempt dividends.



34. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
Current:				
Trade payables	37,618	42,194	2,574	2,490
Accrual of property development expenditure	19,819	18,833	-	-
Deposits	2,273	14,839	420	281
Accrued expenses	32,733	35,817	5,916	5,591
Retention monies	11,169	6,463	120	15
Amounts due to related companies	-	8	-	-
Other payables	330	1,066	-	-
	103,942	119,220	9,030	8,377
Non-current:				
Amount due to shareholders of a subsidiary	15,592	15,592	-	-
	119,534	134,812	9,030	8,377
The maturity profile for non-current payables is as follows:				
More than one year and less than two years	15,592	15,592	-	-
Fair value of non-current other payables	14,278	14,457	-	-

The carrying amounts of the Group's and Company's trade and other payables approximate their fair values.

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

	Group		Company	
	2008	2007	2008	2007
Ringgit Malaysia	89,138	114,119	9,030	8,377
Indonesia Rupiah	25,936	20,693	-	-
US Dollar	4,217	-	-	-
Singapore Dollar	243	-	-	-
	119,534	134,812	9,030	8,377

Credit terms available to the Group range from 30 to 90 days (2007 : 30 to 90 days) from date of invoice.

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

35. PROVISION FOR DIRECTORS' RETIREMENT GRATUITIES

	Group		Company	
	2008	2007	2008	2007
At 1 January	2,331	5,566	928	4,303
Charged to income statement:				
- current year	198	475	87	335
- underprovision in prior year	114	-	114	-
Paid to a former executive director of the Company	-	(3,710)	-	(3,710)
At 31 December	2,643	2,331	1,129	928

36. BORROWINGS

	Group	
	2008	2007
Current		
Secured :		
Finance lease liabilities denominated in:		
US Dollar (USD151,782)	527	-
Indonesia Rupiah (IDR509,776,874)	162	-
	689	-
Unsecured :		
Bridging loan denominated in:		
Indonesia Rupiah (IDR57,828,436,052)	18,328	-
	19,017	-
Non-current		
Secured :		
Finance lease liabilities denominated in:		
US Dollar (USD296,566)	1,029	-
Indonesia Rupiah (IDR616,668,297)	196	-
	1,225	-
	20,242	-

a) Contractual terms of borrowings

	Contractual interest rate (per annum)	Total carrying amount	Maturity Profile		
			< 1 year	1 - 2 years	2 - 5 years
Group					
At 31 December 2008					
Secured					
Finance lease liabilities	8% - 15%	1,914	689	740	485
Unsecured					
Bridging loan	11.1% - 14.9%	18,328	18,328	-	-
		20,242	19,017	740	485

Finance lease liabilities are secured over the leased assets.

The carrying amounts of short term borrowings approximate their fair values.

The minimum lease payments at the balance sheet date are as follows:-

	Group	
	2008	2007
Not more than one year	839	-
More than one year and not more than five years	1,322	-
	2,161	-
Future finance charges	(247)	-
Present value	1,914	-

b) Undrawn committed borrowing facilities

	Group	
	2008	2007
Floating rate:		
- expiring within one year	11,780	-



37. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

On 3 October 2008, Mediglove Sdn Bhd (“Mediglove”), a wholly-owned subsidiary of the Company, had entered into a Put and Call Option Agreement with Kara Agri Pte Ltd (“KARA”) whereby KARA grants an option to Mediglove to purchase (“Call Option”) and Mediglove grants an option to KARA to sell (“Put Option”), as the case may be, all ordinary shares legally and beneficially owned by KARA in AsianIndo Holdings Pte Ltd (“Option Shares”), a 60% owned subsidiary of Mediglove, exercisable during the period after the expiry of five years from 3 October 2008 at an exercise price which shall be the fair value of the Option Shares as determined by a valuer to be appointed by mutual agreement between Mediglove and KARA. In addition, Mediglove may at any time, exercise its Call Option in the event that the Kapuas JV fails to achieve any of the agreed development milestones within six months from the respective dates of completion specified for the agreed development milestones (See Note 40 (C)(a)(i)).

38. ON GOING LITIGATION

On the status of the legal Suit No. K22-245 of 2002 filed in the High Court of Sabah and Sarawak at Kota Kinabalu (“the High Court”) wherein the Company and Asiatic Tanjung Bahagia Sdn Bhd (“ATBSB”) were named as the Second and Third Defendants respectively (“the Defendants”) (“the Suit”), the High Court had on 20 June 2008 upheld the Defendants’ preliminary objection with costs awarded to the Defendants. The Suit was instituted by certain natives (“the Plaintiffs”) claiming Native Customary Rights over the agricultural land or part thereof held under title number CLO95330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah which was acquired by ATBSB from Hap Seng Consolidated Berhad.

The Defendants had raised a preliminary objection that the High Court has no original jurisdiction to hear the Suit and that this Suit will lead to multiplicity of action as the Plaintiffs had already made application to the Assistant Collector of Land Revenue for similar claims.

The Plaintiffs have filed a Notice of Appeal to the Court of Appeal on 7 July 2008 against the decision of the High Court made on 20 June 2008.

Our solicitors maintained their opinion that the Plaintiffs’ action is misconceived and unsustainable.

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

39. CAPITAL COMMITMENTS

	Group		Company	
	2008	2007	2008	2007
Authorised capital expenditure not provided for in the financial statements:				
- contracted	189,697	92,109	1,025	184
- not contracted	952,431	305,459	9,763	4,318
	1,142,128	397,568	10,788	4,502
Analysed as follows:				
- Property, plant and equipment	395,266	243,883	10,327	4,502
- Intellectual property development	35,823	49,268	-	-
- Investment properties	2,915	25,645	-	-
- Plantation development	694,122	78,772	356	-
- Leasehold land use rights	14,002	-	105	-
	1,142,128	397,568	10,788	4,502

40. 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 five of its subsidiaries had entered into five separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of 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 four 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 or Investment Coordinating Board of the Republic of Indonesia;
- ii) the issuance of the HGU certificates or Rights/Titles to Cultivate the Land;
- iii) due diligence study on the Land and the Joint Venture Companies; and
- iv) 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) Proposed Joint Venture for oil palm cultivation of approximately 15,800 hectares in Kabupaten Ketapang, Provinsi Kalimantan Barat, Republic of Indonesia

On 13 August 2008, the Company announced that Ketapang Agri Holdings Pte Ltd, an indirect wholly-owned subsidiary of the Company, had on 12 August 2008 entered into a joint venture agreement with Palma Citra Investama Pte Ltd and PT Sawit Mandira to develop approximately 15,800 hectares of agricultural land into oil palm plantation in Kabupaten Ketapang, Provinsi Kalimantan Barat, the Republic of Indonesia ("the Land") ("the Proposed Joint Venture"). The Proposed Joint Venture will be undertaken by PT Sawit Mitra Abadi ("the Joint Venture Company"). The Proposed Joint Venture is subject to, inter-alia, the following conditions precedent being obtained no later than 31 December 2011:

- i) the approval of Bank Negara Malaysia;
- ii) the approval of Badan Koordinasi Penanaman Modal or Investment Coordinating Board of the Republic of Indonesia; and
- iii) a due diligence study on the Land and the Joint Venture Company.

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



40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

C) Acquisition and incorporation of subsidiaries during the financial year

(a) Acquisition of subsidiaries

- (i) On 3 October 2008, Mediglove Sdn Bhd's ("Mediglove") proposed joint venture for the purpose of acquiring and developing approximately 45,000 hectares of oil palm plantation in Kabupaten Kapuas, Provinsi Kalimantan Tengah, the Republic of Indonesia ("the Kapuas JV") has been completed. Mediglove has thus subscribed for 6,000,000 ordinary shares representing 60% equity interest in AsianIndo Holdings Pte Ltd ("AIH") for a cash consideration of USD9.0 million (equivalent to RM31.1 million). The remaining 40% equity interest in AIH are held by Kara Agri Pte. Ltd. Arising therefrom, the wholly-owned subsidiaries of AIH, namely, Asian Palm Oil Pte Ltd (formerly known as GaiaAgri Pte Ltd), AsianIndo Palm Oil Pte Ltd and KARA Palm Oil Pte Ltd (collectively known as "SPV cos"), all incorporated in Singapore, have become indirect subsidiaries of the Company.

Each of the SPV cos holds 95% equity interest in each of the following Indonesian subsidiaries:-

SPV cos	Indonesian subsidiaries
1. Asian Palm Oil Pte Ltd <i>(formerly known as GaiaAgri Pte Ltd)</i>	PT Dwie Warna Karya
2. AsianIndo Palm Oil Pte Ltd	PT Susantri Permai
3. KARA Palm Oil Pte Ltd	PT Kapuas Maju Jaya

The inclusion of AIH Group as indirect subsidiaries of the Company does not have any material effect on the Group's profit for the current financial year.

- ii) During the financial year, the Group also acquired the following subsidiaries:-

	Date of Acquisition	Country of Incorporation	Purchase Consideration	Percentage of Equity Interest Acquired	Acquired by
i) Full East Enterprise Limited	4 April 2008	Hong Kong	HKD1	100	Mediglove Sdn Bhd
ii) Ketapang Agri Holdings Pte Ltd	6 August 2008	Singapore	S\$1	100	Mediglove Sdn Bhd
iii) Chelsea Genting Limited	15 August 2008	Isle of Man	USD1	100	Azzon Limited
iv) Genting Chelsea Sdn Bhd	19 September 2008	Malaysia	RM2	100	Chelsea Genting Limited

The above acquired subsidiaries are newly set up companies and the acquisition does not have any material effect on the Group's profit for the current financial year.

(b) Incorporation of subsidiary

On 26 June 2008, PT Asiatic Nusantara has been incorporated in Indonesia with issued and paid-up capital of USD250,000 comprising 250,000 shares of USD1.00 each, of which 249,975 shares (99.99%) are held by Orbit Crescent Sdn Bhd and 25 shares (0.01%) are held by Mediglove Sdn Bhd, both of which are wholly-owned subsidiaries of the Company.

(c) Subscription of new shares in an existing subsidiary

During the financial year, the Company had subscribed for an additional 64 million (2007 : 50 million) ordinary shares of RM1 each in Asiatic Centre for Genome Technology Sdn Bhd, a wholly-owned subsidiary of the Company. There is no change in percentage of ownership after the additional subscription of shares.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of business, the Company and the Group undertake 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 transactions listed below were carried out on terms and conditions obtainable in transactions with unrelated parties:

	Group		Company	
	2008	2007	2008	2007
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	2,417	718	2,417	662
b) Transactions with subsidiaries				
i) Fees receivable from subsidiaries for the provision of management services	-	-	20,725	20,336
ii) Dividend income from subsidiaries	-	-	349,760	466,890
c) Transactions with associates				
i) 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	-	-
ii) Provision of management services to AsianIndo Holdings Pte Ltd, a 60% owned subsidiary of the Company, by GaiaAgri Services Limited, an associate of the Company	650	-	-	-
d) Transaction with other related parties				
i) 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.	2,043	1,438	1,337	720
ii) 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.	1,157	1,138	876	840
iii) Purchase of air-tickets, hotel accommodation and other related services from Resorts World Berhad, a company which is 48.43% owned by Genting Berhad, the Company's immediate and ultimate holding company.	868	703	868	703

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

	Group		Company	
	2008	2007	2008	2007
d) Transaction with other related parties (Cont'd)				
iv) Payment to SGSI-Asiatic Limited by Asiatic Centre for Genome Technology Sdn Bhd, 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 13.4% equity interest in Synthetic Genomics Inc., which in turn has 50% interest in SGSI-Asiatic Limited for the provision of genomics research services.	66,676	41,066	-	-
e) Directors and key management personnel				
The remuneration of Directors and other key management personnel is as follows:				
Fees, salaries and bonuses	4,029	3,104	2,549	2,659
Defined contribution plan	513	385	309	330
Provision for retirement gratuities	198	475	87	335
Other short term employee benefits	391	2	351	1
Estimated money value of benefits-in-kind (not charged to the income statements)	95	60	55	50
	5,226	4,026	3,351	3,375
f) The significant outstanding balances with subsidiaries, a jointly controlled entity, associates and other related parties were shown in Note 21, Note 22, Note 23, Note 29 and Note 34 respectively.				

42. SUBSIDIARIES AND ASSOCIATES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
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	Fresh fruit bunches processing
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
Orbit Crescent Sdn Bhd	100	100	Malaysia	Investment holding
^ Azzon Limited	100	100	Isle of Man	Investment holding
Asiatic Commodities Trading Sdn Bhd	100	100	Malaysia	Pre-operating
Asiatic Vegetable Oils Refinery Sdn Bhd	100	100	Malaysia	Pre-operating
Cosmo-Jupiter Berhad	100	100	Malaysia	Pre-operating
ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	100	100	Malaysia	Dormant
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

8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2008	2007	2008	2007
Charges:				
Depreciation of property, plant and equipment	18,456	20,567	2,706	462
Depreciation of investment properties	341	389	-	-
Amortisation of leasehold land use rights	2,630	2,878	1,404	-
Amortisation of plantation development	7	7	-	-
Replanting expenditure	6,718	5,378	1,170	-
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 10)	1,453	2,514	914	1,915
Charges payable to related companies:				
- Rental of premises	1,157	1,138	876	840
- Shared services fee	981	572	882	572
- Hire of equipment	712	148	455	148
Property, plant and equipment written off	585	568	20	1
Shared services fee payable to ultimate holding company	2,417	718	2,417	662
Bad debts written off	224	446	-	-
Allowance for doubtful debts	1,031	336	-	-
Auditors' remuneration (See Note 11)				
- current year	613	290	55	53
- prior year	-	52	-	-
Non-statutory audit fee payable to auditors (See Note 11)	238	138	160	75
Employee benefits expense (see Note 9)	97,922	82,318	26,574	14,492
Research and development expenditure	192	572	-	-
Repairs and maintenance				
- property, plant and equipment	10,221	8,774	46	153
- investment properties	36	38	-	-
Transportation costs	38,825	34,263	6,197	258
Utilities	4,641	3,540	49	-
Raw materials and consumables	186,042	177,967	-	-
Oil palm cess and levy	27,031	19,703	4,803	-
Net unrealised exchange loss	1,765	-	-	-
Credits:				
Net surplus arising from compensation in respect of land acquired by the Government	2,505	27	97	-
Interest income	19,137	12,201	16,960	10,214
Income from associates				
- Gross dividend	-	-	2,122	7,290
- Management fee	-	613	-	-
Rental income	2,204	1,987	351	331
Gain/(loss) on disposal of property, plant and equipment	306	(442)	53	98
Rental income from related companies	63	67	14	-
Income from subsidiaries				
- Gross dividend	-	-	349,760	466,890
- Management fee	-	-	20,725	20,336

42. SUBSIDIARIES AND ASSOCIATES (Cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
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
μ PT Sepanjang Intisurya Mulia	70	70	Indonesia	Plantation
μ* PT Asiatic Nusantara	100	-	Indonesia	Provision of management services
Asiatic Indahpura Development Sdn Bhd	100	100	Malaysia	Property development
Asiatic Golf Course (Sg. Petani) Bhd	100	100	Malaysia	Golf course operation
μ 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
μ* AsianIndo Holdings Pte Ltd	60	-	Singapore	Investment holding
μ* Asian Palm Oil Pte Ltd (formerly known as GaiaAgri Pte Ltd)	60	-	Singapore	Investment holding
μ* AsianIndo Palm Oil Pte Ltd	60	-	Singapore	Investment holding
μ* Kara Palm Oil Pte Ltd	60	-	Singapore	Investment holding
μ* PT Dwie Warna Karya	57	-	Indonesia	Plantation
μ* PT Susantri Permai	57	-	Indonesia	Plantation
μ* PT Kapuas Maju Jaya	57	-	Indonesia	Plantation
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
μ* Full East Enterprise Limited	100	-	Hong Kong	Pre-operating
^* Ketapang Agri Holdings Pte Ltd	100	-	Singapore	Pre-operating
^* Chelsea Genting Limited	100	-	Isle of Man	Investment holding
* Genting Chelsea Sdn Bhd	100	-	Malaysia	Pre-operating

42. SUBSIDIARIES AND ASSOCIATES (Cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
Associates				
Serian Palm Oil Mill Sdn Bhd	40	40	Malaysia	Fresh fruit bunches processing
@ Sri Gading Land Sdn Bhd	49	49	Malaysia	Property development
Setiakahaya Sdn Bhd	50	50	Malaysia	Property investment
* GaiaAgri Services Ltd	30	-	Mauritius	Provision of management services
@ Asiatic Ceramics Sdn Bhd (In Liquidation)	49	49	Malaysia	In Liquidation (Receiver Appointed)

* Subsidiaries/associate acquired during the financial year (See Note 40 (C)).

@ The financial statements of these companies are audited by firms other than member firms of PricewaterhouseCoopers International Limited.

μ Subsidiaries/associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers Malaysia.

^ These entities are subjected to limited review carried out by PricewaterhouseCoopers, Malaysia, although they are not subjected to statutory audit.

43. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 February 2009.