

ASIATIC DEVELOPMENT BERHAD

(Company No. 34993-X)

(Incorporated in Malaysia)

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

(In Ringgit Malaysia)

ASIATIC DEVELOPMENT BERHAD (*Company No. 34993-X*)
(*Incorporated in Malaysia*)

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

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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 financial year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

The principal activities of the Group include plantation, property development and manufacturing.

Details of the principal activities of the Group are set out in Note 29 to the accounts.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

| | Group RM'000 | Company RM'000 |
|--|-------------------------|---------------------------|
| Profit before taxation | 272,841 | 140,267 |
| Taxation | 75 | (5,669) |
| Profit after taxation | 272,916 | 134,598 |
| Minority interests | (6,631) | - |
| Profit attributable to shareholders | 266,285 | 134,598 |
| Unappropriated profit at beginning of the year | 390,133 | 452,426 |
| Transfer from revaluation reserve | 365 | 365 |
| Profit available for appropriation | 656,783 | 587,389 |
| Dividends: | | |
| Interim - 1.5 sen less 28% tax per share | (8,006) | (8,006) |
| Proposed final - 3.5 sen less 28% tax per share | (18,682) | (18,682) |
| | (26,688) | (26,688) |
| Unappropriated profit at end of the year | 630,095 | 560,701 |

DIVIDENDS

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

- (i) a final dividend of 3.0 sen less 28% tax per ordinary share of 50 sen each amounting to RM16,012,836 in respect of the financial year ended 31 December 1998 and which has been dealt with in the previous Directors' report was paid on 9 June 1999; and
- (ii) an interim dividend of 1.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM8,006,418 in respect of the financial year ended 31 December 1999 was paid on 19 October 1999.

The Directors recommend payment of a final dividend of 3.5 sen less 28% tax per ordinary share of 50 sen each in respect of the current financial year to be paid on 24 July 2000 to shareholders registered in the Register of Members at the close of business on 6 July 2000. 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 RM18,681,642.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 21 to the accounts.

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares and debentures during the financial year.

DIRECTORATE

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

Tan Sri Mohd Amin bin Osman
Dato' Baharuddin bin Musa
Dato' Lim Kok Thay
Tan Sri Lim Goh Tong
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*)

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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; Resorts World Bhd, GB Credit & Leasing Sdn Bhd and Genting International PLC, all of which are related companies or corporation as set out below:

INTEREST IN THE COMPANY

| Shareholdings in the names of Directors | 1.1.1999 | Acquired/ (Disposed) | 31.12.1999 |
|---|---|-----------------------------|-------------------|
| | (Number of ordinary shares of 50 sen each) | | |
| Tan Sri Mohd Amin bin Osman | 164,000 | - | 164,000 |
| Dato' Baharuddin bin Musa | 613,000 | - | 613,000 |
| Dato' Lim Kok Thay | 144,000 | - | 144,000 |
| Tan Sri Lim Goh Tong | 437,500 | - | 437,500 |
| Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad | 140,000 | - | 140,000 |
| Dato' Siew Nim Chee | - | 10,000 | 10,000 |

INTEREST IN GENTING BERHAD, THE ULTIMATE HOLDING COMPANY

| Shareholdings in the names of Directors | 1.1.1999 | Acquired/ (Disposed) | 31.12.1999 |
|---|---|-----------------------------|-------------------|
| | (Number of ordinary shares of 50 sen each) | | |
| Tan Sri Mohd Amin bin Osman | 8,000 | - | 8,000 |
| Dato' Baharuddin bin Musa | 115,500 | - | 115,500 |
| Dato' Lim Kok Thay | 2,553,000 | - | 2,553,000 |
| Tan Sri Lim Goh Tong | 6,681,000 | - | 6,681,000 |
| Mr Quah Chek Tin (Alternate to Dato' Lim Kok Thay) | 1,000 | - | 1,000 |

| Shareholdings in which the Directors are deemed to have an interest | 1.1.1999 | Acquired/ (Disposed) | 31.12.1999 |
|--|---|-----------------------------|-------------------|
| | (Number of ordinary shares of 50 sen each) | | |
| Dato' Baharuddin bin Musa | 3,000 | - | 3,000 |
| Dato' Lim Kok Thay | 11,523,996 | - | 11,523,996 |

| Share Option in the names of Directors | 1.1.1999 | Offered/(Exercised) | 31.12.1999 |
|---|--|----------------------------|-------------------|
| | (Number of unissued ordinary shares of 50 sen each) | | |
| Tan Sri Mohd Amin bin Osman | 400,000 | - | 400,000 |
| Dato' Lim Kok Thay | 400,000 | - | 400,000 |
| Tan Sri Lim Goh Tong | 600,000 | - | 600,000 |

INTEREST IN RESORTS WORLD BHD, A RELATED COMPANY

| Shareholdings in the names of Directors | 1.1.1999 | Acquired/ (Disposed) | 31.12.1999 |
|---|---|-----------------------------|-------------------|
| | (Number of ordinary shares of 50 sen each) | | |
| Tan Sri Mohd Amin bin Osman | 122,000 | - | 122,000 |
| Dato' Baharuddin bin Musa | 25,000 | - | 25,000 |
| Dato' Lim Kok Thay | 2,610,000 | (2,610,000) | - |
| Mr Quah Chek Tin (Alternate to Dato' Lim Kok Thay) | 1,000 | - | 1,000 |

| Share Option in the names of Directors | 1.1.1999 | Offered/(Exercised) | 31.12.1999 |
|---|--|----------------------------|-------------------|
| | (Number of unissued ordinary shares of 50 sen each) | | |
| Dato' Lim Kok Thay | 175,000 | - | 175,000 |
| Tan Sri Lim Goh Tong | 300,000 | - | 300,000 |

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

| Shareholdings in the name of a Director | 1.1.1999 | Acquired/ (Disposed) | 31.12.1999 |
|--|---|-----------------------------|-------------------|
| | (Number of ordinary shares of RM1.00 each) | | |
| Dato' Baharuddin bin Musa | 220,000 | - | 220,000 |

INTEREST IN GENTING INTERNATIONAL PLC, A RELATED CORPORATION

| Shareholdings in the names of Directors | 1.1.1999 | Acquired/ (Disposed) | 31.12.1999 |
|--|---|-----------------------------|-------------------|
| | (Number of ordinary shares of US\$0.10 each) | | |
| Dato' Lim Kok Thay | 623,000 | (623,000) | - |
| Tan Sri Lim Goh Tong | 1,832,468 | - | 1,832,468 |

| Shareholdings in which the Director is deemed to have an interest | 1.1.1999 | Acquired/(Disposed) | 31.12.1999 |
|--|---|----------------------------|-------------------|
| | (Number of ordinary shares of US\$0.10 each) | | |
| Dato' Lim Kok Thay | 4,649,598 | (4,649,598) | - |

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

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- (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) Tan Sri Mohd Amin bin Osman has been retained by Genting Berhad, the holding company, as a consultant to provide management and ancillary services.
- (ii) Tan Sri Mohd Amin bin Osman has been retained by Resorts World Bhd ("RWB"), a related company, to provide advisory services.
- (iii) A company in which Dato' Lim Kok Thay is a director and a substantial shareholder has retained the Company to provide plantation advisory services.
- (iv) RWB has extended a housing loan to Mr Quah Chek Tin to enable him to acquire a home. The housing loan was fully redeemed on 28 March 2000.
- (v) 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.
- (vi) GB Credit & Leasing Sdn Bhd, a related company, in which Dato' Baharuddin bin Musa has substantial financial interest and in which he and Mr Quah Chek Tin are directors, has extended a loan to a subsidiary company. The loan was fully repaid on 30 November 1999.
- (vii) A company in which Tan Sri Lim Goh Tong is a director and substantial shareholder has 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.

Encik Mohd Din Jusoh is due to retire by rotation in accordance with Article 99 of the Articles of Association of the Company and he, being eligible, offers himself for re-election.

Tan Sri Mohd Amin bin Osman, Tan Sri Lim Goh Tong, Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad 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 provision 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.

ASIATIC DEVELOPMENT BERHAD (*Company No. 34993-X*)

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.

ULTIMATE HOLDING COMPANY

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

YEAR 2000

After having taken remedial action on all hardware, software and communication systems to provide for Year 2000 readiness, the Group and the Company had a smooth roll over to the Year 2000 and have not encountered any material adverse effect on their operations to-date.

AUDITORS

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

On behalf of the Board,

DATO' BAHARUDDIN BIN MUSA
Joint Chief Executive and Director

MOHD DIN JUSOH
Director

Kuala Lumpur
12 April 2000

ASIATIC DEVELOPMENT BERHAD (*Company No. 34993-X*)
(Incorporated in Malaysia)
AND SUBSIDIARY COMPANIES

**PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

| Amounts in RM'000 unless otherwise stated | Note(s) | Group | | Company | |
|--|---------|-----------------|----------|-----------------|----------|
| | | 1999 | 1998 | 1999 | 1998 |
| OPERATING REVENUE | 3 & 4 | 446,811 | 351,304 | 124,051 | 136,557 |
| Profit before share in results of associated companies | | 273,256 | 164,856 | 140,267 | 140,228 |
| Share in results of associated companies | | (415) | 148 | - | - |
| PROFIT BEFORE TAXATION | 4 & 5 | 272,841 | 165,004 | 140,267 | 140,228 |
| Taxation | 6 | 75 | (40,957) | (5,669) | (37,533) |
| PROFIT AFTER TAXATION | | 272,916 | 124,047 | 134,598 | 102,695 |
| Minority interests | | (6,631) | 955 | - | - |
| PROFIT ATTRIBUTABLE TO SHAREHOLDERS | | 266,285 | 125,002 | 134,598 | 102,695 |
| Unappropriated profit at beginning of the year | | 390,133 | 288,753 | 452,426 | 373,546 |
| Transfer from revaluation reserve | 21 | 365 | 397 | 365 | 204 |
| PROFIT AVAILABLE FOR APPROPRIATION | | 656,783 | 414,152 | 587,389 | 476,445 |
| Appropriation: | | | | | |
| Dividends | 7 | (26,688) | (24,019) | (26,688) | (24,019) |
| UNAPPROPRIATED PROFIT AT END OF THE YEAR | 21 | 630,095 | 390,133 | 560,701 | 452,426 |
| EARNINGS PER SHARE | 24 | 35.9 sen | 16.9 sen | | |

The notes set out on pages 12 to 34 form part of these accounts.

ASIATIC DEVELOPMENT BERHAD (Company No. 34993-X)
(Incorporated in Malaysia)
AND SUBSIDIARY COMPANIES

BALANCE SHEETS
AS AT 31 DECEMBER 1999

| Amounts in RM'000 unless otherwise stated | Note | Group | | Company | |
|---|------|------------------|-----------|-----------------|-----------|
| | | 1999 | 1998 | 1999 | 1998 |
| EMPLOYMENT OF CAPITAL: | | | | | |
| FIXED ASSETS | 8 | 502,789 | 500,497 | 278,215 | 279,247 |
| REAL PROPERTY ASSETS | 9 | 231,246 | 221,170 | - | - |
| SUBSIDIARY COMPANIES | 10 | - | - | 705,952 | 693,132 |
| ASSOCIATED COMPANIES | 11 | 21,971 | 27,948 | 21,959 | 27,193 |
| INVESTMENTS | 12 | 638 | 1,438 | 373 | 839 |
| CURRENT ASSETS | | | | | |
| Property development | 13 | 195,076 | 159,274 | - | - |
| Stocks | 14 | 6,242 | 8,313 | 1,569 | 3,579 |
| Trade debtors | | 48,215 | 36,408 | 3,443 | 2,406 |
| Other debtors, deposits and prepayments | 15 | 16,009 | 17,123 | 8,394 | 10,969 |
| Short-term investments | 16 | 22,814 | 3,551 | 22,731 | 3,391 |
| Bank balances and deposits | 17 | 167,586 | 15,263 | 116,552 | 8,380 |
| | | 455,942 | 239,932 | 152,689 | 28,725 |
| LESS CURRENT LIABILITIES | | | | | |
| Trade creditors | | 70,057 | 61,747 | 679 | 301 |
| Other creditors and accrued expenses | | 31,588 | 29,802 | 16,575 | 14,029 |
| Short term borrowings | 18 | 186 | 702 | - | - |
| Amount due to ultimate holding company and other related companies | 19 | 22 | 254 | 22 | 254 |
| Amount due to subsidiary companies | 10 | - | - | 131,458 | 95,904 |
| Provision for taxation | | 9,947 | 47,373 | 4,679 | 22,776 |
| Proposed dividend | | 18,682 | 16,013 | 18,682 | 16,013 |
| | | 130,482 | 155,891 | 172,095 | 149,277 |
| NET CURRENT ASSETS/(LIABILITIES) | | 325,460 | 84,041 | (19,406) | (120,552) |
| | | 1,082,104 | 835,094 | 987,093 | 879,859 |
| CAPITAL EMPLOYED: | | | | | |
| SHARE CAPITAL | 20 | 370,668 | 370,668 | 370,668 | 370,668 |
| RESERVES | 21 | 678,091 | 438,479 | 614,840 | 506,930 |
| | | 1,048,759 | 809,147 | 985,508 | 877,598 |
| SHAREHOLDERS' FUNDS | | 1,048,759 | 809,147 | 985,508 | 877,598 |
| LONG TERM BORROWINGS | 22 | 5,388 | 5,388 | - | - |
| MINORITY INTERESTS | | 21,316 | 14,718 | - | - |
| DEFERRED TAXATION | 23 | 6,641 | 5,841 | 1,585 | 2,261 |
| | | 1,082,104 | 835,094 | 987,093 | 879,859 |
| NET TANGIBLE ASSETS PER SHARE | | 141.4 sen | 109.1 sen | | |

The notes set out on pages 12 to 34 form part of these accounts.

ASIATIC DEVELOPMENT BERHAD (Company No. 34993-X)
(Incorporated in Malaysia)
AND SUBSIDIARY COMPANIES

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999**

Amounts in RM'000 unless otherwise stated

| | Note | 1999 | 1998 |
|---|------|----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 272,841 | 165,004 |
| Adjustments for: | | | |
| Depreciation of fixed assets | | 10,033 | 9,594 |
| Write down of long-term investment in a quoted foreign corporation | | 800 | 691 |
| Share of profits of associated companies | | 415 | (148) |
| Fixed assets written off | | 85 | 74 |
| Interest expense | | 19 | 3,689 |
| Exceptional gain arising from freehold land and plantation acquired by the government | | (54,921) | (7,776) |
| Interest income | | (4,779) | (3,938) |
| Gain on disposal of fixed assets | | (71) | (39) |
| | | (48,419) | 2,147 |
| Operating profit before changes in working capital | | 224,422 | 167,151 |
| Increase in property development expenditure | | (35,802) | (41,690) |
| Decrease/(Increase) in stocks | | 2,071 | (3,194) |
| (Increase)/Decrease in debtors, deposits and prepayments | | (10,596) | 2,989 |
| Increase in creditors and accrued expenses | | 10,096 | 1,455 |
| Increase/(Decrease) in effect of currency translation | | 17 | (1,260) |
| | | (34,214) | (41,700) |
| Cash generated from operations | | 190,208 | 125,451 |
| Tax paid | | (36,561) | (22,679) |
| NET CASH FROM OPERATING ACTIVITIES | | 153,647 | 102,772 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds arising from freehold land and plantation acquired by the government | | 57,230 | 8,814 |
| Interest received | | 4,779 | 3,938 |
| Proceeds from redemption of preference shares in an associated company | | 4,331 | - |
| Repayment from an associated company | | 2,031 | - |
| Dividend received from an associated company | | 338 | 587 |
| Proceeds from disposal of fixed assets | | 81 | 76 |
| Advances from ultimate holding company | | 25 | 385 |
| Purchase of fixed assets | | (14,826) | (13,381) |
| Investment in real property assets | | (10,076) | (31,051) |
| Advances to associated companies | | (1,128) | (2,256) |
| Advances to a related company | | (250) | - |
| Repayments to other related companies | | (7) | (511) |
| NET CASH FROM/(USED IN) INVESTING ACTIVITIES | | 42,528 | (33,399) |

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999 (Continued)**

Amounts in RM'000 unless otherwise stated

Note 1999 1998

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|-----------------|-----------------|
| Dividends paid | (24,019) | (21,350) |
| Repayments of short term borrowings | (516) | - |
| Dividends paid to minority shareholders | (35) | (35) |
| Interest paid | (19) | (3,827) |
| Repayment of loan borrowed from ultimate holding company | - | (42,500) |
| NET CASH USED IN FINANCING ACTIVITIES | (24,589) | (67,712) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 171,586 | 1,661 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 18,814 | 17,153 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 190,400 | 18,814 |

Analysis of cash and cash equivalents

| | | | |
|--|----|---------|--------|
| Bank balances and deposits | 17 | 167,586 | 15,263 |
| Short-term investments | | 22,814 | 3,551 |
| Cash and cash equivalents at end of the year | | 190,400 | 18,814 |

The notes set out on pages 12 to 34 form part of these accounts.

ASIATIC DEVELOPMENT BERHAD (*Company No. 34993-X*)
(*Incorporated in Malaysia*)
AND SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS
31 DECEMBER 1999

Amounts in RM'000 unless otherwise stated

1. PRINCIPAL ACTIVITIES

The Company is principally involved in plantation and investment holding.

The principal activities of the Group include plantation, property development and manufacturing.

Details of the principal activities of the Group are set out in Note 29.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

Basis of Consolidation

The consolidated accounts include the audited accounts of the Company and all its subsidiary companies made up to the end of the financial year.

Subsidiary companies are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests.

Goodwill

Goodwill arising on consolidation which represents the excess of purchase price over the fair value of the net assets of the subsidiary/associated companies at the date of acquisition, is written off through the profit and loss account in the year of acquisition.

2. **SIGNIFICANT ACCOUNTING POLICIES** (*Continued*)

Fixed Assets and Depreciation

Fixed assets are stated at cost modified by the revaluation of certain fixed assets less accumulated depreciation and amortisation.

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 - 50 |

Freehold land and plantation and fixed assets which are under construction are not depreciated. Leasehold land and plantation with unexpired lease of more than ninety-nine years are not amortised where the effect is not material to the accounts.

New Planting and Replanting Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under freehold and leasehold land respectively. New planting expenditure capitalised under freehold land are not amortised while those capitalised under leasehold land are amortised in accordance with the depreciation policy of the Group.

Replanting expenditure is charged to the profit and loss account in the year in which the expenditure is incurred.

Real Property Assets, Property Development And Recognition of Profit

Real property assets comprise of land held for development and are stated at cost of acquisition modified by the revaluation of certain pieces of land. Cost of acquisition includes all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use. These assets remain as real property assets until the launching of sales of these properties, upon which they are transferred to property development.

Property development comprise land at carrying values, development expenditure and attributable profit less progress billings where the projects are expected to complete within the normal operating cycle of one to three years.

2. **SIGNIFICANT ACCOUNTING POLICIES** (*Continued*)

Real Property Assets, Property Development And Recognition of Profit (*Continued*)

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 year. Anticipated losses are immediately recognised in the profit and loss accounts.

Subsidiary Companies

A subsidiary company is a company in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies are stated at cost. These investments are only written down when the Directors consider that there is a permanent diminution in the value of the investments.

Associated Companies

An associated company is a company, other than a subsidiary 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.

Investments in associated companies are stated at cost. These investments are only written down when the Directors consider that there is a permanent diminution in the value of the investments.

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.

Investments

Long-term investments are stated at cost. These 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (*Continued*)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes, where relevant, appropriate proportions of overheads and is determined on the weighted average basis, after considering for all items obsolete or slow moving.

Receivables

Receivables are carried at estimated realisable value. An estimate is made for doubtful receivables based on review of all outstanding amounts at the financial year end. Bad debts are written off during the year in which they are identified.

Deferred Taxation

Deferred tax accounting using the "liability" method is adopted by the Group. Deferred taxation provides for the effects of all material timing differences between accounting income and taxable income arising from the inclusion of items in different periods. No future income tax benefit is recognised in respect of unutilised tax losses and timing differences that result in a net debit balance unless it can be demonstrated that these benefits can be realised in the foreseeable future.

Foreign Currencies

The accounts are stated in Ringgit Malaysia ("RM").

Transactions in foreign currencies have been translated into RM at the rates ruling on the dates of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date have been translated at approximately the rates ruling on that date. Gains and losses arising from translation are included in the profit and loss account. However, translation gains and losses arising from transactions which provide an effective hedge against investments in foreign currencies are taken to reserves. The corresponding translation gains and losses arising from such investments are also taken to reserves.

Profit and loss accounts of subsidiary and associated companies in other reporting currencies are translated into RM at average rates for the financial year and the balance sheets are translated at rates approximate to those ruling at the year end. Exchange differences arising from the translation of profit and loss accounts at average rates and balance sheets at year end rates, and the restatement at year end rates of the opening net investments in such subsidiary and associated companies are taken to reserves.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents

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

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 on the percentage of completion method.

4. **SEGMENT ANALYSIS**

| | Operating Revenue | | Profit Before Taxation | | Assets Employed | |
|--------------------------------|--------------------------|---------|-------------------------------|---------|------------------------|---------|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| By activity | | | | | | |
| Plantations | 229,059 | 263,703 | 96,651 | 142,406 | 479,336 | 474,879 |
| Properties | 217,752 | 87,601 | 116,054 | 13,695 | 498,958 | 443,077 |
| | 446,811 | 351,304 | 212,705 | 156,101 | 978,294 | 917,956 |
| Non-Segment Items | | | | | | |
| - interest bearing investments | - | - | 4,778 | 3,938 | 185,225 | 17,249 |
| - others | - | - | 55,358 | 4,965 | 49,067 | 55,780 |
| | - | - | 60,136 | 8,903 | 234,292 | 73,029 |
| | 446,811 | 351,304 | 272,841 | 165,004 | 1,212,586 | 990,985 |

Proceeds from sale of short-term investments, investment income, gains and losses arising from translation, interest income, interest expense, gains arising from disposal of freehold land and plantation and unusual items are not attributable to any activity segment and are therefore included under Non-Segment Items.

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

5. PROFIT BEFORE TAXATION

| | Group | | Company | |
|--|------------------|-----------|-----------------|----------|
| | 1999 | 1998 | 1999 | 1998 |
| Operating revenue | 446,811 | 351,304 | 124,051 | 136,557 |
| Add/(Less): | | | | |
| Operating costs relating to stocks | (212,365) | (173,186) | (66,733) | (58,492) |
| Marketing, selling and administrative expenses | (25,131) | (27,863) | (10,953) | (10,625) |
| Other income/(expenses) | 63,526 | 14,749 | 93,902 | 72,788 |
| Profit before taxation | 272,841 | 165,004 | 140,267 | 140,228 |

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

Charges:

| | | | | |
|---|---------------|-------|--------------|-------|
| Depreciation of fixed assets | 10,033 | 9,594 | 3,879 | 3,648 |
| Replanting expenditure | 4,557 | 6,620 | 3,190 | 4,982 |
| Charges paid to holding and other related companies: | | | | |
| - Rental of premises | 845 | 837 | 720 | 713 |
| - Secretarial fees | 63 | 63 | 63 | 63 |
| - Hire of equipment | 17 | 41 | 17 | 41 |
| - Interest | 19 | 3,689 | - | - |
| Directors' remuneration: | | | | |
| - Fees | 122 | 108 | 122 | 108 |
| - Other emoluments | 2,083 | 1,694 | 1,835 | 1,482 |
| - Provision for retirement gratuities | 646 | 218 | 558 | 73 |
| Write-down of long-term investments in a quoted foreign corporation | 800 | 691 | 466 | 368 |
| Auditors' remuneration | 74 | 144 | 38 | 58 |
| Fixed assets written off | 85 | 74 | 56 | 14 |
| Rental of land paid to a subsidiary company | - | - | 578 | 577 |

Credits:

| | | | | |
|--|---------------|-------|---------------|--------|
| Exceptional gain arising from freehold land and plantation acquired by the government | 54,921 | 7,776 | 54,921 | 7,624 |
| Interest income | 4,233 | 3,639 | 2,625 | 2,511 |
| Rental income | 1,335 | 1,435 | 341 | 406 |
| Income from subsidiary and associated companies: | | | | |
| - Gross dividends | - | - | 33,951 | 60,293 |
| - Management fees | 1,086 | 964 | 426 | 420 |
| - Interest on advances | 545 | 299 | 710 | 305 |
| Gain on disposal of fixed assets | 71 | 39 | 27 | 33 |
| Rental income from other related company | 18 | 9 | - | - |
| The estimated monetary value of benefits provided to Directors by way of usage of assets | 26 | 30 | 21 | 21 |

6. TAXATION

| | Group | | Company | |
|---|--------------|---------------|--------------|---------------|
| | 1999 | 1998 | 1999 | 1998 |
| Current taxation - Malaysian | - | 39,887 | 5,857 | 37,712 |
| Over provision in prior years | (866) | (28) | (864) | - |
| | <u>(866)</u> | <u>39,859</u> | <u>4,993</u> | <u>37,712</u> |
| Deferred taxation | | | | |
| - Current year's charge/(credit) | 800 | (163) | 676 | (179) |
| Share in taxation of associated companies | (9) | 1,261 | - | - |
| | <u>(75)</u> | <u>40,957</u> | <u>5,669</u> | <u>37,533</u> |

No provision for Malaysian taxation has been made as 1999 is an income tax waiver year pursuant to Section 8, Part III of the Income Tax (Amendment) Act, 1999. The current year taxation charge of the Company relates to tax at source on dividend income received during the year.

7. DIVIDENDS

| | Company | |
|--|---------------|---------------|
| | 1999 | 1998 |
| Interim - 1.5 sen less 28% tax (1998 : 1.5 sen less 28% tax) per share | 8,006 | 8,006 |
| Proposed final - 3.5 sen less 28% tax (1998 : 3.0 sen less 28% tax) per share | 18,682 | 16,013 |
| | <u>26,688</u> | <u>24,019</u> |

8. FIXED ASSETS

| 1999 Group | Freehold land and plantation | Long leasehold land and plantation | Short leasehold land | Buildings and improve- ments | Plant, equipment and vehicles | Construc- tion in progress | Total |
|--|------------------------------------|---|----------------------------|---------------------------------------|--|----------------------------------|-----------------|
| Cost except as otherwise stated: | | | | | | | |
| Beginning of the year | 258,222 | 170,480 | 1,171 | 52,641 | 76,554 | 19,530 | 578,598 |
| Additions | 112 | 4,981 | - | 37 | 2,638 | 7,482 | 15,250 |
| Disposals | (2,309) | - | - | - | (149) | - | (2,458) |
| Assets written off | - | - | - | (64) | (1,169) | - | (1,233) |
| Reclassifications/ others | 8 | - | - | 431 | 1,137 | (1,576) | - |
| End of the year | <u>256,033</u> | <u>175,461</u> | <u>1,171</u> | <u>53,045</u> | <u>79,011</u> | <u>25,436</u> | <u>590,157</u> |
| Accumulated depreciation: | | | | | | | |
| Beginning of the year | - | (6,408) | (323) | (19,205) | (52,165) | - | (78,101) |
| Depreciation for the year: | | | | | | | |
| - Charged to profit and loss account | - | (1,360) | - | (2,391) | (6,282) | - | (10,033) |
| - Capitalised under long leasehold land and plantation | - | (239) | - | (58) | (127) | - | (424) |
| - Charged to pre-operating expenses | - | (30) | (59) | - | (8) | - | (97) |
| Disposals | - | - | - | - | 139 | - | 139 |
| Assets written off | - | - | - | 62 | 1,086 | - | 1,148 |
| End of the year | <u>-</u> | <u>(8,037)</u> | <u>(382)</u> | <u>(21,592)</u> | <u>(57,357)</u> | <u>-</u> | <u>(87,368)</u> |
| Net book value at end of the year | <u>256,033</u> | <u>167,424</u> | <u>789</u> | <u>31,453</u> | <u>21,654</u> | <u>25,436</u> | <u>502,789</u> |
| Comprising : | | | | | | | |
| Cost | 136,704 | 175,461 | 1,171 | 53,045 | 79,011 | 25,436 | 470,828 |
| At 1981 valuation | 119,329 | - | - | - | - | - | 119,329 |
| | <u>256,033</u> | <u>175,461</u> | <u>1,171</u> | <u>53,045</u> | <u>79,011</u> | <u>25,436</u> | <u>590,157</u> |

8. **FIXED ASSETS** (Continued)

| 1998 Group | Freehold land and plantation | Long leasehold land and plantation | Short leasehold land | Buildings and improve- ments | Plant, equipment and vehicles | Construc- tion in progress | Total |
|--|---|---|-------------------------------------|---|--|---|-----------------|
| Cost except as otherwise stated: | | | | | | | |
| Beginning of the year | 272,222 | 151,993 | 3,749 | 51,925 | 73,789 | 23,252 | 576,930 |
| Additions | 69 | 5,456 | - | 253 | 2,681 | 5,461 | 13,920 |
| Disposals | (1,038) | - | - | - | (171) | - | (1,209) |
| Assets written off | - | - | - | (61) | (633) | - | (694) |
| Currency fluctuations | - | - | (2,578) | - | (78) | (7,693) | (10,349) |
| Reclassifications/ others | (13,031) | 13,031 | - | 524 | 966 | (1,490) | - |
| End of the year | <u>258,222</u> | <u>170,480</u> | <u>1,171</u> | <u>52,641</u> | <u>76,554</u> | <u>19,530</u> | <u>578,598</u> |
| Accumulated depreciation: | | | | | | | |
| Beginning of the year | - | (4,779) | (860) | (16,812) | (46,790) | - | (69,241) |
| Depreciation for the year: | | | | | | | |
| - Charged to profit and loss account | - | (1,302) | - | (2,366) | (5,926) | - | (9,594) |
| - Capitalised under long leasehold land and plantation | - | (301) | - | (87) | (151) | - | (539) |
| - Charged to pre-operating expenses | - | (26) | (190) | - | (27) | - | (243) |
| Disposals | - | - | - | - | 134 | - | 134 |
| Assets written off | - | - | - | 60 | 560 | - | 620 |
| Currency fluctuations | - | - | 727 | - | 35 | - | 762 |
| End of the year | <u>-</u> | <u>(6,408)</u> | <u>(323)</u> | <u>(19,205)</u> | <u>(52,165)</u> | <u>-</u> | <u>(78,101)</u> |
| Net book value at end of the year | <u>258,222</u> | <u>164,072</u> | <u>848</u> | <u>33,436</u> | <u>24,389</u> | <u>19,530</u> | <u>500,497</u> |
| Comprising : | | | | | | | |
| Cost | 136,600 | 170,480 | 1,171 | 52,641 | 76,554 | 19,530 | 456,976 |
| At 1981 valuation | 121,622 | - | - | - | - | - | 121,622 |
| | <u>258,222</u> | <u>170,480</u> | <u>1,171</u> | <u>52,641</u> | <u>76,554</u> | <u>19,530</u> | <u>578,598</u> |

8. **FIXED ASSETS** (Continued)

| 1999 Company | Freehold land and plantation | Long leasehold land and plantation | Buildings and improve- ments | Plant, equipment and vehicles | Construc- tion in progress | Total |
|--|---|---|---|--|---|-----------------|
| Cost except as otherwise stated: | | | | | | |
| Beginning of the year | 221,495 | 42,635 | 21,639 | 28,784 | 53 | 314,606 |
| Additions | 111 | 3,156 | 19 | 1,391 | 786 | 5,463 |
| Disposals | (2,309) | - | - | (45) | - | (2,354) |
| Assets written off | - | - | (61) | (935) | - | (996) |
| Reclassifications | 8 | - | 6 | 244 | (258) | - |
| End of the year | <u>219,305</u> | <u>45,791</u> | <u>21,603</u> | <u>29,439</u> | <u>581</u> | <u>316,719</u> |
| Accumulated depreciation: | | | | | | |
| Beginning of the year | - | (1,687) | (11,723) | (21,949) | - | (35,359) |
| Depreciation for the year: | | | | | | |
| - Charged to profit and loss account | - | (252) | (860) | (2,767) | - | (3,879) |
| - Capitalised under long leasehold land and plantation | - | (122) | (43) | (86) | - | (251) |
| Disposals | - | - | - | 45 | - | 45 |
| Assets written off | - | - | 61 | 879 | - | 940 |
| End of the year | <u>-</u> | <u>(2,061)</u> | <u>(12,565)</u> | <u>(23,878)</u> | <u>-</u> | <u>(38,504)</u> |
| Net book value at end of the year | <u>219,305</u> | <u>43,730</u> | <u>9,038</u> | <u>5,561</u> | <u>581</u> | <u>278,215</u> |
| Comprising: | | | | | | |
| Cost | 106,860 | 45,791 | 21,603 | 29,439 | 581 | 204,274 |
| At 1981 valuation | 112,445 | - | - | - | - | 112,445 |
| | <u>219,305</u> | <u>45,791</u> | <u>21,603</u> | <u>29,439</u> | <u>581</u> | <u>316,719</u> |

8. **FIXED ASSETS** (Continued)

| 1998 Company | Freehold land and plantation | Long leasehold land and plantation | Buildings and improve- ments | Plant, equipment and vehicles | Construc- tion in progress | Total |
|--|------------------------------------|---|---------------------------------------|--|----------------------------------|-----------------|
| Cost except as otherwise stated: | | | | | | |
| Beginning of the year | 222,466 | 40,681 | 26,870 | 30,439 | 473 | 320,929 |
| Additions | 67 | 1,954 | 238 | 1,019 | 197 | 3,475 |
| Disposals | (1,038) | - | (5,439) | (3,067) | (98) | (9,642) |
| Assets written off | - | - | (59) | (97) | - | (156) |
| Reclassifications | - | - | 29 | 490 | (519) | - |
| End of the year | <u>221,495</u> | <u>42,635</u> | <u>21,639</u> | <u>28,784</u> | <u>53</u> | <u>314,606</u> |
| Accumulated depreciation: | | | | | | |
| Beginning of the year | - | (1,324) | (11,524) | (21,392) | - | (34,240) |
| Depreciation for the year: | | | | | | |
| - Charged to profit and loss account | - | (274) | (852) | (2,522) | - | (3,648) |
| - Capitalised under long leasehold land and plantation | - | (89) | (67) | (90) | - | (246) |
| Disposals | - | - | 661 | 1,972 | - | 2,633 |
| Assets written off | - | - | 59 | 83 | - | 142 |
| End of the year | <u>-</u> | <u>(1,687)</u> | <u>(11,723)</u> | <u>(21,949)</u> | <u>-</u> | <u>(35,359)</u> |
| Net book value at end of the year | <u>221,495</u> | <u>40,948</u> | <u>9,916</u> | <u>6,835</u> | <u>53</u> | <u>279,247</u> |
| Comprising: | | | | | | |
| Cost | 106,757 | 42,635 | 21,639 | 28,784 | 53 | 199,868 |
| At 1981 valuation | 114,738 | - | - | - | - | 114,738 |
| | <u>221,495</u> | <u>42,635</u> | <u>21,639</u> | <u>28,784</u> | <u>53</u> | <u>314,606</u> |

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.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of international Accounting Standard No. 16 (Revised), Property, Plant and Equipment, the valuation of the freehold land and plantation has not been updated.

Had the revalued fixed assets been included in the accounts at cost less depreciation, the net book value of the revalued fixed assets would have been as follows:

| | Group | | Company | |
|------------------------------|---------------|---------------|---------------|---------------|
| | 1999 | 1998 | 1999 | 1998 |
| Freehold land and plantation | <u>96,301</u> | <u>98,229</u> | <u>83,969</u> | <u>85,897</u> |

9. REAL PROPERTY ASSETS

| | Group | |
|-----------------------------------|----------------|-------------|
| | 1999 | 1998 |
| Freehold land - at 1981 valuation | 7,857 | 7,911 |
| - at cost | 99,587 | 109,235 |
| | <hr/> | <hr/> |
| Development expenditure | 107,444 | 117,146 |
| | 123,802 | 104,024 |
| | <hr/> | <hr/> |
| | 231,246 | 221,170 |
| | <hr/> <hr/> | <hr/> <hr/> |

The basis of valuation of freehold land is consistent with that indicated in Note 8.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of Malaysian Accounting Standard No.7, Accounting for Property Development, the valuation of freehold land has not been updated.

As at 31 December 1999, the potential tax liability amounting to RM9.4 million (1998 : RM11.0 million) 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.

10. SUBSIDIARY COMPANIES

| | Company | |
|--------------------------------------|------------------|-------------|
| | 1999 | 1998 |
| Unquoted shares - at cost | 135,666 | 135,666 |
| Amount due from subsidiary companies | 570,286 | 557,466 |
| | <hr/> | <hr/> |
| | 705,952 | 693,132 |
| Amount due to subsidiary companies | (131,458) | (95,904) |
| | <hr/> | <hr/> |
| | 574,494 | 597,228 |
| | <hr/> <hr/> | <hr/> <hr/> |

The amount due from subsidiary companies are unsecured, interest free and the repayment of which is not expected within the next twelve months.

The amount due to subsidiary companies are unsecured, interest free and have no fixed term of repayment.

The subsidiary companies are listed in Note 29.

11. ASSOCIATED COMPANIES

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 1999 | 1998 | 1999 | 1998 |
| Unquoted shares - at cost | 2,172 | 6,503 | 2,172 | 6,503 |
| Group's share of post-acquisition reserves | 12 | 755 | - | - |
| | <u>2,184</u> | <u>7,258</u> | <u>2,172</u> | <u>6,503</u> |
| Amount due from associated companies | 19,787 | 20,690 | 19,787 | 20,690 |
| | <u>21,971</u> | <u>27,948</u> | <u>21,959</u> | <u>27,193</u> |

Group and Company
1999 1998

Amount due from associated companies represents unsecured advances granted by the Company as follows:

| | | |
|--|---------------|---------------|
| - Interest free advances | 4,876 | 13,356 |
| - Advances bearing interest at rates ranging from 8.00% to 10.05% (1998 : 10.05% to 14.10%) per annum | 14,911 | 7,334 |
| | <u>19,787</u> | <u>20,690</u> |

The above advances have no fixed repayment term and are not expected to be repaid within the next twelve months.

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

The associated companies are listed in Note 29.

12. INVESTMENTS

| | Group | | Company | |
|--|------------|--------------|------------|------------|
| | 1999 | 1998 | 1999 | 1998 |
| Quoted shares in a foreign corporation – at cost | 8,282 | 8,282 | 1,207 | 1,207 |
| Amounts written down to date | (7,644) | (6,844) | (834) | (368) |
| | <u>638</u> | <u>1,438</u> | <u>373</u> | <u>839</u> |
| Market value of quoted shares | 638 | 1,438 | 373 | 839 |

13. **PROPERTY DEVELOPMENT**

| | Group | |
|-----------------------------------|------------------|-----------|
| | 1999 | 1998 |
| Freehold land - at 1981 valuation | 1,524 | 1,471 |
| - at cost | 34,302 | 33,446 |
| | ----- | ----- |
| | 35,826 | 34,917 |
| Development expenditure | 417,701 | 316,703 |
| | ----- | ----- |
| | 453,527 | 351,620 |
| Add : Attributable profits | 186,861 | 76,147 |
| | ----- | ----- |
| | 640,388 | 427,767 |
| Less : Progress billings | (445,312) | (268,493) |
| | ----- | ----- |
| Current portion | 195,076 | 159,274 |
| | ===== | ===== |

The basis of valuation of land is consistent with that indicated in Note 8.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board on adoption of Malaysian Accounting Standard No.7, Accounting for Property Development, the valuation of freehold land has not been updated.

As at 31 December 1999, the potential tax liability amounting to RM3.9 million (1998 : RM4.8 million) 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.

14. **STOCKS**

| | Group | | Company | |
|-------------------|--------------|-------|----------------|-------|
| | 1999 | 1998 | 1999 | 1998 |
| Produce stocks | 1,746 | 5,248 | 193 | 3,042 |
| Stores and spares | 4,496 | 3,065 | 1,376 | 537 |
| | ----- | ----- | ----- | ----- |
| | 6,242 | 8,313 | 1,569 | 3,579 |
| | ===== | ===== | ===== | ===== |

15. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in other debtors, deposits and prepayments is a housing loan of RM0.5 million (1998 : RM0.5 million) granted by a subsidiary company to an executive director of the Company. The loan has no fixed repayment term.

16. SHORT-TERM INVESTMENTS

Short-term investments represent investments in unquoted money market instruments and are stated at cost.

17. BANK BALANCES AND DEPOSITS

| | Group | | Company | |
|---------------------------------|----------------|--------------|----------------|--------------|
| | 1999 | 1998 | 1999 | 1998 |
| Deposits with licensed banks | 152,529 | 12,853 | 104,451 | 6,374 |
| Deposits with finance companies | 9,881 | 845 | 9,845 | 807 |
| Cash and bank balances | 5,176 | 1,565 | 2,256 | 1,199 |
| | ----- | ----- | ----- | ----- |
| | 167,586 | 15,263 | 116,552 | 8,380 |
| | ===== | ===== | ===== | ===== |

Included in deposits with licensed banks for the Group is an amount of RM2.1 million (1998 : RM6.2 million) 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.

18. SHORT TERM BORROWINGS

The amount comprises the following:

| | Group | |
|--|--------------|-------|
| | 1999 | 1998 |
| Secured loan obtained by a foreign subsidiary company | 186 | 202 |
| | ===== | ===== |
| Unsecured loan obtained by a wholly-own subsidiary company from a related company | - | 500 |
| | ===== | ===== |

The secured loan is secured against a fixed asset of the said foreign subsidiary company and bears interest at rates ranging from 0.66% to 1% (1998 : 0.66% to 1%) per month. The loan is repayable on demand.

The unsecured loan in 1998 bears interest at 4% per annum. The loan has been repaid during the year.

19. AMOUNT DUE TO ULTIMATE HOLDING COMPANY AND OTHER RELATED COMPANIES

Analysis of amount due to holding company and other related companies are as follows:

| | Group and Company | |
|--|--------------------------|-------|
| | 1999 | 1998 |
| Amount due to ultimate holding company | 82 | 57 |
| Amount due to other related companies | 190 | 197 |
| | ----- | ----- |
| | 272 | 254 |
| Amount due from a related company | (250) | - |
| | ----- | ----- |
| | 22 | 254 |
| | ===== | ===== |

The amount due to/from holding company and other related companies are unsecured, interest free and are repayable on demand.

ASIATIC DEVELOPMENT BERHAD (Company No. 34993-X)

20. **SHARE CAPITAL**

| | Company | |
|--|----------------|---------|
| | 1999 | 1998 |
| Authorised: | | |
| 1,000,000,000 ordinary shares of 50 sen each | 500,000 | 500,000 |
| | ===== | ===== |
| Issued and fully paid: | | |
| 741,335,000 ordinary shares of 50 sen each | 370,668 | 370,668 |
| | ===== | ===== |

21. **RESERVES**

| | Group | | Company | |
|--------------------------------------|----------------|---------|----------------|---------|
| | 1999 | 1998 | 1999 | 1998 |
| Non-distributable Reserves | | | | |
| Share Premium | 25,663 | 25,663 | 25,663 | 25,663 |
| Revaluation Reserve | | | | |
| At beginning of the year | 23,393 | 23,790 | 28,841 | 29,045 |
| Transfer to profit and loss accounts | (365) | (397) | (365) | (204) |
| At end of the year | 23,028 | 23,393 | 28,476 | 28,841 |
| Exchange Differences | | | | |
| At beginning of the year | (710) | 7,616 | - | - |
| Movements during the year | 15 | (8,326) | - | - |
| At end of the year | (695) | (710) | - | - |
| Distributable Reserve | | | | |
| Unappropriated Profit | 630,095 | 390,133 | 560,701 | 452,426 |
| | ===== | ===== | ===== | ===== |
| | 678,091 | 438,479 | 614,840 | 506,930 |
| | ===== | ===== | ===== | ===== |

Based on the prevailing tax rate applicable to dividends, the estimated tax credit and tax exempt income accounts of the Company are sufficient to frank approximately RM255.9 million (1998 : RM243.9 million) of the Company's unappropriated profit if distributed by way of dividend without additional tax liabilities being incurred.

The above estimated tax credit and tax exempt income accounts are subject to agreement by the Inland Revenue Board.

22. **LONG TERM BORROWINGS**

The amount represents an unsecured loan obtained by an indirect local subsidiary company from its minority shareholder which bears interest at rates ranging from 7.80% to 9.05% (1998 : 9.05% to 12.90%) per annum.

The loan is not expected to be repaid within the next twelve months.

23. **DEFERRED TAXATION**

| | Group | | Company | |
|--|---------------------|--------------|---------------------|--------------|
| | 1999 | 1998 | 1999 | 1998 |
| Deferred tax provided for in the accounts comprise the tax effects of: | | | | |
| - Excess of capital allowances over depreciation | 8,165 | 6,892 | 2,896 | 3,120 |
| - Other short-term timing differences | (1,524) | (1,051) | (1,311) | (859) |
| | <u>6,641</u> | <u>5,841</u> | <u>1,585</u> | <u>2,261</u> |
| | ===== | ===== | ===== | ===== |
| Estimated potential tax benefit of losses which no credit has been taken in the current or prior years | 2,736 | 4,220 | - | - |
| | <u>2,736</u> | <u>4,220</u> | <u>-</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

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.

24. **EARNINGS PER SHARE**

Earnings per ordinary share is calculated based on the Group's profit attributable to shareholders of RM266.3 million (1998 : RM125.0 million) and the number of ordinary shares in issue of 741,335,000 (1998 : 741,335,000).

25. CONTINGENT LIABILITIES

Details of contingent liabilities (unsecured) as at end of the year are as follows:

| | Company | |
|--|----------------|-------------|
| | 1999 | 1998 |
| (i) Performance guarantee granted by the Company to the trustee of a golf and country club owned and operated by an indirect wholly-owned subsidiary or company. | 18,400 | 18,400 |
| (ii) Corporate guarantee extended by the Company to a local licensed bank for the granting of revolving credit facilities to a wholly-owned subsidiary company. However, no amount has been drawdown by the said subsidiary company as at end of the year. | 20,000 | - |
| (iii) Counter indemnity given by the Company to a local licensed bank for a bank guarantee issued on behalf of a wholly-owned subsidiary company. | 5,000 | - |
| | 43,400 | 18,400 |

26. CAPITAL COMMITMENTS

| | Group | | Company | |
|--|---------------|-------------|----------------|-------------|
| | 1999 | 1998 | 1999 | 1998 |
| Authorised capital expenditure in respect of property, plant and equipment not provided for in the accounts: | | | | |
| - contracted | 13,644 | 13,355 | 1,111 | 333 |
| - not contracted | 20,869 | 14,935 | 8,108 | 7,384 |
| | 34,513 | 28,290 | 9,219 | 7,717 |

27. ULTIMATE HOLDING COMPANY

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

28. RELATED PARTY TRANSACTIONS AND BALANCES

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

The related party transactions other than those disclosed in Note 5 are as follows:

| | Group | | Company | |
|-------------------------------------|---------------|-------|----------------|--------|
| | 1999 | 1998 | 1999 | 1998 |
| Sales to subsidiary companies | - | - | 45,780 | 64,030 |
| Purchases from a subsidiary company | - | - | 659 | 1,167 |
| Sales to a related company | 18,675 | - | - | - |
| | ===== | ===== | ===== | ===== |

Other than the above, there are no material related party transactions.

Related Party Balances

The related party balances which arose from related party transactions and which remain outstanding at the end of the year are disclosed in Notes 10 and 19 to the accounts.

29. **SUBSIDIARY AND ASSOCIATED COMPANIES**

| | Effective Percentage of Ownership | | Country of Incorporation | Principal Activities |
|---|---|------|-----------------------------|--|
| | 1999 | 1998 | | |
| Direct Subsidiary Companies | | | | |
| 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 |
| Mediglove Sdn Bhd | 100 | 100 | Malaysia | Trading in rubberwood |
| 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 |

29. **SUBSIDIARY AND ASSOCIATED COMPANIES** (*Continued*)

| | Effective Percentage of Ownership | | Country of Incorporation | Principal Activities |
|---|---|------|--------------------------------------|--|
| | 1999 | 1998 | | |
| Direct Subsidiary Companies | | | | |
| ALD Construction Sdn Bhd | 100 | 100 | Malaysia | Pre-operating |
| 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 |
| Plantation Latex (Malaya) Sdn Bhd | 100 | 100 | Malaysia | Dormant |
| Asiatic Properties Sdn Bhd | 100 | 100 | Malaysia | Dormant |
| Asiaticom Sdn Bhd | 100 | 100 | Malaysia | Dormant |
| Indirect Subsidiary Companies | | | | |
| Setiamas 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 |

29. **SUBSIDIARY AND ASSOCIATED COMPANIES** (Continued)

| | Effective Percentage of Ownership | | Country of Incorporation | Principal Activities |
|--------------------------------------|---|------|-----------------------------|-------------------------|
| | 1999 | 1998 | | |
| Indirect Subsidiary Companies | | | | |
| Asiatic Awanpura Sdn Bhd | 100 | 100 | Malaysia | Pre-operating |
| Associated Companies | | | | |
| 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 |

+ *The accounts of these companies are audited by the overseas firms associated with PricewaterhouseCoopers, Malaysia.*

@ *The accounts of these companies are examined by auditors other than the auditors of the Company.*

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

We, **DATO' BAHARUDDIN BIN MUSA** and **MOHD DIN JUSOH**, two of the Directors of **ASIATIC DEVELOPMENT BERHAD**, do hereby state that, in the opinion of the Directors, the accounts set out on pages 8 to 34, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 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 in accordance with the applicable approved accounting standards in Malaysia, and comply with the Companies Act, 1965.

On behalf of the Board,

DATO' BAHARUDDIN BIN MUSA
Joint Chief Executive and Director

MOHD DIN JUSOH
Director

Kuala Lumpur
12 April 2000

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

I, **YONG CHEE KONG**, the Officer primarily responsible for the financial management of **ASIATIC DEVELOPMENT BERHAD**, do solemnly and sincerely declare that the accounts set out on pages 8 to 34, 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)
12 April 2000.)

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ASIATIC DEVELOPMENT BERHAD**

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

We have audited the accounts set out on pages 8 to 34. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion:

- a) the accounts give a true and fair view of the state of affairs of the Group and the Company as at 31 December 1999 and of the results of the Group and the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia, and comply with the Companies Act, 1965; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 29 to the accounts. We have considered the accounts of these subsidiaries and the auditors' reports thereon.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's accounts 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 required by us for those purposes.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ASIATIC DEVELOPMENT BERHAD (CONTINUED)**

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

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

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Public Accountants

MOHAMMAD ZAINAL BIN SHAARI
(No. 1924/10/00 (J))
Partner of the firm

Kuala Lumpur
12 April 2000