



**ASIATIC DEVELOPMENT BERHAD**  
500311

# OUR VISION

We strive:

To become a leader in the plantation industry.

To embark aggressively onto valued-added downstream manufacturing activities which are synergistic to our core business.

To enhance return on the company land bank through property development activities.

To adopt a market-driven and customer-oriented approach, with emphasis on product quality and diversity.

To strengthen our competitive position by adopting new technologies and innovations.

As people are the key to achieving the company's vision, we are committed to develop our employees and create a highly motivating and rewarding environment for them.



## ASIATIC DEVELOPMENT BERHAD

(Incorporated in Malaysia under Company No. 34993-X)

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 19 June 1998 at 9.00 a.m.

### BUSINESS

1. To receive and adopt the Accounts for the year ended 31 December 1997 and the Directors' and Auditors' Reports thereon. **(Resolution 1)**
2. To sanction the declaration of a final dividend. **(Resolution 2)**
3. To approve Directors' fees of RM108,000 for the year ended 31 December 1997 (1996 : RM106,557). **(Resolution 3)**
4. To re-elect Directors:
  - Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad **(Resolution 4)**
  - Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah **(Resolution 5)**
5. To consider and, if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
  - "That pursuant to Section 129 of the Companies Act, 1965, Tan Sri Mohd Amin bin Osman be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 6)**
  - "That pursuant to Section 129 of the Companies Act, 1965, Tan Sri Lim Goh Tong be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 7)**
  - "That pursuant to Section 129 of the Companies Act, 1965, Dato' Siew Nim Chee be re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 8)**
6. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**
7. To transact any other business of which due notice shall have been given.

By Order of the Board  
**PHANG KONG WONG**  
Secretary

Kuala Lumpur  
4 June 1998

### NOTES

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

## CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	Tan Sri Mohd Amin bin Osman Tan Sri Lim Goh Tong Dato' Baharuddin bin Musa Dato' Lim Kok Thay Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad Encik Mohd Din Jusoh Dato' Siew Nim Chee Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah Mr Quah Chek Tin	<i>Chairman</i> <i>Joint Chief Executive</i> <i>Joint Chief Executive</i>        <i>(Alternate to Dato' Lim Kok Thay)</i>
<b>PRINCIPAL EXECUTIVE OFFICERS</b>	<b>PLANTATION</b> Mr Chan Chee Leong Mr Khoo Lian Hong Encik Abdul Halim bin Abdul Majid Mr Sze Kok Sing Mr Clifford Che Keng Soon	<i>Acting Chief Operating Officer</i> <i>Acting Regional Operating Manager – West Malaysia</i> <i>Acting Regional Operating Manager – Sabah</i> <i>Senior Manager – Processing</i> <i>Marketing Manager</i>
	<b>PROPERTY</b> Mr Lai Yeng Chai Ms Esther Voon Siew Tshin	<i>Chief Operating Officer</i> <i>Marketing Manager</i>
	<b>FINANCE/MANUFACTURING</b> Mr Yong Chee Kong	<i>Chief Financial Officer</i>
<b>AUDIT COMMITTEE</b>	Dato' Siew Nim Chee Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad Dato' Baharuddin bin Musa	<i>Chairman/Independent Non-Executive Director</i>  <i>Member/Independent Non-Executive Director</i> <i>Member</i>
<b>SECRETARY</b>	Mr Phang Kong Wong	
<b>REGISTERED OFFICE</b>	24 <sup>th</sup> Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: (03) 261 2288	
<b>REGISTRARS</b>	Genting Management and Consultancy Services Sdn Bhd 23 <sup>rd</sup> Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: (03) 261 2288	
<b>CORPORATE HEAD OFFICE</b>	10 <sup>th</sup> Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur Tel: (03) 261 3733/202 3733	
<b>ASIATIC REGIONAL OFFICE, SABAH</b>	Lot 39, Taman Wemin, Mile 5, Labuk Road, P.O. Box 901, 90008 Sandakan, Sabah Tel: (089) 208 204	
<b>AUDITORS</b>	Kassim Chan & Co ( <i>Public Accountants</i> )	

## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

The Board of directors of Asiatic Development Berhad (“Company”) has established an Audit Committee (“Committee”) on 26 July 1994. The committee shall be governed by the following terms of reference:

#### **1. Composition**

- (i) The Committee shall comprise three directors, a majority of whom are independent of management and operating responsibilities. One of the Committee members who is non executive director shall be appointed as the Committee’s Chairman by the members of the Committee; and
- (ii) If the number of members of the Committee is reduced to below 3 for reasons of resignation, death or otherwise, the Board of Directors of the Company shall appoint such number of new members as may be required to make up the minimum number of 3 members.

#### **2. Authority**

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

#### **3. Responsibility**

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

#### **4. Functions**

The functions of the Committee are as follows:

- (i) review with the external auditors, their audit plan;
- (ii) review with the external auditors, their evaluation of the system of internal accounting control;
- (iii) review with the external auditors, their report;
- (iv) review the assistance given by the Company’s officers to the external auditors;
- (v) review the scope and results of the internal audit procedures;
- (vi) review the financial statements of the Company and the consolidated financial statements of the Group prior to the directors’ approval;
- (vii) review related party transactions that may arise within the Company or the Group; and
- (viii) consider the appointment of external auditors, their audit fees and any question of resignation and dismissal.

#### **5. Meetings**

- (i) The Committee is to meet at least twice a year and as many times as the Committee deems necessary;
- (ii) The quorum for any meeting of the Committee shall be two;
- (iii) The Chief Financial Officer, the head of internal audit and a representative of the external auditors shall normally be invited to attend meetings of the Committee; and
- (iv) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of directors or shareholders of the Company.

#### **6. Secretary and Minutes**

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

## CORPORATE DIARY

**1997**

### **25 FEBRUARY**

Announcement of Preliminary Results for the financial year ended 31 December 1996.

### **19 MARCH**

Disposal of the Company's entire equity interest in Asiatic Dipped Products Sdn Bhd, a company principally involved in the manufacture of rubber examination gloves.

### **31 MARCH**

Announcement on the Entitlement and Books Closure Dates for the Proposed Final Dividend in respect of the financial year ended 31 December 1996.

### **30 APRIL**

Execution of a Shareholders' Agreement with three public-listed groups on the formation of a consortium for the establishment of palm oil processing facilities in Sandakan, Sabah.

### **12 MAY**

Notice of Nineteenth Annual General Meeting.

### **28 May**

Nineteenth Annual General Meeting.

### **1 AUGUST**

Commencement of commercial production of Serian Palm Oil Mill in Serian, Sarawak.

### **7 AUGUST**

Announcement of Interim Results for the half-year ended 30 June 1997.

### **1 OCTOBER**

Commencement of commercial production of structural bricks plant in Kulai, Johor.

**1998**

### **23 FEBRUARY**

Announcement of Preliminary Results for the financial year ended 31 December 1997.

### **11 APRIL**

Official launch of the Permaipura Golf & Country Club by His Royal Highness, KDYMM Tuanku Sultan of Kedah.

### **21 MAY**

Announcement on the Entitlement and Books Closure Dates for the Proposed Final Dividend in respect of the financial year ended 31 December 1997.

### **4 JUNE**

Notice of twentieth Annual General Meeting.

### **19 June**

Twentieth Annual General Meeting.

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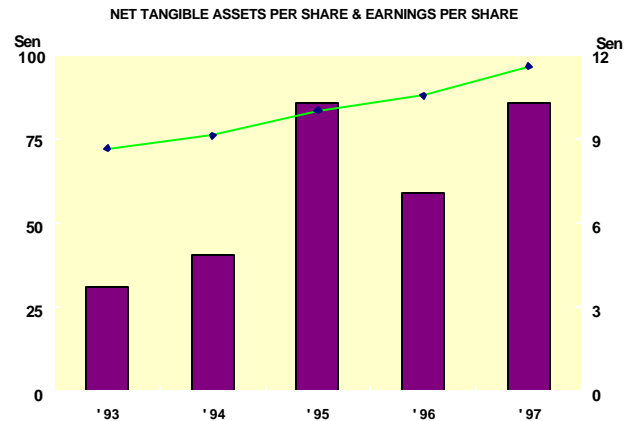
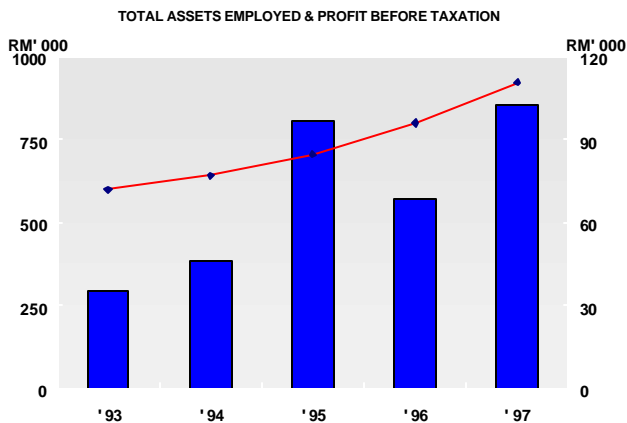
## DIVIDENDS

	<b>Announcement</b>	<b>Last Lodgement Date</b>	<b>Payment</b>
1996 Final – 2.5 sen less tax	25 February 1997	5 June 1997	25 June 1997
1997 Interim – 1.5 sen less tax	7 August 1997	25 September 1997	17 October 1997
1997 Proposed Final – 2.5 sen less tax	23 February 1998	29 June 1998	22 July 1998 *

\* Upon approval of shareholders at the Twentieth Annual General Meeting

## FINANCIAL HIGHLIGHTS

Year ended 31 December	1997 RM ' 000	1996 RM ' 000	Change %
Operating revenue	<b>313,316</b>	195,805.00	+60
Profit before taxation	<b>102,382</b>	68,564.00	+49
Profit after taxation	<b>76,191</b>	52,689.00	+45
Profit attributable to shareholders	<b>76,454</b>	52,681.00	+45
Shareholders' funds	<b>716,490</b>	651,935.00	+10
Total assets employed	<b>923,347</b>	799,381.00	+16
Earnings per share (sen)	<b>10.3</b>	7.1	+45
Net dividend per share (sen)	<b>2.8</b>	2.8	-
Dividend cover (times)	<b>3.6</b>	2.5	+44
Net tangible assets per share (sen)	<b>96.6</b>	87.9	+10
Return (after tax and minority interests) on average shareholders' funds (%)	<b>11.2</b>	8.3	+35



—	599,486	641,601	705,288	799,381	923,347
■	34,864	46,168	96,815	68,564	102,382

— Total Assets Employed (RM'000)  
 ■ Profit Before Taxation (RM'000)

—	72.3	75.9	83.6	87.9	96.6
■	3.7	4.9	10.3	7.1	10.3

— Net Tangible Assets Per Share (sen)  
 ■ Earnings Per Share (sen)



## **PENYATA PENERUS**

Saya, bagi pihak Lembaga Pengarah, dengan sukacitanya membentangkan Laporan Tahunan Syarikat dan anak-anak syarikat (“Kumpulan”) untuk tahun berakhir 31 Disember 1997.

### **TINJAUAN KESELURUHAN**

Semenjak pertengahan tahun 1997 kegawatan kewangan dan krisis matawang yang bermula di Thailand telah melanda seluruh rantau ini dengan pantas serta meninggalkan kesan buruk yang tidak pernah dialami. Malaysia juga tidak terlepas menerima kesan turutan dari kegawatan ekonomi ini di mana matawang negara (“Ringgit”) tunduk kepada tekanan jualan dan merosot ke tahap RM3.87 berbanding nilai Dolar Amerika (“USD”) pada penghujung tahun sementara permodalan pasaran Bursa Saham Kuala Lumpur susut sebanyak RM400 bilion dalam tempoh masa yang sama.

Walaupun menghadapi suasana yang agak buruk, perniagaan perladangan kelapa sawit tetap membuktikan keteguhan dan ketahanannya. Dalam tahun di bawah kajian, Bahagian Perladangan kita telah mencatatkan pertumbuhan keuntungan yang membanggakan iaitu sebanyak 41% berbanding tahun 1996. Prestasi baik ini tercapai kerana keteguhan harga minyak sawit mentah (“MSM”) akibat kejatuhan nilai Ringgit dan permintaan yang lebih tinggi daripada pasaran eksport tradisi serta pertambahan pengeluaran buah tandan basah, hasil dari peningkatan kawasan matang dan pertambahan hasil pungutan walaupun kos baja, buruh, pengangkutan dan mesin pemprosesan terus meningkat.

Kilang Minyak Sawit Serian, projek usahasama dengan Lembaga Penyatuan dan Pemulihan Tanah Sarawak (SALCRA) di mana Kumpulan memiliki 40%, telah memulakan keluaran komersilnya pada bulan Ogos 1997 dan mencapai keuntungan sulung yang memuaskan. Kejayaan memulakan operasi kilang sawit yang baru ini pasti akan membantu usaha kita menambahkan perniagaan perladangan di Sarawak.

Bahagian Hartanah turut menampilkan prestasi baik dengan sumbangan terbesar dari Projek Indahpura. Ia mencatatkan pertambahan sumbangan keuntungan empat kali ganda berbanding tahun lepas.

Walau bagaimanapun, kemerosotan jualan ternyata wujud menjelang akhir suku tahun 1997 akibat kesan negatif kejatuhan besar di pasaran saham, kemerosotan ekonomi dan kenaikan kadar pajakan. Pelaksanaan pelbagai langkah oleh pihak berkuasa seperti mengetatkan pinjaman dan meningkatkan penjimatan telah melembapkan lagi sentimen di kalangan pembeli. Walaupun demikian, Bahagian Hartanah mampu merakamkan hasil kendalian yang memuaskan sebanyak RM125.5 juta bagi tahun dalam kajian.

Tahun ini juga menyaksikan pembukaan Permaipura Golf & Country Club di kawasan perumahan Permaipura, Bedong, Kedah. Ini merupakan satu usaha yang penting bagi Projek Permaipura untuk menarik bakal pembeli.

Memandangkan perkembangan semasa yang kurang menggalakkan dalam pasaran minyak dan lemak di China serta beberapa faktor lain, Projek Penapisan Minyak di China terus ditangguhkan. Walaupun pihak pengurusan merancang untuk menjual keseluruhan kepentingan Kumpulan di dalam usahasama ini, kemungkinan untuk melaksanakannya dalam jangka masa terdekat adalah tipis. Sehubungan itu, pada tahun ini peruntukan sebanyak RM 25.0 juta yang merupakan susut nilai 100% daripada pelaburan Kumpulan di dalam usahasama ini dikira wajar dilakukan.

Seperti yang dinyatakan di dalam laporan saya yang lepas, Kumpulan berhasrat untuk mempelbagaikan aktiviti perusahaan hiliran dasar sawit menerusi kerjasama strategik dengan beberapa buah syarikat awam. Walau bagaimanapun, baru-baru ini keputusan telah diambil untuk menangguhkan projek penapisan minyak sawit di Sabah ini sehingga keadaan ekonomi semasa pulih ke tahap yang lebih menggalakkan. Sementara itu, kilang batu-bata berstruktur di Kulai, Johor telah memulakan keluaran komersilnya pada bulan Oktober 1997.

Dalam menangani masalah tahun 2000 (“Y2K”) (juga dikenali sebagai “millennium bug”), Kumpulan telah menubuhkan sebuah jawatankuasa kerja untuk kesemua isu berkaitan Y2K bagi memastikan operasi berjalan dengan lancar pada milenium yang akan datang.

## **KAJIAN PENCAPAIAN TAHUN 1997**

Saya dengan amat sukacitanya mengumumkan bahawa tahun dalam kajian merupakan tahun di mana prestasi Kumpulan telah mencapai satu tahap baru. Buat pertama kali, keuntungan sebelum cukai telah mengatasi angka RM100 juta iaitu berjumlah RM102.4 juta. Ini menunjukkan peningkatan besar sebanyak 49% berbanding tahun 1996.

## **DIVIDEN**

Bagi tahun berakhir 31 Disember 1997, Lembaga Pengarah mengesyorkan dividen muktamad sebanyak 2.5 sen tolak 28% cukai pendapatan sesaham biasa. Jika diluluskan oleh para pemegang saham di Mesyuarat Agung Tahunan ke-Dua Puluh yang akan datang, pengagihan dividen bagi tahun ini, termasuk dividen interim 1.5 sen ditolak 30% cukai pendapatan (kini dianggap sebagai 28%) sesaham biasa 50 sen setiap satu yang telah dibayar pada 17 Oktober 1997, akan berjumlah RM21.1 juta (1996 : RM20.8 juta).

## **TINJAUAN MASA DEPAN**

Berasaskan kepada perubahan mendadak senario ekonomi, Kumpulan meramalkan tahun hadapan merupakan satu tahun paling mencabar.

Bahagian Perladangan kita, di mana pendapatannya yang berlandaskan permintaan eksport dan kaitan rapat dengan USD, akan dapat dilindungi dari dua perkara yang membimbangkan iaitu penyederhanaan pertumbuhan Keluaran Dalam Negara Kasar dan turun naik nilai Ringgit. Malah, kemerosotan nilai Ringgit sejak suku akhir tahun 1997 telah melonjakkan harga jualan MSM kepada tahap yang amat menggalakkan. Di samping faktor nilai Ringgit, pengeluaran minyak masak yang dijangka lebih sederhana akibat kemarau teruk fenomena El Nino dan peningkatan permintaan minyak kelapa sawit dijangka akan mengukuhkan harga dalam jangka masa terdekat ini. Walau bagaimanapun, sejauh mana keuntungan dari kenaikan harga dapat mengganti kesan hasil yang menurun disebabkan El Nino tidak dapat dipastikan. Kemungkinan memang ada yang hasil pengeluaran minyak sawit akan berkurangan. Tambahan pula, perusahaan perladangan terus menghadapi masalah kekurangan tenaga buruh dan peningkatan kos barangan yang diimpot. Walaupun menghadapi masalah tersebut, saya berasa optimistik bahawa Bahagian Perladangan akan terus mencatatkan prestasi baik bagi tahun kewangan semasa.

Berbeza dengan Bahagian Hartanah yang menghadapi tugas mencabar bagi mengekalkan prestasi tahun lepas pada tahun mendatang. Selari dengan kesukaran dalam pasaran kewangan, Kumpulan telah melaksanakan pelbagai langkah untuk mengawasi kutipan serta memperkenalkan insentif untuk meningkatkan jualan. Serentak dengan itu, strategi pemasaran sentiasa diubahsuai bagi memastikan pelancaran yang dilakukan menepati masa serta mempunyai campuran keluaran yang mampu menarik minat pembeli. Yang menjadi keutamaan ialah mempertingkatkan usaha memastikan supaya keluaran berkualiti dihasilkan dan perkhidmatan selepas jualan yang baik. Saya berasa yakin dengan persediaan seperti ini, Bahagian Hartanah akan berada dalam kedudukan baik untuk menghadapi tempoh yang mencabar ini.

## **PENGHARGAAN**

Kumpulan telah mencatatkan prestasi teguh sepanjang beberapa tahun lepas dan berada dalam kedudukan yang kukuh untuk menghadapi pelbagai cabaran masa depan berkaitan dengan pengurangan pertumbuhan ekonomi. Pencapaian ini tidak mungkin terlaksana tanpa sokongan dan kepercayaan yang diberikan kepada kami oleh para pemegang saham, pelanggan, rakan niaga dan pihak berkuasa berkaitan di samping kegigihan dan komitmen dari pihak pengurusan dan kakitangan.

Saya bagi pihak Lembaga Pengarah ingin merakamkan ucapan penghargaan tulus ikhlas kepada semua pihak yang memberi sumbangan yang amat bernilai terhadap kemajuan dan pertumbuhan Kumpulan. Bagi menghadapi cabaran-cabaran yang bakal mendatang pada tahun 1998, marilah kita berusaha dengan lebih gigih lagi untuk memperolehi kejayaan dan pencapaian yang lebih baik. Saya amat yakin bahawa kita mampu mengharungi kegawatan ini dengan selamat.

**TAN SRI MOHD AMIN BIN OSMAN**

*Pengerusi*

21 Mei 1998

## CHAIRMAN'S STATEMENT

On behalf of your Board of Directors, it gives me great pleasure to present the Annual Report of the Company and its subsidiaries ("Group") for the year ended 31 December 1997.

### OVERVIEW

Since mid-1997 the financial storm and currency crisis that started in Thailand have swept across the region at such speed and with such devastating consequences never experienced before. Malaysia, with no exception, fell victim to the contagion and saw its local currency ("Ringgit") succumb to selling pressure sliding to a low of RM3.87 to the US Dollar ("USD") as at year end and the Kuala Lumpur Stock Exchange shed more than RM400 billion in market capitalisation within the same period.

Despite such an adverse outlook, the oil palm plantation business has continued to show its resilience and defensive strengths. Our Plantation Division registered an impressive profit growth of 41% for the year under review over that of 1996. The sterling performance was achieved on the back of firmer crude palm oil ("CPO") prices as a result of Ringgit's weakness and stronger demand from traditional export market; as well as higher fresh fruit bunches production from increase in harvesting areas and improvement in yield, notwithstanding the increase in the costs of fertiliser, labour, transportation and processing machinery.

Serian Palm Oil Mill, the Group's 40% owned joint venture with Sarawak Land Consolidation and Rehabilitation Authority (SALCRA), started its commercial production in August 1997 and achieved a satisfactory maiden profit. The successful commissioning of the new oil mill shall position us on a favourable footing in our effort to jump start our plantation business in Sarawak.

The Property Division has also performed commendably, with Indahpura Project taking centre stage, recording over four-fold increase in profit contribution as compared to that of last year. However, there has been a discernible slowdown in

sales towards the last quarter of 1997 as the property demand had been severely affected by the negative wealth effect from the sharp fall in the stock market, coupled with an economic downturn and rising mortgage rates. The imposition of various lending curbs and belt tightening measures by the authorities had further dampened house buyers' sentiment. In spite of the above, the Division posted a creditable operating revenue of some RM125.5 million for the year under review.

This year also marked the opening of the Permaipura Golf & Country Club situated at Bedong, Kedah. Being an integral part of the Permaipura Project, the completion of the golf course shall be an added attraction to woo potential buyers.

In view of the unfavourable development prevailing in the oils and fats market in China along with other factors, the China Refinery Project has been put on hold pending further review. Whilst the Management has plans to divest the Group's entire stake in this joint venture, the prospect of doing so in the near term is not bright. Accordingly, a provision of RM25.0 million representing a 100% write-down of the Group's investment in this outfit has been made during the year.

As mentioned in my previous statement, the Group intends to diversify into downstream palm-based manufacturing activities through strategic alliances with other public listed companies. However, it has been recently decided to defer the palm oil refinery project until current economic conditions improve to a more conducive level. Meanwhile, the structural bricks plant in Kulai, Johor commenced commercial production in October 1997.

In addressing the year 2000 ("Y2K") problem (also known as the "millennium bug"), the Group has set up a task force on all Y2K-related issues, to ensure a smooth operation into the next millennium.

## **REVIEW OF 1997 RESULTS**

I am most delighted to announce that the Group's performance has reached new heights for the year under review. Pre-tax profit, for the first time, breached the RM100 million mark at RM102.4 million, recording a substantial improvement of 49% over that of 1996.

### **DIVIDENDS**

The Board of Directors has recommended a final dividend of 2.5 sen less 28% income tax per ordinary share each for the year ended 31 December 1997. If approved by shareholders at the forthcoming Twentieth Annual General Meeting, the total dividend for the year inclusive of the interim dividend of 1.5 sen less 30% income tax (now deemed as 28%) per ordinary share of 50 sen each paid on 17 October 1997 will amount to a total distribution of RM21.1 million (1996 : RM20.8 million).

### **FUTURE OUTLOOK**

Given the sudden change in the economic scenario, the Group foresees the year ahead to be very challenging.

Our Plantation Division, with its export-driven and USD-correlated earnings, should be relatively insulated from the two overriding concerns, namely slowdown in Gross Domestic Product growth and Ringgit volatility. In fact, the weakening Ringgit since the last quarter of the year has brought the selling price of CPO to very comfortable levels. Besides the Ringgit factor, the expected slowdown in growth of edible oil production as a result of severe drought brought on by the El Nino phenomenon coupled with palm oil's growing market share will help to keep prices firm in the near term. However, the extent to which the rising prices could compensate the falling yields due to the El Nino effect is difficult to ascertain at this juncture. It is not unlikely that the palm oil harvest may reduce considerably. Amidst these uncertainties, the plantation business continues to experience acute labour shortage and escalating costs of imported inputs. Notwithstanding the above, I am optimistic that the Plantation Division will continue to perform well for the current financial year.

In contrast, the Property Division would find itself fighting an uphill battle to rival its previous performance in the coming year. With the meltdown in the financial market, the Group has implemented various precautionary measures to monitor collections whilst a number of incentives are introduced to boost sales. Concurrently, marketing strategies are continuously being reviewed to ascertain well-timed launches and desirable product mix. Most importantly, efforts will be stepped up to ensure that quality products are delivered on time and attentive after-sale services are provided. I am confident that with these prompt actions, the Property Division will be in good position to face the tough times ahead.

### **APPRECIATION**

The Group has achieved solid performance over the years and is well-placed to face challenges ahead in anticipation of an economic slowdown. This would not have been possible without the support and trust placed upon us by the shareholders, customers, business associates and the relevant authorities; as well as the perseverance and commitment of the Management and staff.

On behalf of the Board, I wish to record our sincere gratitude to the various parties for their invaluable contributions towards the progress and growth of the Group. In facing the forthcoming challenges in 1998, let us strive harder to attain a greater degree of success and achievement. I have every confidence that we will weather the storm well.

**TAN SRI MOHD AMIN BIN OSMAN**  
Chairman

21 May 1998



## **BOARD OF DIRECTORS**

*From left to right:*

**Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah**

**Encik Mohd Din Jusoh**

**Dato' Lim Kok Thay**

**Tan Sri Lim Goh Tong**

**Tan Sri Mohd Amin bin Osman**

**Dato' Baharuddin bin Musa**

**Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad**

**Dato' Siew Nim Chee**

**Mr Quah Chek Tin**

*(Alternate to Dato' Lim Kok Thay)*

## REPORT OF THE DIRECTORS

The Directors of **ASIATIC DEVELOPMENT BERHAD** have pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31 December 1997.

## PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

The principal activities of the subsidiary and associated companies cover plantation, property development and manufacturing.

Other than the commencement of operations of a golf club and disposal of the glove operations, there have been no significant changes in the activities of the Group and of the Company during the year.

## RESULTS

The audited results of the operations of the Group and of the Company for the year ended 31 December 1997 are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit before taxation	102,382	85,487
Taxation	(26,191)	(23,169)
Profit after taxation	76,191	62,318
Minority shareholders' interests	263	-
Profit attributable to shareholders of Asiatic Development Berhad	76,454	62,318
Transfer from capital reserves	18	9
Unappropriated profit at beginning of the year	233,409	332,347
Profit available for appropriation	309,881	394,674
Dividends:		
Interim - 1.5 sen less 30% tax ( <i>now deemed as 28%</i> )	(7,784)	(7,784)
Proposed final - 2.5 sen less 28% tax	(13,344)	(13,344)
	(21,128)	(21,128)
Unappropriated profit at end of the year	288,753	373,546

## DIVIDENDS

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

- (i) a final dividend of 2.5 sen less 30% tax (*now deemed as 28%*) per ordinary share of 50 sen each amounting to RM12,973,363 in respect of the financial year ended 31 December 1996 and which has been dealt with in the previous directors' report was paid on 25 June 1997; and
- (ii) an interim dividend of 1.5 sen less 30% tax (*now deemed as 28%*) per ordinary share of 50 sen each amounting to RM7,784,016 in respect of the financial year ended 31 December 1997 was paid on 17 October 1997.

The Directors recommend payment of a final dividend of 2.5 sen less 28% tax per ordinary share of 50 sen each in respect of the current financial year to be paid on 22 July 1998 to shareholders registered in the Register of Members at the close of business on 29 June 1998. Based on the issued and paid-up ordinary shares of the Company as at the date of this report, the final dividend would amount to RM13,344,030.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than as disclosed in Note 19 to the accounts.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, there were no issue of shares and debentures.

## DIRECTORATE

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

Tan Sri Mohd Amin bin Osman  
Tan Sri Lim Goh Tong  
Dato' Baharuddin bin Musa  
Dato' Lim Kok Thay  
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad  
Encik Mohd Din Jusoh  
Dato' Siew Nim Chee  
Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah  
Mr Quah Chek Tin (*Alternate to Dato' Lim Kok Thay*)

According to the Register of Directors' Shareholdings, the following persons who were Directors of the Company at the end of the financial year have interests in shares of the Company; Genting Berhad, the holding company; Resort World Bhd, GB Credit & Leasing Sdn Bhd, Kijal Resort Sdn Bhd and Genting International PLC, all of which are related companies or corporation as set out below:

## INTEREST IN THE COMPANY

	<b>Shareholdings in the names of Directors</b>		
	<b>1.1.1997</b>	<b>Acquired/(Disposed)</b>	<b>31.12.1997</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	124,000	40,000	164,000
Tan Sri Lim Goh Tong	437,500	-	437,500
Dato' Baharuddin bin Musa	3,026,000	5,000	3,031,000
Dato' Lim Kok Thay	144,000	-	144,000
Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	140,000	-	140,000
Dato' Siew Nim Chee	9,000	-	9,000
	<b>Shareholdings in which a Director is deemed to have an interest</b>		
	<b>1.1.1997</b>	<b>Acquired/(Disposed)</b>	<b>31.12.1997</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Encik Mohd Din Jusoh	30,000	-	30,000

**INTEREST IN GENTING BERHAD, THE HOLDING COMPANY**

	<b>Shareholdings in the names of Directors</b>		
	<b>1.1.1997</b>	<b>Acquired/(Disposed)</b>	<b>31.12.1997</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	6,000	-	6,000
Tan Sri Lim Goh Tong	5,289,000	1,392,000	6,681,000
Dato' Baharuddin bin Musa	115,500	-	115,500
Dato' Lim Kok Thay	2,553,000	-	2,553,000
Mr Quah Chek Tin ( <i>Alternate to Dato' Lim Kok Thay</i> )	40,000	(39,000)	1,000

	<b>Shareholdings in which the Directors are deemed to have an interest</b>		
	<b>1.1.1997</b>	<b>Acquired/(Disposed)</b>	<b>31.12.1997</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Dato' Baharuddin bin Musa	3,000	-	3,000
Dato' Lim Kok Thay	11,523,996	-	11,523,996

	<b>Share Options in the names of Directors</b>		
	<b>1.1.1997</b>	<b>Offered/(Exercised)</b>	<b>31.12.1997</b>
	<b>(Number of unissued ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	400,000	-	400,000
Tan Sri Lim Goh Tong	1,992,000	(1,392,000)	600,000
Dato' Lim Kok Thay	400,000	-	400,000

**INTEREST IN RESORTS WORLD BHD, A RELATED COMPANY**

	<b>Shareholdings in the names of Directors</b>		
	<b>1.1.1997</b>	<b>Acquired/(Disposed)</b>	<b>31.12.1997</b>
	<b>(Number of ordinary shares of 50 sen each)</b>		
Tan Sri Mohd Amin bin Osman	122,000	-	122,000
Dato' Baharuddin bin Musa	-	20,000	20,000
Dato' Lim Kok Thay	2,610,000	-	2,610,000
Mr Quah Chek Tin ( <i>Alternate to Dato' Lim Kok Thay</i> )	20,000	(19,000)	1,000

	<b>Share Options in the names of Directors</b>		
	<b>1.1.1997</b>	<b>Offered/(Exercised)</b>	<b>31.12.1997</b>
	<b>(Number of unissued ordinary shares of 50 sen each)</b>		
Tan Sri Lim Goh Tong	1,000,000	-	1,000,000
Dato' Lim Kok Thay	650,000	-	650,000



**INTEREST IN GB CREDIT & LEASING SDN BHD, A RELATED COMPANY**

	<u>Shareholdings in the name of Director</u>		
	<u>1.1.1997</u>	<u>Acquired/(Disposed)</u>	<u>31.12.1997</u>
	<b>(Number of ordinary shares of RM1.00 each)</b>		
Dato' Baharuddin bin Musa	220,000	-	220,000

**INTEREST IN KIJAL RESORT SDN BHD, A RELATED COMPANY**

	<u>Shareholdings in which a Director is deemed to have an interest</u>		
	<u>1.1.1997</u>	<u>Acquired/(Disposed)</u>	<u>31.12.1997</u>
	<b>(Number of ordinary shares of RM1.00 each)</b>		
Tan Sri Lim Goh Tong	120,000	(120,000)	-

**INTEREST IN GENTING INTERNATIONAL PLC, A RELATED CORPORATION**

	<u>Shareholdings in the names of Directors</u>	<u>Shareholdings in which the Directors are deemed to have an interest</u>
		<b>(Number of ordinary shares of US\$0.10 each as at 31.12.1997*)</b>
Tan Sri Lim Goh Tong	1,832,468	-
Dato' Baharuddin bin Musa	-	1,200
Dato' Lim Kok Thay	623,000	4,649,598
	<u>Share Options in the name of Director</u>	<u>Call Options in the name of Director</u>
	<b>(Number of unissued ordinary shares of US\$0.10 each as at 31.12.1997*)</b>	
Tan Sri Lim Goh Tong	500,000	-
Dato' Lim Kok Thay	-	1,000,000

\* Balance as at 31 December 1997, being the date Genting International PLC became a related corporation.

Apart from the above disclosures:

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

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

- (i) Genting International PLC ("GIPLC"), a corporation in which Dato' Lim Kok Thay is a director, shareholder and call option holder; Tan Sri Lim Goh Tong is a shareholder and share option holder; Dato' Baharuddin bin Musa is deemed to have a shareholdings' interest; and which said GIPLC became a related corporation on 31 December 1997 via the subscription by a related corporation of new ordinary shares to the extent of 64.8% of the enlarged issued and paid-up share capital of GIPLC has:
  - (a) been retained by Resorts World Bhd ("RWB"), a related company, as the exclusive international marketing agent outside Malaysia for the Genting Highlands Resort ("Resort");
  - (b) been retained by RWB as the exclusive international sales agent outside Malaysia for the promotion of and sales relating to the Resort; and
  - (c) disposed of its shareholdings in the entire issued and paid-up share capital of Lafleur Limited to Resorts World Limited, a related corporation.
- (ii) Genting Administrative Services Sdn Bhd ("GAS"), a company in which Dato' Lim Kok Thay is a director and which said GAS became a related company on 1 November 1997 has retained Genting Berhad ("GB"), the holding company, to provide accounting and administration services.
- (iii) Tan Sri Mohd Amin bin Osman has been retained by GB as a consultant to provide management and ancillary services.
- (iv) Tan Sri Mohd Amin bin Osman has been retained by RWB to provide advisory services.
- (v) A company in which Dato' Lim Kok Thay is a director and a substantial shareholder rents its premises at the Resort from RWB.
- (vi) A company in which Dato' Lim Kok Thay is a director and a substantial shareholder has retained the Company to provide plantation advisory services.
- (vii) Certain companies in which Tan Sri Mohd Amin bin Osman, Tan Sri Lim Goh Tong and Dato' Lim Kok Thay are respectively directors rent their premises from Oakwood Sdn Bhd, a related company.
- (viii) RWB has extended a housing loan to Mr Quah Chek Tin to enable him to acquire a home.
- (ix) Plantation Latex (Malaya) Sdn Bhd, a wholly-owned subsidiary of the Company, has extended a housing loan to Dato' Baharuddin bin Musa to enable him to acquire a home.

- (x) GB Credit & Leasing Sdn Bhd, a related company, in which Dato' Baharuddin bin Musa has substantial financial interest and in which he, Dato' Lim Kok Thay and Mr Quah Check Tin are directors, has extended a loan to a subsidiary company.
- (xi) A company in which Dato' Lim Kok Thay is a director has been retained by Kijal Resort Sdn Bhd, a related company, as the Project/Construction Manager for the Kijal Beach and Golf Resort Project.
- (xii) A company in which Tan Sri Lim Goh Tong and Dato' Lim Kok Thay are directors has been:
  - (a) retained by Asiatic Land Development Sdn Bhd ("ALD"), a wholly-owned subsidiary of the Company, as the Project Manager cum Main Contractor for the development of landed properties measuring approximately 53 hectares in the Mukim of Cheng, District of Melaka Tengah, Melaka; and
  - (b) retained by ALD as the Constructor for the mixed property development of Stage 1 of the Indahpura Project covering approximately 427.75 hectares of land in the Mukim of Senai-Kulai, District of Johor Bahru, Johor.
- (xiii) A company in which Tan Sri Lim Goh Tong is a director and a substantial shareholder has:
  - (a) acquired approximately 18.05 hectares of freehold land in the Mukim of Batang Kali, District of Ulu Selangor, Selangor from Gensa Sdn Bhd, a related company; and
  - (b) rented approximately 5.87 hectares of land in the Mukim of Batang Kali, District of Ulu Selangor, Selangor to Genting Utilities & Services Sdn Bhd, a related company.

Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad and Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah are due to retire by rotation in accordance with Article 99 of the Articles of Association of the Company and they, being eligible, offer themselves for re-election.

Tan Sri Mohd Amin bin Osman, Tan Sri Lim Goh Tong and Dato' Siew Nim Chee retire pursuant to Section 129 of the Companies Act, 1965, and separate resolutions will be proposed for their re-appointment as Directors under the provision of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

## **OTHER STATUTORY INFORMATION**

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

- (i) which would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent;

- (ii) which would render the values attributed to the current assets in the accounts of the Group or of the Company misleading;
- (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the accounts of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the accounts of the Group and of the Company, that would render any amount stated in the respective accounts misleading.

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

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

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

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those reported in Note 5 to the accounts; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

#### **HOLDING COMPANY**

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

#### **AUDITORS**

The auditors, Messrs Kassim Chan & Co, have indicated their willingness to continue in office.

On behalf of the Board,

**DATO' BAHARUDDIN BIN MUSA**

**MOHD DIN JUSOH**

Kuala Lumpur  
21 May 1998

## OPERATIONS REVIEW

### OVERVIEW

Despite the economic turmoil experienced in the second half of the year, 1997 was still a year of exceptional performance for the Group as both plantation and property businesses recorded their strongest ever results respectively with a Group pre-tax profit surpassing the RM100 million mark.

Plantation earnings soared to an all-time high of RM71.1 million under firmer palm oil prices for most part of the year combined with respectable growth in fresh fruit bunches (“FFB”) harvest as more matured areas moved into better yielding brackets. With labour shortage and escalating production costs continued to plague the industry, efforts to step up mechanisation and contain costs remained the top agenda of the Division.

The Property Division started off well with excellent response to the sale launches of double- storey terrace houses at Indahpura which translated into more than four –fold increase in profit contribution. However, at the later part of the year, the property industry experienced an inevitable slowdown in the wake of current economic adversity.

On the manufacturing front, the ongoing rationalisation exercise saw the divestment of the glove operation in March 1997 whilst the status of the China Refinery Project remained the same as that of previous year. The structural bricks factory in Kulai, Johor was commissioned during the year.

### PLANTATION

Backed by a workforce of some 4,290 employees, the Plantation Division is the largest employer in the Group with operations ranging from managing a total landbank of approximately 41,000 hectares of



*One of the many mechanisation techniques practised by the Group*



*Young palms in the nursery*

oil palm and rubber plantation to the processing of oil palm fruits. With a gross contribution of RM71.1 million, the Division is also the highest profit earner for the Group, accounting for a hefty 69% of the total profit.

Crude palm oil (“CPO”) prices were fairly strong throughout the first half of 1997 on the back of strong external demand from traditional markets in Pakistan, India, Bangladesh and China. The positive CPO price movement was given a further boost with the sharp depreciation of the local currency (“Ringgit”) against US Dollar (“USD”) in the third quarter of 1997. CPO prices staged a strong rally from September onwards with prices hitting RM2,000 per metric tonne towards year end. In tandem with the buoyant market sentiment, the Group’s achieved average selling price for CPO increased by 13% to RM1,370 per metric tonne as compared to 1996’s level of RM1,209 per metric tonne.

On the other hand, the palm kernel (“PK”) average price of RM770 per metric tonne was lower than that achieved in 1996 of RM805 per metric tonne. Although PK price likewise rebounded strongly in the last quarter on the back of increased demand and weaker Ringgit, the comeback was inadequate to make up for the lost ground when PK prices eased sharply during the earlier part of the year to a low of RM612 per metric tonne.

Production of FFB improved by 16% to 481,696 metric tonnes, of which 33% came from the young fields in Tenegang, Sabah. The marked increase was attributable primarily to higher yield per hectare of 18.8 metric tonnes, up from 17.4 metric tonnes previously, coupled with an additional 2,742 hectares of newly matured areas. With increased yield and areas of matured estates coupled with careful planning and managing of resource, the Group should maintain its trend of increasing FFB harvest in the years to come.



*The newly commissioned 30-metric tonne per hour palm oil mill in Serian, Sarawak*

On the negative side, production costs continued to come under pressure from hike in fertiliser, harvesting, transportation and processing machinery components costs as well as further wage increases.

Aside from the escalating production costs, labour shortage remains a nagging problem. Being very much a labour intensive industry, the Group has long recognised the gravity of this setback and has therefore always emphasised on mechanisation, wherever feasible, to alleviate the problem. New methods and latest innovations are introduced in field operations not only to reduce labour dependency but also to enhance cost effectiveness. This proactive approach shall assist the Group in attaining greater operational efficiency whilst cushioning itself against any adverse measures imposed by the authorities on the employment of foreign workers. The mechanisation programme expenditure of about RM0.7 million was incurred mainly for the purchase of new agricultural machinery and equipment.

As planned, the milling capacity of the Group's existing mills was increased from 105 metric tonnes per hour to 115 metric tonnes per hour at the beginning of 1997. Overall, the Group achieved an average capacity utilisation of 90% with 557,613 metric tonnes of FFB processed, reflecting a growth of 4% over that of last year.

The Group's 40% joint venture with Sarawak Land Consolidation and Rehabilitation Authority (SALCRA) to construct a 30-metric tonne per hour oil mill in Serian, Sarawak, commenced operations in August 1997, in time to catch the peak cropping season. The performance of the new venture was encouraging with the mill achieving capacity utilisation and oil extraction rates surpassing expectation.

Except for the 1,208 hectares in the low lying area which was affected by a prolonged flood in 1996, the Tenegang new development area is nearing completion with almost 93% of 17,863 hectares now planted, of which some 11,614 hectares were declared matured as at year end. The Group undertook an indepth study on the flood-damaged area with rehabilitation works scheduled to commence in 1998. Barring any unforeseen circumstances, the planting programme for the whole Tenegang area shall be completed by the end of 1999.

In line with the Group's objective of maximising its land utilisation in favour of oil palm to ensure long term yield sustainability, a total of 842 hectares comprising 503 hectares of old oil palm and 339 hectares of rubber were successfully replanted with oil palm during the course of the year. Total replanting expenditure of the year amounted to RM7.5 million. The Group continued to apply environmental friendly replanting techniques such as "underplanting and poisoning" instead of the "clear, fell and burning" method.

With a 15% reduction in rubber tapping areas following the on-going replanting programme from rubber to oil palm, the Group's rubber crop production has further declined from 2,416 metric tonnes in 1996 to 2,141 metric tonnes. The strategic switch to oil palm, started some years ago, has proven rewarding judging from rubber's extremely poor margin as a result of the persistently depressed selling prices and higher labour cost.

As an added measure to optimise returns on land, the Group would advocate the planting of high value timber species on steep hills and valleys where oil palm cultivation is rendered uneconomical. To date, some 25 hectares in Sabah and 13 hectares in Peninsular Malaysia consisting mainly field boundaries have been planted with teak.



*Processing of FFB  
in one of the Group's oil mills*



## PROPERTY DEVELOPMENT

The year under review saw the Property Division, spearheaded by the Indahpura or ‘Beautiful City’ Project, contributing a profit of some RM33.9 million, a more than four-fold jump from the RM7.9 million achieved in 1996.

Since the ground breaking ceremony in late 1996, the Indahpura Project in Kulai, Johor has performed remarkably well within a short span of slightly over one year, contributing approximately 70% of the Division’s profit for the year. Sale launches of double-storey terrace houses in January, July and September 1997 respectively at average selling prices ranging from RM178,880 to RM193,880 per unit were very well received and exceeded demand expectation. In respect of commercial and industrial development, the take up rate for the 4-storey shop offices in the Indahpura Commercial Centre and the vacant industrial lots, though below expectation, was satisfactory. Overall construction for the above is progressing smoothly as scheduled.

On the social front, the Group is currently constructing 13 blocks consisting 1,040 units of low-cost apartments scheduled to be completed by the year 2000 as part of its ‘Rumah Rakyat’ scheme under the Indahpura Project. Over 500 units have been sold to date including those allocated for purchase by eligible employees in our Kulai Besar Estate and Kulai Besar Oil Mill. In addition, a number of units have also been reserved for the other workers who will have to be relocated when the site of their present quarters is required for development. The Group’s participation in the low cost housing scheme and its construction at the early stage of our development programme clearly demonstrates our social commitment and care for the lower income group.

Up north, the Permaipura Project at Bedong, Kedah continued to do fairly well where an additional 62 bungalow lots were sold during the year. The completed bungalow lots were handed over progressively to the purchasers since May 1997.



*4-storey shop offices in Indahpura, Kulai Johor*

*Doubled-storey terrace houses in Indahpura, Kulai, Johor*



*Permaipura Golf & Country Club, Bedong, Kedah*

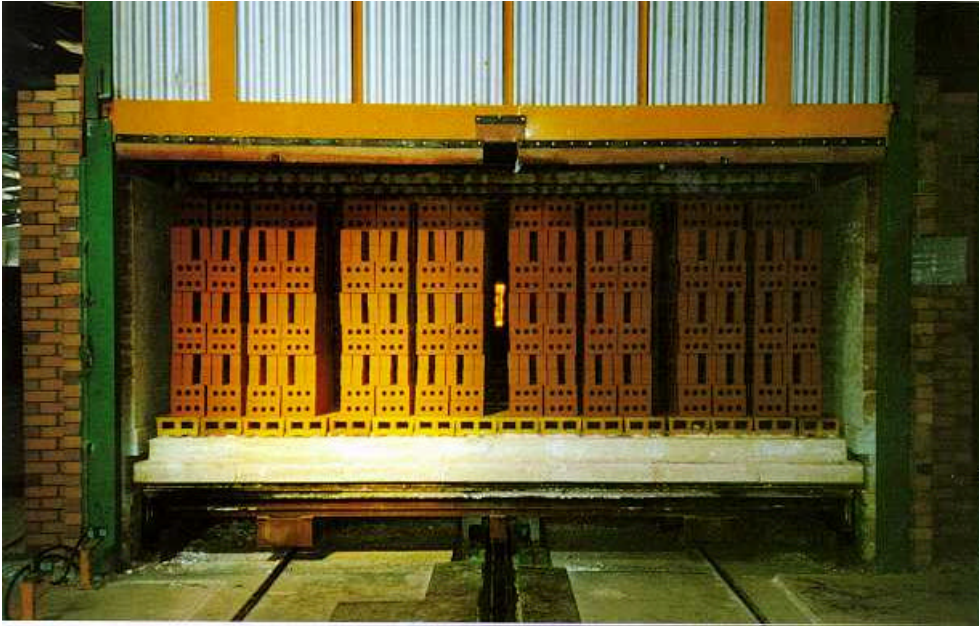
The remaining unsold units of the 3 and 4-storey shop offices under the Permaipura Project were all taken up in 1997. Construction of these shop offices has also been completed and is currently awaiting the issuance of the Certificate of Fitness. On the other hand, the construction of Sri Mayang double-storey terrace houses is at an advanced stage with vacant possession expected to take place in the second half of 1998.

The much awaited Permaipura Golf & Country Club commenced operations on 1 October 1997. The 18-hole golf course with a 2-tier driving range sprawls over 160 acres of prime land against the majestic backdrop of Gunung Jerai. Business has been encouraging with good registration of repeat visitations by golfers. The sale of club membership was opened to the public towards year end.

The Group's maiden project – the Desa Cheng Perdana 1 in Melaka, had no sales launch planned during the year under review due to the prevailing soft property market in Melaka. The construction works for previous phases launched were completed ahead of schedule, with positive feedback from house buyers. The phases yet to be developed consist of 780 apartment units and townhouses and also commercial complex. Meanwhile, a conditional building plan approval for the construction of 240 units of low-cost apartments has been obtained.



*Double-storey terrace houses in Permaipura, Bedong, Kedah*



*Stacks of bricks going into the kiln for drying at the structural bricks plant commissioned during the year*

The Sri Gading industrial estate project, a joint venture with Johor Corporation, commenced sales of the industrial lots in 1996 and to date has registered approximately RM12.0 million in revenue.

During the year, some 78 hectares of estate land in various locations were acquired by the government for infrastructure and other public projects.

## **MANUFACTURING**

The Manufacturing Division witnessed the commissioning of the structural bricks plant in the year under review. Located in Johor, the fully automated plant with production capacity of 40 million pieces of bricks per annum utilises state-of-the-art Australian technology. As the bricks and pavers produced are of high quality, the potential for export markets is aggressively pursued by the management of the plant. Since commercial production began in October 1997, the factory has achieved 67% capacity utilisation by year end.

In the light of increased competitiveness and in line with the Group's intention to rationalise its manufacturing activities, the glove operation was divested in March 1997.

Since the completion of the 20,000 metric tonne bulking installation, the China Refinery Project has not proceeded further in view of the unfavourable market conditions. As the project is unlikely to take off in the immediate term, a provision of RM25.0 million has been made on the prudent ground. The Management would continue to monitor the project closely together with our Chinese partners.

## **HUMAN RESOURCES**

Recognising the fact that trained and skilled employees are the key to the Group's well being and continued growth, significant importance is placed on human resource development through in-house training programmes and sponsorships to external courses, conferences and seminars – such as the 1997 Assistant Managers' Conference. With the theme "Be Focused – Quality of Management", the programme was aimed at instilling the "QUALITY" mindset among the participants. In another similar event, the 17<sup>th</sup> Annual Management Conference with the theme "The Plantation Industry in the Next Millenium – Changes & Strategies", examined the Group's current standing and brainstormed for strategies that will steer the Group to improve productivity and stay competitive in the forefront of the industry.



*Attentive participants at the 17<sup>th</sup> Annual Management Conference*

## PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1997

	Note(s)	Group		Company	
		1997 RM ' 000	1996 RM ' 000	1997 RM ' 000	1996 RM ' 000
<b>OPERATING REVENUE</b>	3 & 4	<b>313,316</b>	195,805	<b>91,206</b>	80,606
<b>PROFIT BEFORE TAXATION</b>	4 & 5	<b>102,382</b>	68,564	<b>85,487</b>	57,904
Taxation	6	<b>(26,191)</b>	(15,875)	<b>(23,169)</b>	(14,176)
<b>PROFIT AFTER TAXATION</b>		<b>76,191</b>	52,689	<b>623,318</b>	43,728
Minority shareholders' interests		<b>263</b>	(8)	-	-
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ASIATIC DEVELOPMENT BERHAD</b>		<b>76,454</b>	52,681	<b>62,318</b>	43,728
Transfer from capital reserves	19	<b>18</b>	232	<b>9</b>	66
Unappropriated profit at beginning of the year		<b>233,409</b>	201,253	<b>332,347</b>	309,310
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>309,881</b>	254,166	<b>394,674</b>	353,104
Dividends	7	<b>(21,128)</b>	(20,757)	<b>(21,128)</b>	(20,757)
<b>UNAPPROPRIATED PROFIT AT END OF THE YEAR</b>	19	<b>288,753</b>	233,409	<b>373,546</b>	332,347
<b>EARNINGS PER SHARE</b>	21	<b>10.3 sen</b>	7.1 sen		

*The notes set out on pages 32 to 46 form part of these accounts*

## BALANCE SHEETS

AS AT 31 DECEMBER 1997

	Note	Group		Company	
		1997 RM ' 000	1996 RM ' 000	1997 RM ' 000	1996 RM ' 000
<b>EMPLOYMENT OF CAPITAL</b>					
FIXED ASSETS	8	507,689	507,860	286,689	286,588
PROPERTY DEVELOPMENT	9	190,119	170,293	-	-
SUBSIDIARY COMPANIES	10	-	-	504,493	437,328
ASSOCIATED COMPANIES	11	27,392	24,592	24,937	24,550
INVESTMENT	12	2,014	2,014	1,207	1,207
<b>CURRENT ASSETS</b>					
Property development	9	117,584	7,062	-	-
Stocks	13	5,119	6,855	1,411	1,536
Trade debtors		35,934	18,177	3,838	1,963
Other debtors, deposits and prepayments	14	20,343	17,631	12,148	11,856
Bank Balances and deposits	15	17,153	44,897	9,669	39,966
		196,133	94,622	27,066	52,321
<b>LESS CURRENT LIABILITIES</b>					
Trade creditors		60,726	13,184	459	422
Other creditors and accrued expenses	16	34,004	30,751	16,006	14,648
Amount due to holding company and Other related companies	17	43,380	51,479	379	954
Provision for taxation		30,193	19,859	11,792	9,965
Proposed dividend		13,344	12,973	13,344	12,973
		181,647	128,246	41,980	38,962
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>14,486</b>	<b>(33,624)</b>	<b>(14,914)</b>	<b>13,359</b>
		<b>741,700</b>	<b>671,135</b>	<b>802,412</b>	<b>763,032</b>
<b>CAPITAL EMPLOYED</b>					
SHARE CAPITAL	18	370,668	370,668	370,668	370,668
RESERVES	19	345,822	281,267	428,254	387,064
<b>SHAREHOLDERS' FUNDS</b>		<b>716,490</b>	<b>651,935</b>	<b>798,922</b>	<b>757,732</b>
<b>MINORITY SHAREHOLDERS' INTERESTS</b>		<b>18,114</b>	<b>10,855</b>	<b>-</b>	<b>-</b>
<b>DEFERRED LIABILITIES</b>					
Deferred taxation	20	6,004	7,148	2,440	4,142
Retirement benefits		1,092	1,197	1,050	1,158
		7,096	8,345	3,490	5,300
		<b>741,700</b>	<b>671,135</b>	<b>802,412</b>	<b>763,032</b>
<b>NET TANGIBLE ASSETS PER SHARE</b>		<b>96.6 sen</b>	<b>87.9 sen</b>		

The notes set out on pages 32 to 46 form part of these accounts

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1997

	Note	1997 RM' 000	1996 RM' 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		102,382	68,564
Adjustment for items not involving the movement of cash and cash equivalents:			
Exceptional write down of fixed assets of a foreign subsidiary company		23,314	-
Depreciation of fixed assets		8,536	7,966
Loss on disposal of subsidiary companies	a	64	-
Fixed assets written off		195	4,480
Gain on disposal of fixed assets		(1,277)	(3,388)
(Write back of)/provision for retirement benefits		(33)	61
Consideration for relinquishing the territorial manufacturing and distribution rights of AirBoss tyre segments		-	(1,207)
		<b>30,799</b>	7,912
Adjustments for non-operating activities:			
Interest expense		2,892	34
Preliminary and pre-operating expenses written off		1,846	-
Share of profits of associated companies		(2,928)	(137)
Interest income		(1,937)	(6,695)
		<b>(127)</b>	(6,798)
<b>Operating profit before working capital changes</b>		<b>133,054</b>	69,678
<b>Increase/(decrease) in working capital by components</b>			
Property development		(110,522)	(92,142)
Stocks		1,736	1,331
Debtors, deposits and prepayments		(20,541)	2,711
Creditors and accrued expenses		50,473	9,855
Effects of currency translation		1,301	(151)
		<b>(77,553)</b>	11,604
<b>Cash generated from operations</b>		<b>55,501</b>	81,282
<b>Other cash used in operations:</b>			
Property development expenditure, net of progress billings		(19,826)	(621)
Tax paid		(16,486)	(16,363)
		(1,381)	-
Pre-operating expenses incurred		(72)	(97)
Retirement benefits paid		(37,765)	(17,081)
		<b>(37,765)</b>	(17,081)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>17,736</b>	64,201
<b>CASH FLOWS FROM OPERATING INVESTING ACTIVITIES</b>			
Interest income		1,937	6,695
Proceeds from disposal of fixed assets		1,710	3,955
Proceeds from disposal of subsidiary companies	a	1,097	-
Purchase of fixed assets		(18,411)	(42,020)
Net (advance to)/repayment from associated companies		(387)	1,340
Acquisition of a subsidiary company	b	-	(113,531)
Investment in associated companies		-	(5,532)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(14,054)</b>	(149,093)

	1997	1996
Note	RM' 000	RM ' 000

### CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid		
Net (repayment to)/advances from holding company and other related companies	<b>(20,757)</b>	(20,109)
Interest paid	<b>(8,099)</b>	50,224
Proceeds from issue of shares to minority shareholders of subsidiary companies	<b>(2,570)</b>	(34)
	-	1,813

<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(31,426)</b>	31,894
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### CASH FLOWS GENERATED FROM/(USED IN):

Operating activities	<b>17,736</b>	64,201
Investing activities	<b>(14,054)</b>	(149,093)
Financing activities	<b>(31,426)</b>	31,894
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(27,744)</b>	(52,998)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>44,897</b>	97,895
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>c 17,153</b>	44,897

### NOTES TO CONSOLIDATED CASH FLOW STATEMENT

#### (a) Disposal of subsidiary companies

Net assets sold:		
Fixed assets	<b>1,118</b>	-
Working capital	<b>43</b>	-
Loss on disposal of subsidiary companies	<b>(64)</b>	-
<b>Cash flow on disposal</b>	<b>1,097</b>	-

#### (b) Acquisition of a subsidiary company

Net assets acquired:		
Fixed assets	-	17,893
Working capital	-	6,624
Provision for taxation	-	(293)
Provision for deferred taxation	-	(12)
Property development	-	89,321
Less: Cash in hand	-	(2)
<b>Cash flow on acquisition, net of cash acquired</b>	<b>-</b>	<b>113,531</b>

#### (c) Cash and cash equivalents

Deposits with licensed banks	<b>12,806</b>	42,091
Deposits with finance companies	-	2,013
Cash and bank balances	<b>4,347</b>	793
<b>Cash and cash equivalents at the end of the year</b>	<b>17,153</b>	44,897

The notes set out on pages 32 to 46 form part of these accounts.



**NOTES TO THE ACCOUNTS**  
31 DECEMBER 1997

1. **PRINCIPAL ACTIVITIES**

The Company is principally involved in plantation and investment holding.

The principal activities of the subsidiary and associated companies cover plantation, property development and manufacturing.

Other than the commencement of operations of a golf club and disposal of the glove operations, there have been no significant changes in the activities of the Group and of the Company during the year.

2. **SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Basis**

The accounts have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and land held for property development in accordance with approved accounting standards and the provisions of the Companies Act, 1965.

**Basis of Consolidation**

The consolidated accounts are based on the audited accounts of the Company and all its subsidiary companies made up to 31 December 1997.

The results of subsidiary companies acquired or disposed of during the year are included in the Group accounts from the effective date of acquisition or up to the effective date of disposal.

**Fixed Assets and Depreciation**

Fixed assets are stated at cost or valuation less accumulated depreciation.

Fixed assets are depreciated over their estimated useful lives using the straight-line method. The annual rates of depreciation used for the major groups of fixed assets are as follows:

Leasehold land and plantation	1 – 3%
Buildings and improvements	5%
Plant, equipment and vehicles	5 – 20%

Depreciation is not provided on leasehold land and plantation with unexpired lease period of more than ninety-nine years, freehold land and plantation and fixed assets which are under construction.

New planting expenditure is capitalised under plantation land while replanting expenditure is written off in the year in which it is incurred. Replanting expenditure represents total costs incurred from land clearing to the point of maturity.

**Preliminary and Pre-operating Expenses**

Preliminary and pre-operating expenses incurred are written off in the year of commencement of business operations.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### **Property Development and Recognition of Profits**

Profits on property development projects are recognised based on the percentage of completion method. Under this method, profits are recognised as the property project progresses. Profits are, however, recognised only in respect of sales where agreements have been finalised by the end of the financial year.

### **Investments**

Investments in subsidiary companies and other long-term investments are stated at cost less provision for any permanent diminution in value. Investments are only written down when the Directors consider that there is a permanent diminution in the value of the investments.

Short-term investments are stated at the lower of cost and market value, determined on a portfolio basis by comparing aggregate cost against aggregate market value.

### **Associated Companies**

An associated company is a company in which the Group has a long-term equity interest of between 20% to 50% and where the Group has representation on the board and is in a position to exercise significant influence.

The Group's share of the profits less losses of associated companies is included in the consolidated profit and loss account and the Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

### **Retirement Benefits**

Amounts set aside for the provision are in respect of retirement benefits clauses contained in the Collective Agreement. Provision for retirement benefits is computed based on a monetary scale, as provided for in the said Agreement, and the length of service of all eligible employees.

### **Debtors**

Bad debts are written off while provision is made for debts considered to be doubtful of collection.

### **Deferred Taxation**

Deferred tax accounting using the "liability method" is adopted by the Group. Deferred taxation provides for the effect of timing differences between accounting income and taxable income arising from the inclusion of items in different periods. Tax effects of timing differences are not recognised in respect of timing differences which are not expected to reverse in the foreseeable future.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### Foreign Currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates ruling on the dates of the transactions. Assets and liabilities in foreign currencies at the balance sheet date translated at approximately the rates ruling on that date. Gains and losses arising from translation are included in the profit and loss accounts.

Financial statements of foreign subsidiary companies are translated into Ringgit Malaysia at rates which approximate those ruling at the balance sheet date exchange differences are dealt with through reserves.

### Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances (net of bank overdrafts), deposits and other short-term, highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value.

## 3. OPERATING REVENUE

Operating revenue, other than those arising from property development projects, represents the invoiced value receivable for goods and services supplied, income from short-term investments and proceeds from sale of short-term investments. For property development projects, the revenue is recognised as the project activity progresses and is in respect of sales where agreements have been finalised by the end of the financial year.

## 4. SEGMENT ANALYSIS

	Operating Revenue		Profit Before Taxation		Assets Employed	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
<b>By activity</b>						
Plantation	187,801	165,497	71,145	50,621	477,057	471,650
Property	125,515	22,331	33,943	7,940	366,305	207,687
Manufacturing	-	7,967	(9)	(67)	32,297	42,362
	<b>313,316</b>	195,795	<b>105,079</b>	58,494	<b>875,659</b>	721,699
Non-segment Items						
- Net interest on deposits	-	-	(955)	6,661	12,807	44,104
- Others	-	10	(1,742)	3,409	34,881	33,578
	-	10	(2,697)	10,070	47,688	77,682
	<b>313,316</b>	195,805	<b>102,382</b>	68,564	<b>923,347</b>	799,381

Proceeds from sale of short-term investments, investment income, gains and losses arising from translation, interest income, interest expense and unusual items are included under non-segment activities.

No geographical segment information is presented as the Group operates principally in Malaysia.

## 5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at as follows:

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Operating revenue	<b>313,316</b>	196,805	<b>91,206</b>	80,606
Add/(Less):				
Operating costs relating to stocks	<b>(187,409)</b>	(124,082)	<b>(52,037)</b>	(48,954)
Marketing, selling and administrative expenses	<b>(22,392)</b>	(15,583)	<b>(9,092)</b>	(8,427)
Other income/(expenses)	<b>(1,133)</b>	11,424	<b>55,410</b>	34,679
Profit before taxation	<b>102,382</b>	68,564	<b>85,487</b>	57,904

And after inclusion of the following charges and credits:

Charges:

Exceptional items written down in a foreign subsidiary company:

- Fixed assets	<b>23,314</b>	-	-	-
- Preliminary and pre-operating expenses	<b>1,723</b>	-	-	-
Depreciation of fixed assets	<b>8,536</b>	7,966	<b>3,936</b>	3,993
Replanting expenditure	<b>7,458</b>	6,721	<b>5,676</b>	5,503
Charges paid to holding company and other related companies:				
- Rental of premises	<b>831</b>	840	<b>705</b>	713
- Secretarial fees	<b>60</b>	60	<b>60</b>	60
- Hire of equipment	<b>36</b>	34	<b>36</b>	34
- Interest	<b>2,664</b>	30	-	-
Directors' remuneration:				
- Fees	<b>108</b>	107	<b>108</b>	107
- Other emoluments	<b>1,660</b>	1,501	<b>1,447</b>	1,330
- Provision for retirement gratuities	<b>432</b>	853	<b>244</b>	690
Preliminary and pre-operating expenses written off	<b>123</b>	-	-	-
Interest payable on:				
- Advances from a minority shareholder of an indirect subsidiary company	<b>228</b>	-	-	-
- Others	-	4	-	1
Fixed assets written off	<b>195</b>	4,480	<b>62</b>	4,437
Auditors' remuneration	<b>144</b>	125	<b>58</b>	54
Rental of land paid to a subsidiary company	-	-	<b>602</b>	669

Credits:

Share of profits of associated companies	<b>2,928</b>	137	-	-
Interest income	<b>1,696</b>	6,414	<b>1,057</b>	5,798
Rental income	<b>1,313</b>	938	<b>371</b>	423
Gain on disposal of fixed assets	<b>1,277</b>	3,388	<b>312</b>	3,242
Consideration for relinquishing the territorial manufacturing and distribution rights of AirBoss tyre segments	-	1,207	-	1,207
Dividends (gross) from quoted local corporations	-	10	-	-
Income from subsidiary and associated companies:				
- Gross dividends	-	-	<b>47,986</b>	23,500
- Management fees	<b>556</b>	12	<b>1,953</b>	1,408
- Interest on advances	<b>241</b>	281	<b>287</b>	328
- Rental income	-	-	<b>217</b>	185
- Hire of equipment	-	-	<b>321</b>	412

## 6. TAXATION

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Current taxation - Malaysian	<b>26,820</b>	16,918	<b>24,871</b>	15,650
Over provision in prior years	-	(1,599)	-	(1,600)
	<b>26,820</b>	15,319	<b>24,871</b>	14,050
Deferred taxation				
Current year's (credit)/charge	<b>(667)</b>	529	<b>(1,426)</b>	126
Effect of change in tax rate	<b>(477)</b>	-	<b>(276)</b>	-
	<b>(1,144)</b>	529	<b>(1,702)</b>	126
Share in taxation of associated companies	<b>515</b>	27	-	-
	<b>26,191</b>	15,875	<b>23,169</b>	14,176

The effective tax rates of the Group and of the Company for 1997 and 1996 are lower than the statutory income tax rates due mainly to agriculture allowance in respect of new planting expenditure and certain non-taxable income of the Group and of the Company. In addition, the lower tax rate in 1996 of the Group was due to reinvestment allowance in respect of the construction of a new oil mill.

## 7. DIVIDENDS

	1997 RM'000	1996 RM'000
Interim - 1.5 sen less 30% tax [ <i>now deemed as 28%</i> ] (1996 : 1.5 sen less 30% tax) per share	<b>7,784</b>	7,784
Proposed final – 2.5 sen less 28% tax (1996 : 2.5 sen less 30% tax [ <i>now deemed as 28%</i> ] ) per share	<b>13,344</b>	12,973
	<b>21,128</b>	20,757

8. **FIXED ASSETS**

	Freehold plantation RM'000	Long leasehold land and plantation RM'000	Short leasehold land RM'000	Buildings and improvements RM'000	Plant, equipment and vehicles RM'000	Construction in progress RM'000	Total RM'000
<b>1997</b>							
<b>Group</b>							
Cost/valuation:							
Beginning of the year							
- at cost	136,857	141,168	6,480	44,551	71,797	48,378	449,231
- at 1981 valuation	122,885	-	-	-	-	-	122,885
	259,742	141,168	6,480	44,551	71,797	48,378	572,116
Additions	49	8,195	-	978	6,329	3,198	18,749
Disposals	(328)	-	-	(47)	(1,338)	-	(1,713)
Exceptional write down of fixed assets of a foreign subsidiary company	-	-	-	-	-	(23,314)	(23,314)
Assets written off	-	-	-	(11)	(748)	-	(759)
Assets of subsidiary companies disposed of	-	(156)	-	(123)	(3,320)	-	(3,599)
Currency fluctuations	-	-	-	-	35	15,415	15,450
Reclassifications/others	12,759	2,786	(2,731)	6,577	1,034	(20,425)	-
End of the year							
- at cost	149,592	151,993	3,749	51,925	73,789	23,252	454,300
- at 1981 valuation	122,630	-	-	-	-	-	122,630
	272,222	151,993	3,749	51,925	73,789	23,252	576,930
Accumulated depreciation:							
Beginning of the year							
	-	(3,215)	(692)	(14,735)	(45,614)	-	(64,256)
Depreciation for the year:							
- Charged to profit and loss account	-	(960)	-	(2,143)	(5,433)	-	(8,536)
- Capitalised under long leasehold land and plantation	-	(338)	-	-	-	-	(338)
- Charged to pre-operating expenses	-	(10)	(426)	-	-	-	(436)
Disposals	-	-	-	14	1,266	-	1,280
Assets written off	-	-	-	10	554	-	564
Assets of subsidiary companies disposed of	-	2	-	42	2,437	-	2,481
Reclassifications/others	-	(258)	258	-	-	-	-
End of the year							
	-	(4,779)	(860)	(16,812)	(46,790)	-	(69,241)
Net book value							
at end of the year	272,222	147,214	2,889	35,113	26,999	23,252	507,689

8. **FIXED ASSETS (CONT'D.)**

	<b>Freehold land and plantation RM'000</b>	<b>Long leasehold land and plantation RM'000</b>	<b>Short leasehold land RM'000</b>	<b>Buildings and improvements RM'000</b>	<b>Plant, equipment and vehicles RM'000</b>	<b>Construction in progress RM'000</b>	<b>Total RM'000</b>
<b>1996</b>							
<b>Group</b>							
Cost/valuation:							
Beginning of the year							
- at cost	119,142	132,880	6,302	40,439	69,363	27,616	395,742
- at 1981 valuation	122,951	-	-	-	-	-	122,951
	242,093	132,880	6,302	40,439	69,363	27,616	518,693
Additions	-	11,828	178	676	4,462	25,297	42,441
Disposals	(173)	-	-	(192)	(1,869)	-	(2,234)
Assets written off	-	(4,422)	-	(17)	(753)	-	(5,192)
Assets of subsidiary company acquired	17,702	-	-	579	127	-	18,408
Reclassifications/others	120	882	-	3,066	467	(4,535)	-
End of the year							
- at cost	136,857	141,168	6,480	44,551	71,797	48,378	449,231
- at 1981 valuation	122,885	-	-	-	-	-	122,885
	259,742	141,168	6,480	44,551	71,797	48,378	572,116
Accumulated depreciation:							
Beginning of the year							
	-	(2,039)	(519)	(12,483)	(42,511)	-	(57,552)
Depreciation for the year:							
- Charged to profit and loss account	-	(755)	-	(1,971)	(5,240)	-	(7,966)
- Capitalised under long leasehold land and plantation	-	(421)	-	-	-	-	(421)
- Charged to pre-operating expenses	-	-	(173)	-	(8)	-	(181)
Disposals	-	-	-	120	1,547	-	1,667
Assets written off	-	-	-	4	708	-	712
Assets of subsidiary company acquired	-	-	-	(405)	(110)	-	(515)
End of the year							
	-	(3,215)	(692)	(14,735)	(45,614)	-	(64,256)
Net book value							
at end of the year	259,742	137,953	5,788	29,816	26,183	48,378	507,860

8. **FIXED ASSETS (CONT'D.)**

	<b>Freehold land and plantation RM'000</b>	<b>Long leasehold land and plantation RM'000</b>	<b>Buildings and improvements RM'000</b>	<b>Plant, equipment and vehicles RM'000</b>	<b>Construction in progress RM'000</b>	<b>Total RM'000</b>
<b>1997</b>						
<b>Company</b>						
Cost/valuation:						
Beginning of the year						
- at cost	<b>106,671</b>	<b>38,701</b>	<b>24,864</b>	<b>30,019</b>	<b>1,820</b>	<b>202,075</b>
- at 1981 valuation	<b>115,859</b>	-	-	-	-	<b>115,859</b>
	<b>222,530</b>	<b>38,701</b>	<b>24,864</b>	<b>30,019</b>	<b>1,820</b>	<b>317,934</b>
Additions	<b>49</b>	<b>1,925</b>	<b>607</b>	<b>1,147</b>	<b>676</b>	<b>4,404</b>
Disposals	<b>(113)</b>	-	<b>(47)</b>	<b>(1,026)</b>	-	<b>(1,186)</b>
Assets written off	-	-	<b>(9)</b>	<b>(214)</b>	-	<b>(223)</b>
Reclassifications/others	-	<b>55</b>	<b>1,455</b>	<b>513</b>	<b>(2,023)</b>	-
End of the year						
- at cost	<b>106,720</b>	<b>406,681</b>	<b>26,870</b>	<b>30,439</b>	<b>473</b>	<b>205,183</b>
- at 1981 valuation	<b>115,746</b>	-	-	-	-	<b>115,746</b>
	<b>222,466</b>	<b>40,681</b>	<b>26,870</b>	<b>30,439</b>	<b>473</b>	<b>320,929</b>
Accumulated depreciation:						
Beginning of the year						
	-	<b>(992)</b>	<b>(10,312)</b>	<b>(20,042)</b>	-	<b>(31,346)</b>
Depreciation for the year:						
- Charged to profit and loss account	-	<b>(238)</b>	<b>(1,235)</b>	<b>(2,463)</b>	-	<b>(3,936)</b>
- Capitalised under long leasehold land and plantation	-	<b>(94)</b>	-	-	-	<b>(94)</b>
Disposals	-	-	<b>14</b>	<b>961</b>	-	<b>975</b>
Assets written off	-	-	<b>9</b>	<b>152</b>	-	<b>161</b>
End of the year						
	-	<b>(1,324)</b>	<b>(11,524)</b>	<b>(21,392)</b>	-	<b>(34,240)</b>
Net book value at end of the year	<b>222,466</b>	<b>39,357</b>	<b>15,346</b>	<b>9,047</b>	<b>473</b>	<b>286,689</b>



8. **FIXED ASSETS (CONT'D.)**

	<b>Freehold land and plantation RM'000</b>	<b>Long leasehold land and plantation RM'000</b>	<b>Buildings and improvements RM'000</b>	<b>Plant, equipment and vehicles RM'000</b>	<b>Construction in progress RM'000</b>	<b>Total RM'000</b>
<b>1996</b>						
<b>Company</b>						
Cost/valuation:						
Beginning of the year						
- at cost	106,659	39,908	22,424	28,673	3,018	200,682
- at 1981 valuation	115,925	-	-	-	-	115,925
	222,584	39,908	22,424	28,673	3,018	316,607
Additions	-	2,393	397	2,197	2,237	7,224
Disposals	(173)	-	(129)	(1,282)	-	(1,584)
Assets written off	-	(4,422)	-	(163)	-	(4,585)
Reclassifications/others	119	822	2,172	594	(3,435)	272
End of the year						
- at cost	106,671	38,701	24,864	30,019	1,820	202,075
- at 1981 valuation	115,859	-	-	-	-	115,859
	222,530	38,701	24,864	30,019	1,820	317,934
Accumulated depreciation:						
Beginning of the year						
	-	(683)	(9,339)	(18,392)	-	(28,414)
Depreciation for the year:						
- Charged to profit and loss account	-	(212)	(1,053)	(2,728)	-	(3,993)
- Capitalised under long leasehold land and plantation	-	(97)	-	-	-	(97)
Disposals	-	-	80	1,146	-	1,226
Assets written off	-	-	-	148	-	148
Reclassifications/others	-	-	-	(216)	-	(216)
End of the year						
	-	(992)	(10,312)	(20,042)	-	(31,346)
Net book value at end of the year	222,530	37,709	14,552	9,977	1,820	286,588

The valuation of the freehold land and plantation made by the Directors in 1981 were based upon valuations carried out by an independent firm of professional valuers using fair market value basis.

9. **PROPERTY DEVELOPMENT**

	<b>Group</b>	
	<b>1997</b>	1996
	<b>RM'000</b>	RM'000
Freehold land - at 1981 valuation	<b>9,503</b>	9,905
- at cost	<b>142,685</b>	143,161
<hr/>		
Development expenditure	<b>152,188</b>	153,066
	<b>292,513</b>	87,782
<hr/>		
Less : Non-current portion	<b>444,701</b>	240,848
	<b>(190,119)</b>	(170,293)
<hr/>		
Add : Attributable profits	<b>254,582</b>	70,555
	<b>65,363</b>	25,348
<hr/>		
Less : Progress billings	<b>319,945</b>	95,903
	<b>(202,361)</b>	(88,841)
<hr/>		
Current portion	<b>117,584</b>	7,062
<hr/>		
Included in property development expenditure are interest payable on advances from:		
- Holding company	-	25
- A minority shareholder of an indirect subsidiary company of the Company	-	228
<hr/>		

As at 31 December 1998, tax effect amounting to RM16,167,000 (1996 : RM17,745,000) arising from higher acquisition cost of certain parcels of the Group's freehold land over the tax base cost has not been recognised in the accounts. The said tax effect would be recognised as and when the applicable portions of the acquisition cost of the said land are taken up in the profit and loss account. Accordingly, this would result in a higher Group effective tax rate in the future.

The Group considers those portions of property development projects in which development works are expected to complete within the normal operating cycle of one to three years as current assets.

10. **SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>1997</b>	1996
	<b>RM'000</b>	RM'000
Unquoted shares – at cost	<b>135,666</b>	137,240
Amount due from subsidiary companies	<b>449,319</b>	374,769
<hr/>		
Amount due to subsidiary companies	<b>584,985</b>	512,009
	<b>(80,492)</b>	(74,681)
<hr/>		
	<b>504,493</b>	437,328
<hr/>		

The subsidiary companies are listed in Note 27.

## 11. ASSOCIATED COMPANIES

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Unquoted shares – at cost	<b>6,503</b>	6,503	<b>6,503</b>	6,503
Group's share of post-acquisition reserves	<b>2,455</b>	42	-	-
	<b>8,958</b>	6,545	<b>6,503</b>	6,503
Amount due from associated companies	<b>18,434</b>	18,047	<b>18,434</b>	18,047
	<b>27,392</b>	24,592	<b>24,937</b>	24,550

	Group and Company	
	1997 RM'000	1996 RM'000
Amount due from associated companies represents unsecured advances granted by the Company as follows:		
- Interest free advances	<b>13,589</b>	13,196
- Advances bearing interest at rates pegged against the base lending rate of a local licensed bank	<b>4,845</b>	4,851
	<b>18,434</b>	18,047

The above advances are repayable on demand.

Investment in associated companies for the Group in 1997 and 1996 approximate the Group's share of the net tangible assets of the respective associated companies.

The associated companies are listed in Note 27.

## 12. INVESTMENT

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Quoted – at cost, less amount written off:				
Shares in a foreign corporation	<b>2,014</b>	2,014	<b>1,207</b>	1,207
Market value of quoted shares	<b>3,083</b>	2,930	<b>1,800</b>	1,711

## 13. STOCKS

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Produce stocks	<b>813</b>	2,511	<b>410</b>	507
Stores and spares	<b>4,306</b>	4,344	<b>1,001</b>	1,029
	<b>5,119</b>	6,855	<b>1,411</b>	1,536

14. **OTHER DEBTORS, DEPOSITS AND PREPAYMENTS**

	<b>Group</b>	
	<b>1997</b>	1996
	<b>RM'000</b>	RM'000
Other debtors, deposits and prepayments include the following:		
Preliminary and pre-operating expenses (including depreciation of fixed assets of RM436,000 and RM181,000 for 1997 and 1996 respectively)	<b>2,153</b>	2,182
Housing loan granted by a subsidiary company to an executive director of the Company	<b>500</b>	500
	<b>500</b>	500

15. **BANK BALANCES AND DEPOSITS**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	1996	<b>1997</b>	1996
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits with licensed banks	<b>12,806</b>	42,091	<b>7,627</b>	34,598
Deposits with finance companies	-	2,013	-	1,852
Cash and bank balances	<b>4,347</b>	793	<b>2,042</b>	516
	<b>17,153</b>	44,897	<b>9,669</b>	36,966

Included in deposits with licensed banks for the Group is an amount of RM4,823,482 (1996 : RM2,800,406) deposited by a subsidiary company into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966.

16. **OTHER CREDITORS AND ACCRUED EXPENSES**

The amount includes a short-term loan of RM234,000 (1996 : Nil) obtained by a foreign subsidiary company bearing interest at 1% per month. This loan is secured against a fixed asset of the said foreign subsidiary company and is repayable in June 1998.

In addition, the amount also includes an advance of RM5,388,000 (1996 : RM5,388,000) obtained by an indirect local subsidiary company from its minority shareholder bearing interest which rate is pegged against the base lending rate of a local licensed bank. The advance has no fixed repayment term.

17. **AMOUNT DUE TO HOLDING COMPANY AND OTHER RELATED COMPANIES**

	<b>Group</b>	
	<b>1997</b>	1996
	<b>RM'000</b>	RM'000
The amount includes the following unsecured short-term loans granted by:		
The holding company to a wholly-owned subsidiary of the Company bearing interest which rate is pegged against the base lending rate of a local licensed bank	<b>42,500</b>	50,000
Other related company to another wholly-owned subsidiary company of the Company bearing interest at 4% per annum	<b>500</b>	500
	<b>43,000</b>	50,500

18. **SHARE CAPITAL**

	<b>Company</b>	
	<b>1997</b>	1996
	<b>RM'000</b>	RM'000
Authorised 1,000,000,000 ordinary shares of 50 sen each	<b>500,000</b>	500,000
Issued and fully paid 741,335,000 ordinary shares of 50 sen each	<b>370,668</b>	370,668

19. **RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	1996	<b>1997</b>	1996
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Non-distributable Reserves</b>				
Share Premium				
At beginning and end of the year	<b>25,663</b>	25,663	<b>25,663</b>	25,663
<b>Capital Reserves</b>				
At beginning of the year	<b>23,808</b>	24,040	<b>29,054</b>	29,120
Transfer to profit and loss accounts	<b>(18)</b>	(232)	<b>(9)</b>	(66)
At end of the year	<b>23,790</b>	23,808	<b>29,045</b>	29,054
<b>Exchange Differences</b>				
At beginning of the year	<b>(1,613)</b>	(1,529)	-	-
Movements during the year	<b>9,229</b>	(84)	-	-
At end of the year	<b>7,616</b>	(1,613)	-	-
<b>Distributable Reserve</b>				
Unappropriated Profit	<b>288,753</b>	233,409	<b>373,546</b>	332,347
	<b>345,822</b>	281,267	<b>428,254</b>	387,064

Based on the prevailing tax rate applicable to dividends, the balance of the estimated tax credit and tax exempt income accounts of the Company are sufficient to frank approximately RM147,392,000 (1996 : RM95,483,000) of the Company's unappropriated profit if distributed by way of dividend without additional liabilities being incurred.

20. **DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>1997</b>	1996	<b>1997</b>	1996
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Excess of capital allowances over depreciation	<b>7,150</b>	7,218	<b>3,436</b>	4,108
Other short-term timing differences	<b>(1,146)</b>	(70)	<b>(996)</b>	34
	<b>6,004</b>	7,148	<b>2,440</b>	4,142

The tax effects relating to the increase in the carrying values of revalued fixed assets are not disclosed as there is no intention to dispose of these assets in the foreseeable future.

21. **EARNINGS PER SHARE**

Earnings per ordinary share is calculated based on the Group's profit attributable to shareholders of RM76,454,000 (1996 : RM52,681,000) and the number of ordinary shares in issue of 741,335,000 shares (1996 : 741,335,000 shares).

22. **CONTINGENT LIABILITY**

The corporate guarantees amounting RM125,000,000 granted by the Company in previous years to local licensed banks for granting revolving credit facilities to a subsidiary company were withdrawn during the year. Accordingly, the Company does not have any contingent liability as at 31 December 1997.

## 23. CAPITAL COMMITMENTS

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Authorised capital expenditure not provided for in the accounts:				
- contracted	21,396	20,012	8,896	7,022
- not contracted	16,904	39,338	6,901	23,963
	<b>38,300</b>	59,350	<b>15,797</b>	30,985

## 24. HOLDING COMPANY

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

## 25. SIGNIFICANT INTER-COMPANY TRANSACTIONS

The significant inter-company transactions other than those disclosed in Note 5 are as follows:

	Group		Company	
	1997 RM'000	1996 RM'000	1997 RM'000	1996 RM'000
Sales to subsidiary companies	-	-	41,014	32,783
Purchases from a related company	-	1,613	-	1,183
Purchases from a subsidiary company	-	-	664	-

## 26. COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation.

## 27. SUBSIDIARY AND ASSOCIATED COMPANIES

	Effective Percentage of Ownership		Place of Incorporation	Principal Activities
	1997	1996		
<b>Direct Subsidiary Companies</b>				
Sabah Development Company Sdn Bhd	100	100	Malaysia	Plantation
AR Property Development Sdn Bhd	100	100	Malaysia	Plantation
Sing Mah Plantation Sdn Bhd	100	100	Malaysia	Plantation
Tanjung Bahagia Sdn Bhd	100	100	Malaysia	Plantation
Landworthy Sdn Bhd	84	84	Malaysia	Plantation
Ayer Item Oil Mill Sdn Bhd	100	100	Malaysia	FFB processing
ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	100	100	Malaysia	Provision of palm oil mill management services
Asiatic Land Development Sdn Bhd	100	100	Malaysia	Property development
Technimode Enterprises Sdn Bhd	100	100	Malaysia	Property investment
Glugor Development Sdn Bhd	100	100	Malaysia	Investments
Amalgamated Rubber (Penang) Sdn Bhd	100	100	Malaysia	Investments
Asiatic Commodities Trading Sdn Bhd	100	100	Malaysia	Pre-operating
ALD Construction Sdn Bhd	100	100	Malaysia	Pre-operating

27. **SUBSIDIARY AND ASSOCIATED COMPANIES (CONT'D.)**

	Effective Percentage of Ownership		Place of Incorporation	Principal Activities
	1997	1996		
<b>Direct Subsidiary Companies</b>				
Asiatic Vegetable Oils Refinery Sdn Bhd	100	100	Malaysia	Pre-operating
Goodheart Development Sdn Bhd	100	100	Malaysia	Pre-operating
+ ADB International Limited	100	100	Hong Kong	Pre-operating
# Mediglove Sdn Bhd	100	100	Malaysia	Dormant
Plantation Latex (Malaya) Sdn Bhd	100	100	Malaysia	Dormant
Asiatic Properties Sdn Bhd	100	100	Malaysia	Dormant
Asiaticom Sdn Bhd	100	100	Malaysia	Dormant
The Rubber Trust Limited	100	100	Hong Kong	Under members' Voluntary liquidation
Amalgamated Rubber Estates Limited	100	100	Hong Kong	Under members' Voluntary liquidation
☆ Asiatic Dipped Products Sdn Bhd	-	100	Malaysia	Manufacturing of rubber Examination gloves
☆ Britimber Sdn Bhd	-	100	Malaysia	Pre-operating
<b>Indirect Subsidiary Companies</b>				
Setiomas Sdn Bhd	100	100	Malaysia	Plantation and property development
Asiatic Indahpura Development Sdn Bhd	70	70	Malaysia	Property development
+ Asiatic Overseas Limited	100	100	Isle of Man	Investments
+ Azzon Limited	100	100	Isle of Man	Investments
+ Dongguan New Asiatic Oils and Fats Co. Ltd	55	55	The People's Republic of China	Pre-operating
Asiatic Golf Course (Sg. Petani) Bhd	100	100	Malaysia	Golf course
Asiatic Awanpura Sdn Bhd (formerly known as Asiatic PNSB Development Sdn Bhd)	70	70	Malaysia	Pre-operating
Rubber Trust Plantations Sdn Bhd	100	100	Malaysia	Liquidated
<b>Associated Companies</b>				
★ Setiacahaya Sdn Bhd	50	50	Malaysia	Property investment
Sri Gading Land Sdn Bhd	49	49	Malaysia	Property development
Serian Palm Oil Mill Sdn Bhd	40	40	Malaysia	FFB processing
@ Asiatic Ceramics Sdn Bhd	49	49	Malaysia	Bricks manufacturing
Asiatic AirBoss Tyres Sdn Bhd	50	50	Malaysia	Under members' Voluntary liquidation
+ AAT Limited	-	50	Isle of Man	De-registered
+ <i>The accounts of these companies are audited by the overseas firms associated with the auditors of the Company.</i>				
# <i>Became direct subsidiary during the year.</i>				
☆ <i>Subsidiary companies disposed of during the year.</i>				
★ <i>The accounts of this company are audited by Deloitte Touche Tohmatsu, a member firm of the auditors of the Company.</i>				
@ <i>The accounts of this company are examined by auditors other than the auditors of the Company.</i>				

## **STATEMENT BY DIRECTORS**

We, **DATO' BAHARUDDIN BIN MUSA** and **MOHD DIN JUSOH**, two of the Directors of **ASIATIC DEVELOPMENT BERHAD**, state that, in the opinion of the Directors, the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes on pages 32 to 46, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 1997 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date.

On behalf of the Board,

**DATO' BAHARUDDIN BIN MUSA**

**MOHD DIN JUSOH**

Kuala Lumpur  
21 May 1998

## **STATUTORY DECLARATION**

I, **YONG CHEE KONG**, the Officer primarily responsible for the financial management of **ASIATIC DEVELOPMENT BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes on pages 32 to 46, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed )  
**YONG CHEE KONG**, at KUALA LUMPUR on 21 May 1999. ) **YONG CHEE KONG**

Before me,

**DATO' NG MANN CHEONG**

Commissioner for Oaths  
Kuala Lumpur



## **REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes thereto, in accordance with approved auditing standards.

In our opinion:

- (a) the abovementioned accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 1997 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date; and
  - ii) the matters required by Section 169 of the Act to be dealt with in the accounts and consolidated accounts; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and auditors' reports of the subsidiary companies as shown in Note 27 to the accounts of which we have acted as auditors, being accounts that have been included in the consolidated accounts.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the accounts of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

**KASSIM CHAN & CO.**

AF 0080

Public Accountants

**NG MENG KWAI**

1303/5/98 (J/PH)

Partner

Kuala Lumpur

21 May 1998

## TEN – YEAR SUMMARY

### FINANCIAL

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>RM '000</b>										
Profit before taxation#	102,382	68,564	96,815	46,168	34,864	49,022	29,181	21,937	39,711	38,869
Taxation	(26,191)	(15,875)	(21,184)	(10,312)	(7,255)	(9,715)	(7,244)	(2,727)	(8,812)	(12,484)
Profit after taxation	76,191	52,689	75,631	35,856	27,609	39,307	21,937	19,210	30,899	26,385
Profit attributable to shareholders	76,454	52,681	76,058	36,266	27,775	39,514	22,250	19,383	30,936	26,385
Issued capital	370,668	370,668	370,668	370,668	365,315	364,502	363,754	327,101	326,318	326,318
Unappropriated profit	288,753	233,409	201,253	143,965	125,471	113,795	90,407	82,350	74,662	56,462
Other reserves	57,069	47,858	48,174	48,296	44,939	33,081	32,399	20,894	20,262	21,023
Shareholders' funds	716,490	651,935	620,095	562,929	535,725	511,378	486,560	430,345	421,242	403,803
Minority interests	18,114	10,855	9,101	5,773	6,349	746	1,457	790	963	-
Deferred taxation	56,004	7,148	6,607	4,566	5,605	5,841	5,789	5,902	5,979	4,855
Retirement benefits	1,092	1,197	1,233	1,406	1,693	1,687	2,002	2,048	1,847	1,883
Capital employed	741,700	671,135	637,036	574,674	549,372	519,652	495,808	439,085	430,031	410,541
Fixed assets	507,689	507,860	461,141	490,505	448,952	436,438	417,266	357,742	351,198	335,516
Property development	190,119	170,293	80,351	26,283	16,847	7,061	-	-	-	-
Associated companies	27,392	24,592	20,290	2,443	2,557	1,071	-	-	-	-
Investments	2,014	2,014	807	6,183	-	-	-	-	4,225	22,939
Net current assets/(liabilities)	727,214	704,759	562,589	525,414	468,356	444,570	417,266	357,742	355,423	358,455
	14,486	(33,624)	74,447	49,260	81,016	75,082	78,542	81,343	74,608	52,086
Employment of capital	741,700	671,135	637,036	574,674	549,372	519,652	495,808	439,085	430,031	410,541
Earnings per share (sen)*	10.3	7.1	10.3	4.9	3.7	5.3	3.0	2.6	4.2	3.6
Net dividend per share (sen)*	2.8	2.8	2.7	2.5	2.2	2.2	1.9	1.6	1.7	1.5
Dividend cover (times)	3.6	2.5	3.8	2.0	1.7	2.5	1.6	1.7	2.4	2.3
Current ratio	1.1	0.7	2.1	1.7	2.6	3.1	3.1	4.4	3.4	2.5
Net tangible assets per share (sen)*	96.6	87.9	83.6	75.9	72.3	69.0	65.6	58.0	56.8	54.5
Return (after tax and minority interests) on average Shareholders' funds (%)	11.2	8.3	12.9	6.6	5.3	7.9	4.9	4.6	7.5	6.6
Market share price										
- highest (RM)	3.18	3.16	3.12	5.15	5.90	1.66	1.29	1.56	1.26	1.33
- lowest (RM)	0.88	2.16	2.32	2.52	1.28	0.69	0.85	0.97	1.02	0.91

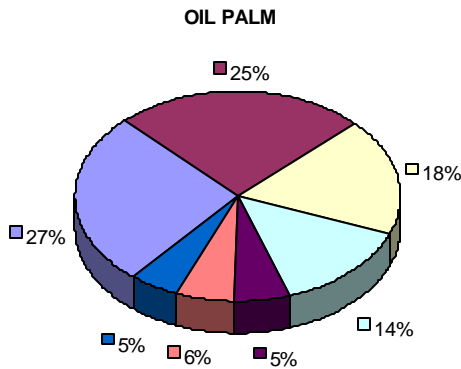
# Figures are adjusted to reflect the compliance with International Accounting Standard 8(IAS8): Net profit or loss for the period, fundamental errors and changes in accounting policies which come into effect on 1 January 1997.

\* Adjusted to reflect the increased number of ordinary shares of the Company.

**OPERATIONS**

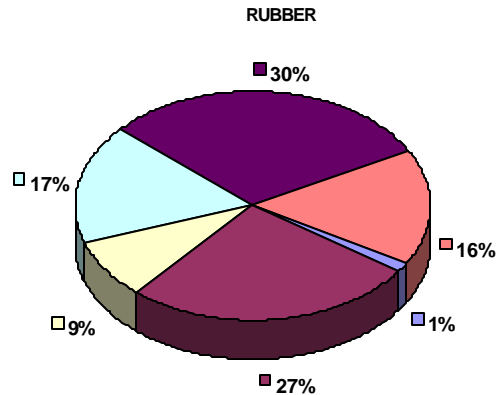
	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Oil Palm</b>										
FFB Production (Mt)	481,696	415,813	375,701	344,271	361,874	345,644	303,703	225,121	230,891	170,955
Yield Per Mature Hectares (Mt)	18.8	17.4	17.3	19.5	22.6	22.8	20.5	21.0	23.1	18.2
Average Selling Prices										
Crude Palm Oil (RM/Mt)	1,370	1,209	1,453	1,120	876	911	823	691	818	1,010
Palm Kernel (RM/Mt)	770	805	728	705	443	633	480	375	547	621
<b>Rubber</b>										
Production (' 000 kg)	2,141	2,416	2,540	3,299	3,739	4,830	6,648	7,676	9,155	10,929
Yield Per Mature Hectares (kg)	1,171	1,197	1,070	1,170	1,245	1,348	1,563	1,408	1,490	1,718
Average Selling Prices of All Grades (Sen/kg)	246	332	513	354	303	282	283	274	292	357

**AGE PROFILE AS AT 31 DECEMBER 1997**



YEARS	HECTARES	Percentage
<3	9,483	27%
3-5	8,914	25%
6-10	6,424	18%
11-15	4,975	14%
16-20	1,966	5%
21-25	2,079	6%
>25	1,808	5%
<b>Total</b>	<b>35,649</b>	<b>100%</b>

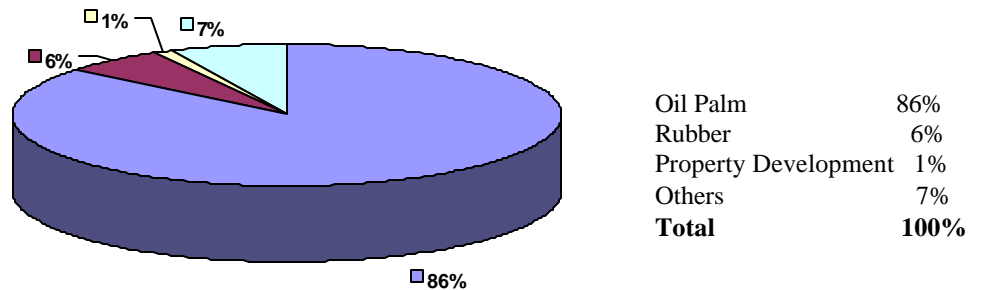
YEARS	HECTARES	Percentage
<5	32	1%
5-10	622	27%
11-15	198	9%
16-20	392	17%
21-25	707	30%
>25	385	16%
<b>Total</b>	<b>2,336</b>	<b>100%</b>



**LAND AREAS (HECTARES)**

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Planted Area</b>										
<b>Oil Palm</b>										
Mature	26,166	24,008	23,637	19,653	16,435	15,523	14,763	10,557	10,216	9,308
Immature	9,483	10,793	10,797	11,704	11,474	11,511	5,638	1,797	1,517	2,415
	<b>35,649</b>	<b>34,801</b>	<b>34,434</b>	<b>31,357</b>	<b>27,909</b>	<b>27,034</b>	<b>20,401</b>	<b>12,354</b>	<b>11,733</b>	<b>11,723</b>
<b>Rubber</b>										
Mature	2,304	2,704	2,680	3,235	2,992	3,654	4,122	5,081	6,076	6,310
Immature	32	52	264	536	2,002	2,352	2,088	1,359	680	598
	<b>2,336</b>	<b>2,756</b>	<b>2,944</b>	<b>3,771</b>	<b>4,994</b>	<b>6,006</b>	<b>6,210</b>	<b>6,440</b>	<b>6,756</b>	<b>6,908</b>
<b>Durian &amp; Others</b>										
Mature	0	0	104	583	558	766	668	519	453	368
Immature	34	34	34	79	104	32	182	324	437	518
	34	34	138	662	662	798	850	843	890	886
<b>Total Planted Area</b>	<b>38,019</b>	<b>37,591</b>	<b>37,516</b>	<b>35,790</b>	<b>33,565</b>	<b>33,838</b>	<b>27,461</b>	<b>19,637</b>	<b>19,379</b>	<b>19,517</b>
Unplanted Jungle Area	1,208	1,773	3,222	4,521	6,503	5,167	8,022	7,390	8,094	8,094
Labour Lines, Buildings, Infrastructure etc.	1,735	1,695	1,254	1,170	1,521	1,497	977	1,145	699	569
Property Development	515	665	190	337	337	0	0	0	0	0
<b>Total Titled Area</b>	<b>41,477</b>	<b>41,724</b>	<b>42,182</b>	<b>41,818</b>	<b>41,926</b>	<b>40,502</b>	<b>36,460</b>	<b>28,172</b>	<b>28,172</b>	<b>28,180</b>

**LAND USE AS AT 31 DECEMBER 1997**



## LOCATION OF GROUP PROPERTIES

Properties & Location	Tenure	Hectares		Crop Planted	Mill/ Others (Age-years)	Net Book Value As at 31 Dec 1997 (RM'000)
		Plantation	Property Development			
<b>A. NORTH</b>						
1. Paya Kamunting Estate, Jitra, Kedah	Freehold	563		Rubber, Oil Palm		7,715
2. Bukit Sembilan/Riverside Estate, Baling/Sg. Petani, Kedah	Freehold	806	156	Rubber, Oil Palm	Permaipura Golf & Country Club (2)	89,200
3. Selama Estate, Serdang & Kulim, Kedah/Selama, Perak	Freehold	1,856		Rubber, Oil Palm		24,348
	<b>Sub-Total</b>	3,225	156			121,263
<b>B. CENTRAL</b>						
4. Bute/Dominion Estate, Sepang & Ulu Langat, Selangor	Freehold	843		Rubber, Oil Palm, Orchard		15,632
5. Tebong/Repah Estate, Jasin & Alor Gajah, Melaka/Tampin & Kuala Pilah, Negeri Sembilan	Freehold	2,421		Rubber, Oil Palm		31,239
6. Cheng Estate, Melaka Tengah, Alor Gajah & Kuala Linggi, Melaka	Freehold	808	22	Rubber, Oil Palm		50,229
7. Tanah Merah Estate, Tangkak, Johor	Freehold	1,906		Rubber, Oil Palm		26,691
	<b>Sub-Total</b>	5,978	22			123,791
<b>C. SOUTH</b>						
8. Sg. Rayat Estate, Batu Pahat, Johor	Freehold	1,708		Oil Palm		29,739
9. Sri Gading Estate, Batu Pahat, Johor	Freehold	3,673		Oil Palm		64,186
10. Sing Mah Estate, Air Hitam, Johor	Freehold	669		Oil Palm	Mill (17)	13,383
11. Kulai Besar (North) Estate, Simpang Renggam, Johor	Freehold	693		Oil Palm		
12. Kulai Besar Estate, Kulai, Johor	Freehold	2,537	176	Oil Palm	Mill (8)	271,458
13. Setiamas Estate, Kulai & Batu Pahat, Johor	Freehold	256	161	Oil Palm		108,072
	<b>Sub-Total</b>	9,536	337			486,838
<b>D. SABAH</b>						
14. Sabapalm Estate, Labuk Valley (Expiring on 9/7/2887) (Expiring on 31/12/2085)	Leasehold (999 yrs) Leasehold (99 yrs)	4,077 283		Oil Palm	Mill (27)	39,150
15. Sri Tanjung Estate, Kinabatangan (Expiring on 31/12/2086)	Leasehold (99 yrs)	4,153		Oil Palm	Mill (3)	42,907
16. Sri Bahagia Estate, Kinabatangan (Expiring on 31/12/2086)	Leasehold (99 yrs)	3,941		Oil Palm		28,050
17. Sri Tenegang Estate, Kinabatangan (Expiring on 31/12/2088)	Leasehold (99 yrs)	4,047		Oil Palm		25,998
18. Sri Landworthy Estate, Kinabatangan (Expiring on 31/12/2083)	Leasehold (99 yrs)	4,039		Oil Palm		19,699
19. Sri Layang Estate, Kinabatangan (Expiring on 31/12/2090)	Leasehold (99 yrs)	1,683		Oil Palm		6,649
	<b>Sub-Total</b>	22,223	0			162,453
	<b>Total</b>	<b>40,962</b>	<b>515</b>			
<b>PROPERTY MANAGED</b>						
20. Bundoora Estate, Ulu Yam, Selangor	Freehold	105		Oil Palm		
<b>OTHERS</b>						
21. Asiatic Regional Office, Sandakan, Sabah (Expiring on 9/7/2887)	Leasehold (999 yrs)	1,206 (sq.m)			Office (13)	141
22. Asiatic Vegetable Oils Refinery, Sandakan, Sabah (Expiring on 31/12/2080)	Leasehold (99 yrs)	8				3,362
23. Bangi Factory, Selangor (Expiring on 29/9/2086)	Leasehold (99 yrs)	12,140 (sq.m)			Factory (16)	2,888
24. Dongguan New Asiatic, Guangdong Province, China (Expiring on 20/4/2043)	Leasehold (50 yrs)	41,316 (sq.m)			Refinery (3)	17,292
<b>TOTAL</b>						<b>918,028</b>



## ANALYSIS OF SHAREHOLDINGS

AS AT 12 MAY 1998

Class of Shares : Ordinary Shares of 50 sen each

Voting Rights : One vote per share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 499	53	0.26	7,644	0.00
500 - 5,000	16,740	82.70	35,267,264	4.76
5,001 - 10,000	1,985	9.81	16,258,609	2.19
10,001 - 100,000	1,321	6.53	35,245,448	4.75
100,001 - 1,000,000	126	0.62	33,254,735	4.49
1,000,001 & above	16	0.08	621,301,300	83.81
<b>Total</b>	<b>20,241</b>	<b>100.00</b>	<b>741,335,000</b>	<b>100.00</b>

### TWENTY (20) LARGEST SHAREHOLDERS AS PER REGISTER OF MEMBERS

Name	No. of Shares Held	% of Issued Capital
1. Genting Berhad	405,210,000	54.66
2. Lembaga Tabung Angkatan Tentera	175,779,500	23.71
3. OCBC Securities Private Limited	9,155,500	1.24
4. Genting Equities (Hong Kong ) Limited	7,139,000	0.96
5. Malaysia Nominees (Tempatan) Sendirian Berhad	4,988,500	0.67
6. Cartaban Nominees (Asing) Sdn Bhd	4,766,300	0.64
7. Citicorp Nominees (Asing) Sdn Bhd	4,499,000	0.61
8. The Great Eastern Life Assurance Company Limited	3,373,000	0.45
9. Maimoon Omar @ Moonyra Baharuddin	2,418,000	0.33
10. Employees Provident Fund Board	2,051,000	0.28
11. Malaysia Nominees (Asing) Sendirian Berhad	1,932,000	0.26
12. Pacific Nominees (Asing) Sdn Bhd	1,691,000	0.23
13. Multi-Purpose Bank Nominees (Tempatan) Sdn Bhd	1,607,000	0.22
14. Mayban Nominees (Tempatan) Sdn Bhd	1,594,000	0.22
15. Universal Trustee (Malaysia) Berhad	1,586,000	0.21
16. Amanah Raya Nominees (Tempatan) Sdn Bhd	1,579,000	0.21
17. Malaysia National Insurance Berhad	1,445,000	0.19
18. Mayban Securities Nominees (Tempatan) Sdn Bhd	1,194,250	0.16
19. Ban Dung Palm Oil Industries Sdn Bhd	1,071,000	0.14
20. HSBC Nominees (Asing) Sdn Bhd	1,015,000	0.14
<b>Total</b>	<b>634,094,050</b>	<b>85.53</b>

### SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Shareholdings registered in the names of Substantial Shareholders	% of Issued Capital	Other Shareholdings in which the Substantial Shareholders are deemed to have an interest	% of Issued Capital
Genting Berhad	405,171,000	54.65	7,139,000	0.96
Lembaga Tabung Angkatan Tentera	175,739,500	23.71	-	-
Kien Huat Realty Sdn Bhd	-	-	405,171,000	54.65
Parkview Management Sdn Bhd	-	-	405,171,000	54.65



**ASIATIC DEVELOPMENT BERHAD**  
**(34993-X) (Incorporated in Malaysia)**

**FORM OF PROXY**

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

**"A"**

I/We \_\_\_\_\_

*(FULL NAME IN BLOCK CAPITALS)*

of \_\_\_\_\_

*(ADDRESS)*

being a member / members of ASIATIC DEVELOPMENT BERHAD hereby appoint \*the CHAIRMAN OF THE MEETING

or \_\_\_\_\_

*(FULL NAME)*

of \_\_\_\_\_

*(ADDRESS)*

or failing him \_\_\_\_\_

*(FULL NAME)*

of \_\_\_\_\_

*(ADDRESS)*

as my / our \*first proxy to attend and vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on Friday, 19 June 1998 at 9.00 a.m. and at any adjournment thereof.

**"B"**

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

I/We \_\_\_\_\_

*(FULL NAME IN BLOCK CAPITALS)*

of \_\_\_\_\_

*(ADDRESS)*

being a member / members of ASIATIC DEVELOPMENT BERHAD hereby appoint

\_\_\_\_\_

*(FULL NAME)*

of \_\_\_\_\_

*(ADDRESS)*

or failing him \_\_\_\_\_

*(FULL NAME)*

of \_\_\_\_\_

*(ADDRESS)*

as my / our \*second proxy to attend and vote for me / us on my/ our behalf at the Annual General Meeting of the Company to be held on Friday, 19 June 1998 at 9.00 a.m. and at any adjournment thereof.



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

First Proxy "A"	%
Second Proxy "B"	%
	100%

In case of a vote taken by a show of hands \*First Proxy "A" / \*Second Proxy "B" shall vote on my / our behalf.  
My / our proxies shall vote as follows:

<b>ORDINARY RESOLUTION</b>		First Proxy "A"		Second Proxy "B"	
		For	Against	For	Against
To receive and adopt the Audited Accounts	Resolution 1				
To sanction the declaration of a final dividend	Resolution 2				
To approve Directors' fees	Resolution 3				
To re-elect Directors:					
(i) Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Resolution 4				
(ii) Lt. Gen. (B) Dato' Abdul Ghani bin Abdullah	Resolution 5				
To re-appoint Tan Sri Mohd Amin bin Osman as a Director in Accordance with Section 129 of the Companies Act, 1965	Resolution 6				
To re-appoint Tan Sri Lim Goh Tong as a Director in accordance with Section 129 of the Companies Act, 1965	Resolution 7				
To re-appoint Dato' Siew Nim Chee as a Director in accordance with Section 129 of the Companies Act, 1965	Resolution 8				
To re-appoint Auditors	Resolution 9				

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 1998

No. of Shares held	
--------------------	--

*\*Delete if inapplicable*

.....  
Signature of Member(s)

**NOTES**

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

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

*In the case of joint holdings, the vote of the first named in the Register of Members will be accepted to the exclusion of other joint holders.*