

annual report 1998



ASIATIC DEVELOPMENT BERHAD
1952-98

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COVER RATIONALE

As one of Malaysia's leading plantation companies, Asiatic Development Berhad will capitalise on the advancement of technology to improve on its operations through greater automation and mechanisation. Supported by its vast land bank with ventures in plantation and property, the Group is confident of growing stronger into the new millennium.



ASIATIC DEVELOPMENT BERHAD

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at 26th Floor, Wisma Genting, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 12 May 1999 at 9.30 a.m.

BUSINESS

1. To receive and adopt the Accounts for the financial year ended 31 December 1998 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 financial year ended 31 December 1998 (1997 : RM108,000). **(Resolution 3)**
4. To re-elect Dato' Lim Kok Thay as a Director. **(Resolution 4)**
5. To consider and, if thought fit, pass the following resolutions pursuant to Section 129 of the Companies Act, 1965:
"That _____, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting"
in respect of:
 - (i) Tan Sri Mohd Amin bin Osman **(Resolution 5)**
 - (ii) Tan Sri Lim Goh Tong **(Resolution 6)**
 - (iii) Lt. Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad **(Resolution 7)**
 - (iv) Dato' Siew Nim Chee **(Resolution 8)**
6. To appoint Auditors and to authorise the Directors to fix their remuneration.
Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is set out in Note 2 below, has been received by the Company for the nomination of Messrs PricewaterhouseCoopers who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:
"That Messrs PricewaterhouseCoopers be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Kassim Chan & Co to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." **(Resolution 9)**
7. To transact any other business of which due notice shall have been given.

By Order of the Board
TAN WOUI MENG
Secretary

Kuala Lumpur
27 April 1999

NOTES

1. 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.

2. *Nomination Letter*

*Genting Berhad
Wisma Genting
28 Jalan Sultan Ismail
50250 Kuala Lumpur*

16 March 1999

*The Board of Directors
Asiatic Development Berhad
24th Floor, Wisma Genting
Jalan Sultan Ismail
50250 Kuala Lumpur*

Dear Sirs

CHANGE OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a shareholder of the Company, hereby give notice of our intention to nominate Messrs PricewaterhouseCoopers for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company, to replace the retiring auditors, Messrs Kassim Chan & Co:

"That Messrs PricewaterhouseCoopers be and are hereby appointed auditors of the Company in place of the retiring auditors, Messrs Kassim Chan & Co to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully

GENTING BERHAD

COLIN AU FOOK YEW
Executive Director

CORPORATE DIARY

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 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 to shareholders of the Twentieth Annual General Meeting.
- 19 June Twentieth Annual General Meeting.
- 15 July Launch of the Company's internet homepage. (<http://www.asiatic.com.my>)
- 13 August Announcement of Interim Results for the half-year ended 30 June 1998.

1999

- 24 February Announcement of Preliminary Results for the financial year ended 31 December 1998.
- 13 April Announcement on the Entitlement Date for the Proposed Final Dividend in respect of the financial year ended 31 December 1998 and the Twenty-First Annual General Meeting.
- 14 April Announcement on the resignation of Tan Sri Lim Goh Tong as Joint Chief Executive and appointment of Data' Lim Kok Thay as the new Joint Chief Executive.
- 27 April Notice to shareholders of the Twenty-First Annual General Meeting.
- 12 May Twenty-First Annual General Meeting.

DIVIDENDS

	Announcement	Entitlement Date	Payment
1997 Final – 2.5 sen less tax	23 February 1998	29 June 1998	22 July 1998
1998 Interim – 1.5 sen less tax	13 August 1998	29 September 1998	20 October 1998
1998 Proposed Final – 3.0 sen less tax	24 February 1999	20 May 1999	9 June 1999*

** Upon approval of shareholders at the Twenty-First Annual General Meeting*

BOARD OF DIRECTORS & CORPORATE INFORMATION



Tan Sri Mohd Amin bin Osman
Chairman



Dato' Baharuuddin bin Musa
Joint Chief Executive



Dato' Lim Kek Thai
Joint Chief Executive



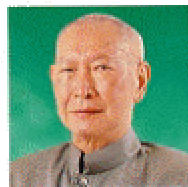
Tan Sri Lim Goh Tong
Director



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



Encik Mahd Din Jusoh
Director



Dato' Siew Nim Chee
Director



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



Mr Quah Chek Tin
Alternate to Dato' Lim Kek Thai

PRINCIPAL EXECUTIVE OFFICERS

PLANTATION

Mr Chan Chee Leong

Mr Khoo Lian Hong

Encik Abdul Halim bin Abdul Majid

Mr Sze Kok Sing

Mr Clifford Che Keng Soon

Chief Operating Officer

Regional Operating Manager – West Malaysia

Regional Operating Manager – Sabah

Senior Manager – Processing

Marketing Manager

PROPERTY

Mr Lai Yeng Chai

Ms Lim Tow Chan

Chief Operating Officer

Marketing Manager

FINANCE / MANUFACTURING

Mr Yong Chee Kong

Chief Financial Officer

AUDIT COMMITTEE

Dato' Siew Nim Chee

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

Dato' Baharuuddin bin Musa

Chairman / Independent Non-Executive Director

Member / Independent Non-Executive Director

Member

SECRETARY

Mr Tan Wooi Meng

REGISTERED OFFICE

24th Floor, Wisma Genting

Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel : (03) 2612288

REGISTRARS

Genting Management and Consultancy Services Sdn Bhd

23rd Floor, Wisma Genting

Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel : (03) 2612288

CORPORATE HEAD OFFICE

10th Floor, Wisma Genting

Jalan Sultan Ismail, 50250 Kuala Lumpur

Tel : (03) 2613733 / 2023733

Internet homepage : <http://www.asiatic.com.my>

AUDITORS

Kassim Chan & Co (*Public Accountants*)

ASIATIC REGIONAL OFFICE, SABAH

Lot 39, Taman Wemin, Mile 5, Labuk Road

P.O. Box 901, 90008 Sandakan, Sabah

Tel : (089) 208204

ASIATIC DEVELOPMENT BERHAD

Annual Report 1998

CHAIRMAN'S STATEMENT / PENYATA Pengerusi

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and Audited Accounts of the Company and its subsidiaries ("Group") for the year ended 31 December 1998.

PERFORMANCE REVIEW

The whole of 1998 continued to be shrouded by the financial storm that struck East Asian countries since July 1997. Malaysia was not spared and slid into its worst ever recession.

Despite the economic adversity prevailing in the region, it is gratifying to note that the Group has achieved yet another record breaking performance. The Group recorded a turnover of RM351.3 million for the year under review, an improvement of 12% over the preceding year's turnover of RM313.3 million. At the operating level, the Group posted a consolidated pre-tax profit of RM165.0 million representing 61% growth over that of RM102.4 million recorded in previous year.

The 'Golden Crop' was again the key contributor to this impressive earnings growth, charting an all time high pre-tax profit of RM142.4 million. In contrast, the property business faced with slower demand saw its contribution, though satisfactory, was lower than that of previous year.

Saya bagi pihak Lembaga Pengarah dengan sukacitanya membentangkan Laporan Tahunan dan Akaun-akaun Syarikat dan anak-anak syarikat ("Kumpulan") yang telah pun diaudit bagi tahun berakhir 31 Disember 1998.

TINJAUAN PRESTASI

Keseluruhan tahun 1998 terus diselubungi oleh krisis kewangan yang melanda negara-negara Asia Tenggara sejak bulan Julai 1997. Malaysia tidak terlepas daripada dilanda masalah ini dan turut terjerumus ke dalam kemelesetan paling buruk yang pernah dihadapinya.

Sungguhpun rantau ini sedang mengalami masalah sedemikian, namun Kumpulan masih mampu menghasilkan satu lagi prestasi mencatat rekod. Perolehan berjumlah RM351.3 juta pada tahun dalam kajian adalah 12% lebih tinggi berbanding perolehan sebanyak RM313.3 juta yang dicapai pada tahun sebelumnya. Di peringkat operasi pula, Kumpulan mencapai keuntungan sebelum cukai yang disatukan sebanyak RM165.0 juta, meningkat 61% berbanding RM102.4 juta pada tahun sebelumnya.

Sekali lagi, 'Golden Crop' menjadi penyumbang utama kepada pertumbuhan pendapatan yang membanggakan ini, dengan mencatatkan keuntungan sebelum cukai sebanyak RM142.4 juta yang paling tinggi pernah dicapai. Sebaliknya, sumbangan dari perniagaan hartanah, walaupun masih memuaskan, adalah lebih rendah berbanding pada tahun sebelumnya kerana menghadapi pasaran yang lembab.

FINANCIAL HIGHLIGHTS	1998	1997	Change
Year Ended 31 December	RM' 000	RM' 000	%
Operating revenue	351,304	313,316	+12
Profit before taxation	165,004	102,382	+61
Profit after taxation	124,047	76,191	+63
Profit attributable to shareholders	125,002	76,454	+63
Shareholders' funds	809,147	716,490	+13
Total assets employed	990,985	923,347	+7
Earnings per share (sen)	16.9	10.3	+64
Net dividend per share (sen)	3.2	2.8	+14
Dividend cover (times)	5.2	3.6	+44
Net tangible assets per share (sen)	109.1	96.6	+13
Return (after tax and minority interests)			
On average shareholders' funds (%)	16.4	11.2	+46

YEAR 2000 (Y2K)

Led by the Group's Y2K task force to address the issue, the Group is well on schedule in ensuring that all of its relevant systems and applications are Y2K ready.

DIVIDENDS

The Board of Directors has recommended a final dividend of 3.0 sen less 28% income tax per ordinary share of 50 sen each for the year ended 31 December 1998. If approved by shareholders at the forthcoming Twenty-First Annual General Meeting, the total dividend for the year inclusive of the interim dividend of 1.5 sen less 28% income tax per ordinary share of 50 sen each paid on 20 October 1998 will amount to a total distribution of RM24.0 million (1997: RM21.1 million).

FUTURE PROSPECTS

Our plantation business, which has so far been shielded from the financial storm, is expected to remain as the major contributor for the current financial year but it would be hard pressed to repeat the spectacular profit growth experienced in 1998. Palm oil prices are likely to come under pressure from other competing edible oils given the high price premium it commands over the others lately. Whilst fresh fruit bunches production is envisaged to stage a recovery when the El Nino effect wears out, the market demand may not be as robust should Asia's economic woes persist. The Ringgit factor which plays major role in current favourable palm oil prices cannot be over emphasized. Any revision in the exchange rate regime will have an immediate impact on our Ringgit revenue either way.

TAHUN 2000 (Y2K)

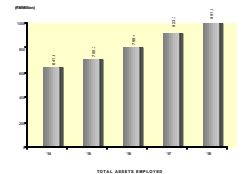
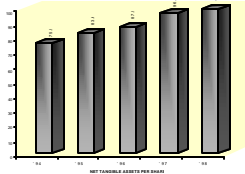
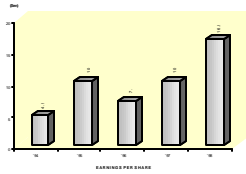
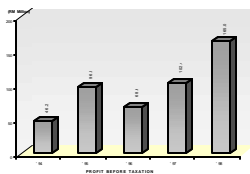
Kumpulan yang dilengkapi dengan sepasukan tenaga petugas Y2K bagi menangani isu ini kini telah berjaya menepati jadualnya bagi memastikan semua sistem dan aplikasi berkaitannya bersedia menghadapi Y2K.

DIVIDEN

Bagi tahun berakhir 31 Disember 1998, Lembaga Pengarah mengesyorkan dividen muktamad sebanyak 3.0 sen tolak 28% cukai pendapatan sesaham biasa 50 sen setiap satu. Jika diluluskan oleh para pemegang saham di Mesyuarat Agung Tahunan Kedua Puluh Satu yang akan datang, pengagihan dividen bagi tahun ini, termasuk dividen interim 1.5 sen ditolak 28% cukai pendapatan sesaham biasa 50 sen setiap satu yang telah dibayar pada 20 Oktober 1998, akan berjumlah RM24.0 juta (1997: RM 21.1 juta).

PROSPEK MASA DEPAN

Perniagaan perladangan kita yang setakat ini terlindung daripada krisis kewangan dijangka akan terus menjadi penyumbang utama pada tahun kewangan semasa, tetapi agak mencabar untuk mengulangi pertumbuhan keuntungan cemerlang yang dicapai pada tahun 1998. Harga minyak sawit berkemungkinan akan menghadapi saingan daripada minyak bahan makanan lain memandangkan harga premium yang dinikmatinya sejak kebelakangan ini. Meski pun pengeluaran buah tandan basah dijangka akan mengalami pemulihan apabila kesan El Nino berlalu, namun permintaan pasaran pula mungkin tidak begitu pesat jika masalah ekonomi Asia berlanjutan. Juga faktor Ringgit yang memainkan peranan utama terhadap harga minyak sawit semasa yang sangat memberangsangkan ini tidak boleh dipandang ringan. Sebarang semakan semula regim kadar pertukaran matawang akan membawa kesan serta merta ke atas perolehan Ringgit, sama ada bertambah atau berkurangan.



ASIATIC DEVELOPMENT BERHAD
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In the face of uncertainty, the Property Division would continue to adopt a conservative stance by completing projects which have been launched and successfully sold whilst reviewing new launching plans thoroughly, taking into account those still resilient low-medium cost housing market. As for the current financial year, because of the lag effect between sales and progress billings, its performance will be buffered by previous sales made.

With plantation's earnings unlikely to be as robust and property market continuing to be affected by subdued demands, it is difficult to sustain the current level of earnings. We are, however, cautiously optimistic that performance of the Group for the current financial year will remain satisfactory.

APPRECIATION

On behalf of the Board, I wish to congratulate Dato' Lim Kok Thay on his appointment as Joint Chief Executive of the Company. For his invaluable contributions to the Group, our heartfelt appreciation goes to our former Joint Chief Executive, Tan Sri Lim Goh Tong, who will continue to serve as a member of the Board. The Board has offered to retain Tan Sri Lim Goh Tong as a consultant to the Group. I am sure the Group will continue to benefit from his vast knowledge, wisdom and experience.

The Group's excellent performance over the years is the result of the continued faith and endorsement of our valued shareholders, the untiring assistance and co-operation of our business associates and the considerate authorities, and not least, the commitment of our management and staff.

On behalf of the Board, I would like to extend our sincere gratitude to all the above parties. In addition, I would also like to take this opportunity to thank my fellow colleagues on the Board for their wise counsel and guidance. With strong support from all relevant parties, let us look forward into the coming financial year with confidence and optimism.

TAN SRI MOHD AMIN BIN OSMAN
Chairman

12 April 1999

Dalam menghadapi keadaan yang tidak menentu, Bahagian Hartanah akan meneruskan langkah konservatif dengan menyiapkan projek-projek yang telah dilancar dan berjaya dijual, manakala menyemak dan meneliti dengan lebih rapi rancangan pelancaran baru setelah mengambil kira pasaran rumah kos sederhana yang masih teguh. Disebabkan penjualan dan pembayaran berperingkat berbeza masa, maka tahun semasanya akan ditampung oleh jualan yang dihasilkan sebelumnya.

Adalah agak sukar bagi Kumpulan untuk mengekalkan tahap pendapatan semasa kerana pendapatan daripada perladangan tidak berkemungkinan akan terus cemerlang seperti sebelumnya, sementara pasaran hartanah pula akan terus terjejas akibat permintaan yang lembap. Walau bagaimanapun, kami masih mempunyai harapan tinggi bahawa prestasi Kumpulan bagi tahun kewangan semasa adalah memuaskan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan tahniah kepada Dato' Lim Kok Thay di atas perlantikan beliau sebagai Ketua Eksekutif Bersama Syarikat ini. Kepada bekas ketua Eksekutif Bersama, Tan Sri Lim Goh Tong, yang akan terus berkhidmat sebagai ahli Lembaga Pengarah, saya ingin merakamkan penghargaan tulus ikhlas di atas sumbangannya yang tidak ternilai kepada Kumpulan. Lembaga Pengarah telah bercadang untuk mendapatkan khidmat Tan Sri Lim Goh Tong sebagai perunding kepada Kumpulan. Saya yakin bahawa Kumpulan akan terus mendapat manfaat daripada pengetahuan, kebijaksanaan dan pengalaman beliau yang luas.

Prestasi cemerlang Kumpulan sejak beberapa tahun lepas adalah hasil daripada kepercayaan dan keyakinan berterusan daripada pemegang saham yang kami hargai, bantuan dan kerjasama dan tidak berbelah bahagi daripada rakan-rakan perniagaan seterusnya pihak-pihak berkuasa yang sentiasa bertimbang rasa. Tidak dilupakan juga komitmen dari pihak pengurusan dan kakitangan kami sekalian.

Sekali lagi, saya bagi pihak Lembaga Pengarah dengan sukacitanya ingin merakamkan ucapan penghargaan kami yang tulus ikhlas kepada pihak-pihak yang disebutkan di atas. Di samping itu, saya juga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada rakan-rakan sejawat saya di dalam Lembaga Pengarah yang telah banyak mencurahkan nasihat dan panduan. Dengan sokongan teguh daripada semua pihak, kita melihat tahun mendatang dengan penuh keyakinan.

TAN SRI MOHD AMIN BIN OSMAN
Pengerusi

12 April 1999

REVIEW OF OPERATIONS



Infield mechanisation practised by the Group. FFB collection using a grabber into the tractor (left). With the use of a scissor lift trailer, the FFB are unloaded into the bin (right).

PLANTATION

Plantation earnings, for the first time, surpassed the RM100 million mark on the back of every favourable commodity prices throughout the year. With a gross contribution of RM142.4 million, the sector remains the most significant profit contributor the Group, accounting for a hefty 86% of the total operating profit. This core business activity of the Group, which manages a total of 35,781 of oil palm and 1,830 hectares of rubber plantations in Peninsular Malaysia and Sabah, employs the largest number of employees with 3,665 people.

The price rally of crude palm oil ("CPO") since the beginning of the regional economic crisis gathered further momentum in 1998. Apart from the persisting volatility in Ringgit for most part of the year, the tight supply of world palm oil has also contributed to the price hike. The acute decline in the supply of palm oil was primarily due to falling yield arising from the El Nino drought and more so, the sudden reduction of Indonesian CPO exports as a result of a total ban of such exports initially and later due to prohibitive export taxes. With external demand from traditional markets remaining strong, the short supply has driven the US dollar prices of CPO to breach past the USD600 a tonne level. BY adopting prudent marketing strategies, the Group was able to capitalise on this buoyant sentiment and achieved an average selling price for CPO of RM2,321 per tonne, representing 69% increase in comparison to 1997's level of RM1,370 per tonne.

Likewise, palm kernel, which shared similar sentiments with CPO, saw its achieved selling price surged to an unprecedented high of RM1,103 per tonne against the previous corresponding period of RM770 per tonne.

On the other hand, lagged effect of the prolonged dry weather brought about by the El Nino phenomenon coupled with the haze experienced by the nation since mid 1997 had inflicted considerable stress on the palms. As a result, fresh fruit bunches ("FFB") production was severely affected. At 472,962 tonnes, FFB production was slightly lower than that 1997 although harvesting areas had increased by 11%. The decrease in FFB production due to palm stress and dilution affect arising the newly matured areas of lower yield bracket had caused the yield per mature hectare to deteriorate to 16.8 tonnes against 18.8 tonnes in 1997. The lower yield was, however, more than offset by the rising palm oil prices which explained the Group's good performance.

Production costs continued the upward trend, notably for fertiliser and processing machinery maintenance costs, as a result of the weakened Ringgit. In addition, the Group is required to pay additional cesses under the Cooking Oil Price Stabilisation Scheme which was introduced in late 1997.

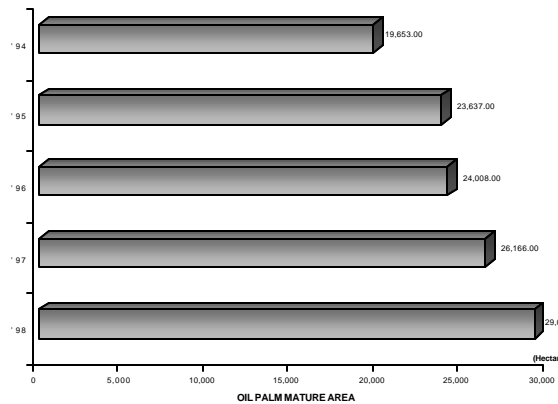


The Group has long recognised the problems of labour shortage and has over the years emphasised and implemented various mechanization processes, wherever feasible, in its estate operations. During the year, the Huka Lift System was introduced in Sri Gading Estate for FFB evacuation. Although the Group has invested substantially in its effort to reduce labour dependency, one should recognized that the problem of labour shortage could only be mitigated to a certain extent as a large part of the field operations still requires human labour.

As sheduled, rehabilitation works on the remaining flood-damaged areas in the Tenegang development commenced in August 1998. The works involved building of bunds and establishing an efficient network of drains of various sizes to enhance water dispersion flow. In addition, planting platforms were raised to provide young palms with a better chance of survival in the event of another serious flood. As at the end of 1998, approximately 15,605 hectares in the Tenegang development were planted with oil palm, 81% of which have matured.

In tandem with the nationwide decline in FFB production, the overall capacity utilization of the Group's oil mills dropped markedly during the year under review. Total FFB intake reduced by approximately 12% from 557,653 tonnes in 1997 to 488,847 tonnes due to shortfall in supplies from own estates as well as outside sources. As a result, the Group's oil mill achieved an average capacity utilization of 77% only.

Notwithstanding the poor FFB harvest from supplying estates, Serian Palm Oil Mill, the Group's 40% owned joint venture with Sarawak Land Consolidation and Rehabilitation Authority ("SALCRA"), achieved commendable results and higher than average oil extraction rates. Such achievement has not gone unnoticed as it was awarded by PORLA the "Anugerah Industri Sawit Malaysia 1997" in recognition of the high oil extraction rates it achieved during the same year. A creditable effort indeed for an oil mill which only started operation two years ago.

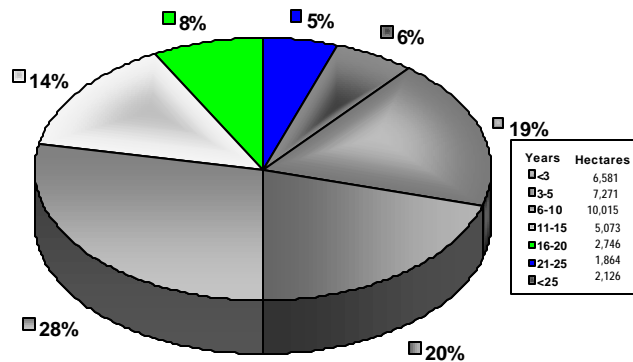




During the year, some RM6.6 million was spent on replanting and maintenance of the immature areas. We have completed replanting some 636 hectares of old oil palm and rubber land with oil palm during the year, applying environmental-friendly techniques such as “underplanting”, in lieu of the “clear”, fell and burn” method.

Given the ongoing replanting programme from rubber to oil palm, rubber crop production, as expected, declined further to 1,826 tonnes as compared to 2,141 tonnes in 1997. Besides the 17% decrease in rubber tapping areas, inclement weather conditions and shortage of tappers owing to unattractive selling prices have further aggravated the already dwindling rubber crop production of the Group.

As in previous years, the Group carried on with inter-planting of teak and other timber species along the boundary fringes and hill slopes where oil palm cultivation is unsuitable. It has, to date, successfully planted some 93 hectares of teak in both Sabah and Peninsular Malaysia. Although we are not expected to reap the rewards from this venture in the immediate future, it demonstrate our effort in optimising land productivity.



OIL PALM AGE PROFILE AS AT 31 DECEMBER 1998



Shop offices at Indahpura, Johor (above) & Permaipura, Kedah (below).



The ceremonious official opening of the Permaipura Golf & Country Club was graced by H.R.H Tuanku Sultan of Kedah.

PROPERTY DEVELOPMENT

It is not unexpected that the year under review was a tough one for Property Division with the impact of the economic downturn fully felt. Despite the odds, the Division managed to contribute a pre-tax profit of RM13.7 million. Although the profit contribution was 60% lower than that of 1997, it was nothing less than satisfactory as the property market was faced with sluggish sales and increased defaults by purchasers. It is also noteworthy to mention that the construction progress at all the Group's projects in Johor, Kedah and Melaka went on as scheduled and more importantly, collections were, under the circumstances, satisfactory.

Indahpura – the Group's mega project in Kulai, Johor continued to be the main profit contributor with RM16.8 million. Recognising the fact that new sales would be hard to come by, concerted efforts were made to dispose of existing stocks with various incentive schemes and marketing strategies. The 4 – storey shop houses were relaunched on strata basis in mid October 1998. The scheme was met with encouraging response whereby a total of 92 floors with sales value of RM 16.9 million were successfully transacted.

We are grateful to local authorities for extending to us all the help for the processing and approval of eligible buyers for the low-cost apartments. Over 62% of the 1,040 units launched were sold.

The Group's participation in the "Rumah Rakyat" scheme during these trying times is the testimony of our commitment to play our role towards the success of the scheme.

Up north, the 100-acre Permaipura project at Bedong, Kedah witnessed the handing over of vacant possession for 61 units of double-storey terrace house in January 1999 whilst the 8 bumiputera units of double-storey house at Desa Cheng Perdana 1, Melaka – the Group's maiden project – are expected to be handed over in the second quarter of 1999.

The Permaipura Golf & Country Club ("PGCC") which has been operational since October 1997 was officially opened by H.R.H Tuanku Sultan of Kedah on 11 April 1998. In order to encourage repeat visitation by golfers and a higher volume of business, reciprocal arrangements with other golf courses, hotels and tour companies have been made. During the year, the PGCC played host to several golf tournaments for both private corporations and government bodies, the latest of which being the Maxfli Golf Tournament, whilst its application to become a member of the Malaysian Golf Association has also been accepted.

Reflective of the current general lack of interest in industrial lands, the Sri Gading industrial estate project, a joint venture with Johor Corporation Berhad, performed poorly with marginal profits.



Completed double-storey houses at Indahpura, Johor, Rossia B (above) and Laurentina a (below, left), using the structural bricks produced by Asiatic Ceramics Sdn. Bhd. Note the rustic attractiveness of the bricks (below, right) render to the houses.

Some 76 hectares of estate land in various locations were acquired during the year by the government for infrastructure and other public projects, a decrease of 3% as compared to that of 1997.

MANUFACTURING

The initial optimism on the structural brick plant suffered a setback as demand for bricks contracted enormously owing to the slowdown in the property and construction sectors. Although the plant managed a lower than expected capacity utilisation at the moment, it, it shall in the long run complement the Group's on-going property development activities. Furthermore, the high quality products hold promising export potential. Some bricks had in fact been exported to Singapore, but also to other countries.

Meanwhile, the China Refinery Project remained dormant during the year under review as market conditions continued its unfavourable trend. Whilst

the Group's investment in this joint venture has been fully written down, the management is actively discussing with its Chinese partners on the fate of this venture.

As stated in the last Annual report, the Group intend to diversify into downstream palm-based manufacturing activities through strategic alliances with other public listed groups. However, the Group and its partners decided to terminate the palm oil refinery project in Sandakan in June 1998 following the sudden change in the economic scenario that had adversely affected its overall viability.

HUMAN RESOURCE

The Group recognised that its achievements and continued success rest hard largely on the efforts and hard work of employees. It is therefore imperative to constantly upgrade the skills and competencies of the employees in order to attain better and higher level of performance.



The launch of the Group's Internet website by our Chairman.



Some of the orchid varieties bred by Asiatic Green Tech Sdn. Bhd.

The 18th Management Conference – “Re – engineering of Plantation Management Practices- Quality and Productivity”.- highlighted the needs to critically review the current practices and reorientate one's mindset on ways and means in improving quality and productivity. The Group has also embarked on a long term in house programme to re-examine and reinforce a common set of “culture of excellence” amongst all levels of employees to provide greater support towards organisational excellence and congruence.

The Group has always placed significant importance on safety at work and health of its employees. Its commitment to these areas is reflected through constant education of its employees by way of regular talks on health and safety matters, sponsorships for the “First Aid at the Workplace” programmes as well as in-house fire fighting and fire safety training.

YEAR 2000 (Y2K)

A Y2K task force has been set up to address the issues to ensure a smooth continuity of the Group's business processes and systems into the next millennium.

Led by the Y2k task force, the Group has to date completed several major phases of the project including the awareness programme, inventory checklist, impact analysis, budgeting and setting up of testing facilities. The task force is currently in the testing, validation and remediation phases.

The Group is constantly reviewing the previous phases to ensure complete coverage of any Y2K related issue linkages and business chain. The total budgeted cost of the Y2K project for the Group is estimated at RM1 Million.

OTHERS

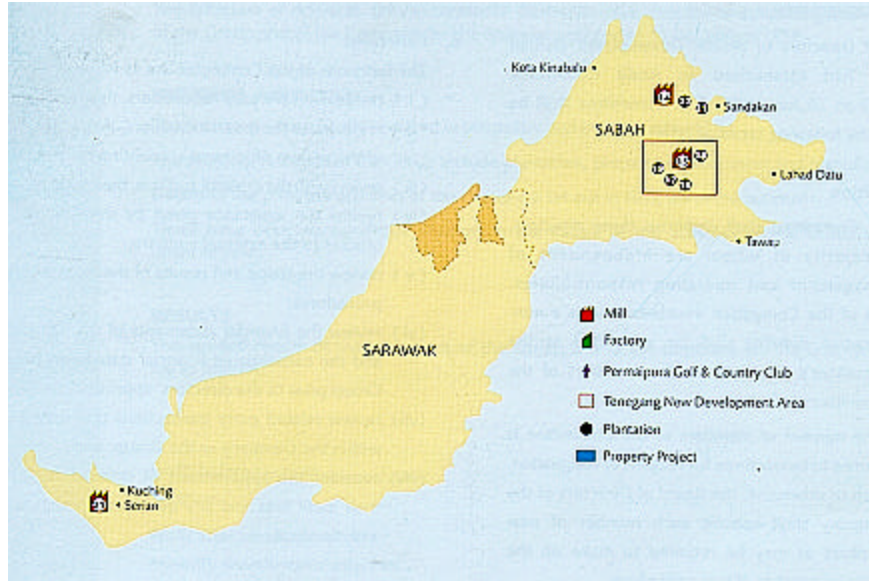
The year under review also marked the launching of the Group's internet website, which was fully developed in-house. The website will serve as an information to the existing and prospective investors as well as an advertising tool for the property development project. Our website may be visited at <http://www.asiatic.com.my>

LIST OF GROUP PROPERTIES



No.	PROPERTIES & LOCATION	TENURE	HECTARES		DESCRIPTION	NET BOOK VALUE AS AT 31 DEC 1998 (RM MILLION)	AGE OF BUILDINGS (YEARS)
			PLANTATION	PROPERTY DEVELOPMENT			
PENINSULAR MALAYSIA							
1	Paya Kamunting Estate, Jitra, Kedah	Freehold	558		Rubber and oil palm estate	7.4	
2	Bukit Sembilan / Riverside Estate, Baling / Sg. Petani, Kedah	Freehold	817	145	Rubber and oil palm estate, property development, golf course and club house	92.7	3
3	Selama Estate, Serdang & Kulim, Kedah / Selama, Perak	Freehold	1,856		Rubber and oil palm estate	24.3	
4	Bute / Dominion Estate, Sepang & Ulu Langat, Selangor	Freehold	843		Rubber and oil palm estate and orchard	15.6	
5	Tebong / Repah Estate, Jasin & Alor Gajah, Melaka / Tampin & Kuala Pilah, Negeri Sembilan	Freehold	2,417		Rubber and oil palm estate	31.1	
6	Cheng Estate, Melaka Tengah, Alor Gajah & Kuala Linggi, Melaka	Freehold	825	5	Rubber and oil palm estate and property development	35.8	
7	Tanah Merah Estate, Tangkak, Johor	Freehold	1,846		Rubber and oil palm estate	25.9	
8	Sg. Rayat Estate, Batu Pahat, Johor	Freehold	1,708		Oil palm estate	29.7	
9	Sri Gading Estate, Batu Pahat, Johor	Freehold	3,673		Oil palm estate	64.1	
10	Sing Mah Estate, Air Hitam, Johor	Freehold	669		Oil palm estate and mill	13.2	18
11	Kulai Besar (North) Estate, Simpang Renggam, Johor	Freehold	655		Oil palm estate	12.6	
12	Kulai Besar Estate, Kulai, Johor	Freehold	2,537	178	Oil palm estate and mill and property development	397.1	9
13	Setiamas Estate, Kulai & Batu Pahat, Johor	Freehold	257	159	Oil palm estate and property development	108.0	
14	Sabapalm Estate, Labuk Valley, Sandakan	Leasehold (unexpired lease period of 889 years)	4,077		Oil palm estate and mill	39.2	28
		Leasehold (unexpired lease period of 87 years)	283		Oil palm estate		
15	Sri Tanjung Estate, Kinabatangan	Leasehold (unexpired lease period of 88 years)	4,153		Oil palm estate and mill	41.9	4

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No.	PROPERTIES & LOCATION	TENURE	HECTARES		DESCRIPTION	NET BOOK VALUE AS AT 31 DEC 1998 (RM MILLION)	AGE OF BUILDINGS (YEARS)
			PLANTATION	PROPERTY DEVELOPMENT			
16	Sri Bahagia Estate, Kinabatangan	Leasehold (unexpired lease period of 88 years)	3,941		Oil palm estate	27.9	
17	Sri Tenegang Estate	Leasehold (unexpired lease period of 90 years)	4,047		Oil palm estate	26.8	
18	Sri Landworthy Estate, Kinabatangan	Leasehold (unexpired lease period of 85 years)	4,039		Oil palm estate	22.6	
19	Sri Layang Estate, Kinabatangan	Leasehold (unexpired lease period of 92 years)	1,683		Oil palm estate	7.3	
OTHER PROPERTIES OWNED							
20	Bangi Factory, Selangor	Leasehold (unexpired lease period of 88 years)	12,140 (sq.m)		1 plot of land with factory	2.8	17
21	Asiatic Regional Office, Sandakan, Sabah	Leasehold (unexpired lease period of 889 years)	1,206 (sq.m)		2 units of 2-storey intermediate detached house	0.1	14
22	Asiatic Vegetable Oils Refinery, Sandakan, Sabah	Leasehold (unexpired lease period of 82 years)	8		Vacant land	3.8	
23	Dongguan New Asiatic, Guangdong Province, China	Leasehold (unexpired lease period of 45 years)	41,316 (sq.m)		Vegetable oil bulking installation	5.4	4
PROPERTIES MANAGED							
24	Bundoora Estate, Ulu Yam, Selangor	Freehold	105		Oil palm estate		
25	Serian Palm Oil Mill, Serian, Sarawak	Leasehold (unexpired lease period of 56 years)	31		Palm oil mill		2

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 a 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 three 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 three 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 responsibilities.

3. Responsibilities

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 audit 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 the 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.

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 1998.

PRINCIPLE 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 28 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.

RESULTS

The audited results of the operations of the Group and of the Company for the financial year ended 31 December 1998 are as follows:

	Group RM '000	Company RM '000
Profit before taxation	165,004	140,228
Taxation	(40,957)	(37,533)
	<hr/>	<hr/>
Profit after taxation	124,047	102,695
Minority shareholders' interest	955	-
	<hr/>	<hr/>
Profit attributed to shareholders of Asiatic Development Berhad	125,002	102,695
Unappropriated profit at beginning of the year	288,753	373,546
Transfer from capital reserves	397	204
	<hr/>	<hr/>
Profit available for appropriation	414,152	476,445
Dividends:		
Interim - 1.5 sen less 28% tax	(8,006)	(8,006)
Proposed final - 3.0 sen less 28% tax	(16,013)	(16,013)
	(24,019)	(24,019)
	<hr/>	<hr/>
Unappropriated profit at end of the year	390,133	452,426
	<hr/>	<hr/>

DIVIDENDS

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

- (i) a final dividend of 2.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM13,344,030 in respect of the financial year ended 31 December 1997 and which has been dealt with in the previous Directors' report was paid on 22 July 1998; 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 1998 was paid on 20 October 1998.

The Directors recommend payment of a final dividend of 3.0 sen less 28% tax per ordinary share of 50 sen each in respect of the current financial year to be paid on 9 June 1999 to shareholders registered in the Register of Members at the close of business on 20 May 1999. Based on the issued and paid-up ordinary share of the Company as at the date of this report, the final dividend would amount to RM16,012,836.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 20 to the accounts.

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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
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 interest in shares of the Company; Genting Berhad, the holding company; Resorts World Bhd, GB Credit & Leasing Sdn Bhd and Genting International PLC, all which are related companies or corporation as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors	1.1.1998	Acquired/(Disposed)	31.12.1998
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	164,000	-	164,000
Tan Sri Lim Goh Tong	437,500	-	437,500
Dato' Baharuddin bin Musa	3,031,000	(2,418,000)	613,000
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)	-

Shareholding in which a Director is deemed to have an Interest	1.1.1998	Acquired/(Disposed)	31.12.1998
	(Number of ordinary shares of 50 sen each)		
Encik Mohd Din Jusoh	30,000	(30,000)	-

INTEREST IN GENTING BERHAD, THE HOLDING COMPANY

Shareholdings in the names of Directors	1.1.1998	Acquired/(Disposed)	31.12.1998
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	6,000	2,000	8,000
Tan Sri Lim Goh Tong	6,681,000	-	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	1,000	-	1,000
<i>(Alternate to Dato' Lim Kok Thay)</i>			

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INTEREST IN GENTING BERHAD, THE HOLDING COMPANY (Cont'd)

Shareholding in which a Director is deemed to have an Interest	1.1.1998	Acquired/(Disposed)	31.12.1998
	(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 Options in the names of Directors	1.1.1998	Offered/(Exercised)	31.12.1998
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	400,000	-	400,000
Tan Sri Lim Goh Tong	600,000	-	600,000
Dato' Lim Kok Thay	400,000	-	400,000

INTEREST IN RESORTS WORLD BERHAD, A RELATED COMPANY

Shareholdings in the names of Directors	1.1.1998	Acquired/(Disposed)	31.12.1998
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	122,000	-	122,000
Dato' Baharuddin bin Musa	20,000	5,000	25,000
Dato' Lim Kok Thay	2,610,000	-	2,610,000
Mr Quah Chek Tin	1,000	-	1,000
<i>(Alternate to Dato' Lim Kok Thay)</i>			

Share Options in the names of Directors	1.1.1998	Offered/(Lapsed)	31.12.1998
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Lim Goh Tong	1,000,000	(700,000)	300,000
Dato' Lim Kok Thay	650,000	(475,000)	175,000

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

Shareholdings in the names of Directors	1.1.1998	Acquired/(Disposed)	31.12.1998
	(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	1.1.1998	Acquired/(Disposed)	31.12.1998
	(Number of ordinary shares of US\$0.10 each)		
Tan Sri Lim Goh Tong	1,832,468	-	1,832,468
Dato' Lim Kok Thay	623,000	-	623,000

Shareholding in which a Director is deemed to have an Interest	1.1.1998	Acquired/(Relinquished)	31.12.1998
	(Number of ordinary shares of US\$0.10 each)		
Dato' Baharuddin bin Musa	1,200	(1,200)	-
Dato' Lim Kok Thay	4,649,598	-	4,649,598

Share Options in the names of Directors	1.1.1998	Acquired/(Relinquished)	31.12.1998
	(Number of unissued shares of US\$0.10 each)		
Tan Sri Lim Goh Tong	500,000	(500,000)	-

INTEREST IN GENTING INTERNATIONAL PLC, A RELATED CORPORATION

Shareholdings in the names of Directors	1.1.1998	Acquired/(Relinquished)	31.12.1998
		(Number of unissued shares of US\$0.10 each)	
Dato' Lim Kok Thay	1,000,000	(1,000,000)	-

Apart from the above disclosures:

- (a) the Directors of the Company do not have any other interest 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) 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 Berhad ("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.
- (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, Dato' Lim Kok Thay and Mr Quah Chek Tin are directors, has extended a loan to a subsidiary company.
- (vii) A company in which Tan Sri Lim Goh Tong is a director and a substantial shareholder has rented approximately 5.87 hectares of land in Mukim of Batang Kali, District of Ulu Selangor, Selangor to Genting Utilities & Services Sdn Bhd, a related company.
- (viii) A corporation in which Tan Sri Mohd Amin bin Osman is a call option holder; Tan Sri Lim Goh Tong is a shareholder; and Dato' Lim Kok Thay is a director, shareholder and call option holder has issued and allotted 125,000,000 new ordinary shares of US\$0.10 each to Resort World Limited, a related corporation, for a cash consideration of US\$262.5 million.

Dato' Lim Kok Thay 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 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 the Company misleading;
- (iii) which has 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.

On behalf of the Board,

DATO' BAHARUDDIN BIN MUSA

MOHD DIN JUSOH

Kuala Lumpur
12 April 1999

PROFIT & LOSS ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998

Amounts in RM'000 unless otherwise stated	Note(s)	Group		Company	
		1998	1997	1998	1997
OPERATING REVENUE	3 & 4	351,304	313,316	136,557	91,206
PROFIT BEFORE TAXATION	4 & 5	165,004	102,382	140,228	85,487
Taxation	6	(40,957)	(26,191)	(37,533)	(23,169)
PROFIT AFTER TAXATION		124,047	76,191	102,695	62,318
Minority shareholders' interests		955	263	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF ASIATIC DEVELOPMENT BERHAD		125,002	76,454	102,695	62,318
Unappropriated profit at beginning of the year		288,753	233,409	373,546	332,347
Transfer from capital reserves	20	397	18	204	9
PROFIT AVAILABLE FOR APPROPRIATION		414,152	309,881	476,445	394,674
Appropriation:					
Dividends	7	(24,019)	(21,128)	(24,019)	(21,128)
UNAPPROPRIATED PROFIT AT END OF THE YEAR	20	390,133	288,753	452,426	373,546
EARNINGS PER SHARE	22	16.9 sen	10.3 sen		

BALANCE SHEETS

AS AT 31 DECEMBER 1998

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		1998	1997	1998	1997
EMPLOYMENT OF CAPITAL					
FIXED ASSETS	8	500,497	507,689	279,247	286,689
PROPERTY DEVELOPMENT	9	221,170	190,119	-	-
SUBSIDIARY COMPANIES	10	-	-	597,228	504,493
ASSOCIATED COMPANIES	11	27,948	27,392	27,193	24,937
INVESTMENT	12	1,438	2,014	839	1,207
CURRENT ASSETS					
Property development	9	159,274	117,584	-	-
Stocks	13	8,313	5,119	3,579	1,411
Trade debtors		36,408	35,934	2,406	3,838
Other debtors, deposits and prepayments	14	17,123	20,343	10,969	12,148
Short-term investments	15	3,551	3,277	3,391	2,955
Bank balances and deposits	16	15,263	13,876	8,380	6,714
		239,932	196,133	28,725	27,066
LESS CURRENT LIABILITIES					
Trade creditors		61,747	60,726	301	459
Other creditors and accrued expenses	17	34,325	34,004	13,022	16,006
Amount due to holding company and other related companies	18	754	43,380	254	379
Provision for taxation		47,373	30,193	22,776	11,792
Proposed dividend		16,013	13,344	16,013	13,344
		160,212	181,647	52,366	41,980
NET CURRENT ASSETS / (LIABILITIES)		79,720	14,486	(23,641)	(14,914)
		830,773	741,700	880,866	802,412
CAPITAL EMPLOYED					
SHARE CAPITAL	19	370,668	370,668	370,668	370,668
RESERVES	20	438,479	345,822	506,930	428,254
SHAREHOLDERS' FUNDS		809,147	716,490	877,598	798,922
MINORITY INTERESTS		14,718	18,114	-	-
DEFERRED TAXATION	21	5,841	6,004	2,261	2,440
RETIREMENT BENEFITS		1,067	1,092	1,007	1,050
		830,773	741,700	880,866	802,412
NET TANGIBLE ASSETS PER SHARE		109.1 sen	96.6 sen		

The notes set out on pages 26 to 39 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1998

Amounts in RM'000 unless otherwise stated	Note	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		165,004	102,382
Adjustments for:			
Depreciation of fixed assets		9,594	8,536
Interest expense		3,689	2,892
Write down of long-term investment in a quoted foreign corporation		691	-
Fixed assets written off		74	195
Provision for/(write back of) retirement benefits		57	(33)
Gain on disposal of fixed assets		(7,749)	(1,277)
Interest income		(3,938)	(1,937)
Share of profits of associated companies		(148)	(2,928)
Exceptional write down of fixed assets of a foreign subsidiary company		-	23,314
Preliminary and pre-operating expenses written off		-	1,846
Loss on disposal of subsidiary companies	<i>a</i>	-	64
		2,270	30,672
Operating profit before changes in working capital		167,274	133,054
Increase in property development, net of progress billings		(41,690)	(110,522)
(Increase)/Decrease in stocks		(3,194)	1,736
Decrease/(Increase) in debtors, deposits and prepayments		2,989	(20,541)
Increase in creditors and accrued expenses		1,480	50,473
(Decrease)/Increase in effect of currency translation		(1,260)	1,301
		(41,675)	(77,553)
Cash generated from operations		125,599	55,501
Property development expenditure		(31,051)	(19,826)
Tax paid		(22,679)	(16,486)
Retirement benefits paid		(82)	(72)
Pre-operating expenses incurred		-	(1,381)
		(53,812)	(37,765)
NET CASH FROM OPERATING ACTIVITIES		71,787	17,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		8,824	1,710
Interest income		3,938	1,937
Purchase of fixed assets		(13,381)	(18,411)
Advances to associated companies, net of dividend received of RM0.6 million (1997 : Nil)		(1,669)	(387)
Proceeds from disposal of subsidiary companies	<i>a</i>	-	1,097
NET CASH USED IN INVESTING ACTIVITIES		(2,288)	(14,054)

Amounts in RM'000 unless otherwise stated	Note	1998	1997
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment to holding company and other related companies		(42,626)	(8,099)
Dividends paid		(21,350)	(20,757)
Interest paid		(3,827)	(2,570)
Dividends paid to minority shareholders		(35)	-
NET CASH USED IN FINANCING ACTIVITIES		(67,838)	(31,426)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		1,661	(27,744)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		17,153	44,897
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<i>b</i>	18,814	17,153

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of subsidiary companies

Net assets sold			
Fixed assets		-	1,118
Working capital		-	43
Loss on disposal of subsidiary companies		-	(64)
Net cash inflow on disposal of subsidiary companies		-	1,097

(b) Analysis of cash and cash equivalents

Bank balances and deposits		15,263	13,876
Short-term investments		3,551	3,277
Cash and cash equivalents at end of the year		18,814	17,153

The notes set out on pages 26 to 39 form part of these accounts

NOTES TO THE ACCOUNTS
31 DECEMBER 1998

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 subsidiary and associated companies cover plantation, property development and manufacturing.

Details of the principal activities of the Group are set out in Note 28.

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

Accounting Basis

The accounts have been prepared under the historical cost convention modified by the revaluation of certain fixed assets and land held for development and in accordance with the applicable approved accounting standards in Malaysia and the provisions of 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 31 December 1998.

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:

	1998	1997
Leasehold land and plantation	1 – 3%	1 – 3%
Buildings and improvements	5%	5%
Plant, equipment and vehicles	5 – 50%	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.

With effect from the current financial year, the annual depreciation rate for computer equipment has been revised from 20% to 50% so as to reflect more realistically the estimated useful life of these computer equipment. The effect on the accounts of this change in accounting estimate is not material.

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, 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.

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 includes, where relevant, appropriate proportions of overheads and 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

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 companies in other reporting currencies are translated into RM at average rates for the financial year and the balance sheets are translated at rates which approximate 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 companies are taken to reserves.

Cash And Cash Equivalents

Cash and cash equivalents include cash 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 / (Loss) Before Taxation		Assets Employed	
	1998	1997	1998	1997	1998	1997
By activity						
Plantation	263,703	187,801	142,406	71,145	478,269	477,057
Property	87,601	125,515	13,695	33,943	443,077	366,305
Manufacturing	-	-	(17)	(9)	21,293	32,297
	351,304	313,316	156,084	105,079	942,639	875,659
Non-segment Items						
- Interest bearing investments	-	-	(30)	(955)	13,698	12,807
- Others	-	-	8,950	(1,742)	34,648	34,881
	-	-	8,920	(2,697)	48,346	47,688
	351,304	313,316	165,004	102,382	990,985	923,347

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 activities.

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

5. PROFIT BEFORE TAXATION

	Group		Company	
	1998	1997	1998	1997
Operating revenue	351,304	313,316	136,557	91,206
Add / (Less):				
Operating costs relating to stocks	(173,186)	(187,409)	(58,492)	(52,037)
Marketing, selling and administrative expenses	(27,863)	(22,392)	(10,625)	(9,092)
Other income / (expenses)	14,749	(1,133)	72,788	55,410
Profit before taxation	165,004	102,382	140,228	85,487

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

Charges:

Depreciation of fixed assets	9,594	8,536	3,648	3,936
Replanting expenditure	6,620	7,458	4,982	5,676
Charges paid to holding and other related companies:				
- Rental of premises	837	831	713	705
- Secretarial fees	63	60	63	60
- Hire of equipment	41	36	41	36
- Interest	3,689	2,664	-	-
Directors' remuneration:				
- Fees	108	108	108	108
- Other emoluments	1,724	1,660	1,503	1,447
- Provision for retirement gratuities	218	432	73	244
Write-down of long-term investment in a quoted foreign corporation	691	-	368	-
Auditors' remuneration	144	144	58	58
Fixed assets written off	74	195	14	62
Rental of land paid to a subsidiary company	-	-	577	602
Exceptional write down in a foreign subsidiary company:				
- Fixed assets	-	23,314	-	-
- Preliminary and pre-operating expenses	-	1,723	-	-
Interest payable on advances from a minority shareholder of an indirect subsidiary company	-	228	-	-
Preliminary and pre-operating expenses written off	-	123	-	-

Credits;

Gain on disposal of fixed assets	7,749	1,277	7,743	312
Interest income	3,639	1,696	2,511	1,057
Rental income	1,435	1,313	406	371
Income from subsidiary and associated companies:				
- Gross dividends	-	-	60,293	47,986
- Management fees	964	556	420	1,953
- Interest on advances	299	241	305	287
- Rental income	-	-	-	217
- Hire of equipment	-	-	-	321
Share of profits of associated companies	148	2,928	-	-

6. TAXATION

	Group		Company	
	1998	1997	1998	1997
Current taxation - Malaysian	39,887	26,820	37,712	24,871
Over provision in prior years	(28)	-	-	-
	39,859	26,820	37,712	24,871
Deferred taxation				
Current year's credit	(163)	(667)	(179)	(1,426)
Effect of change in tax rate	-	(477)	-	(276)
	(163)	(1,144)	(179)	(1,702)
Share in taxation of associated companies	1,261	515	-	-
	40,957	26,191	37,533	23,169

The effective tax rates of the Group and of the Company for 1998 and 1997 are lower than the statutory income tax rates due mainly to utilisation of unabsorbed business loss, capital allowance brought forward, agriculture allowance in respect of new planting expenditure and certain non-taxable income of the Group and of the Company.

7. DIVIDENDS

	1998	1997
Interim - 1.5 sen less 28% tax (1997 : 1.5 sen less 30% tax [now deemed as 28%]) per share	8,006	7,784
Proposed final - 3.0 sen less 28% tax (1997 : 2.5 sen less 28% tax) per share	16,013	13,344
	24,019	21,128

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8. FIXED ASSETS

1998	Freehold land and plantation	Long leasehold land and plantation	Short leasehold land	Buildings and improve- ments	Plant, equipment and vehicles	Construction in progress	Total
Group							
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	258,222	170,480	1,171	52,641	76,554	19,530	578,598
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	-	(6,408)	(323)	(19,205)	(52,165)	-	(78,101)
Net book value at beginning of the year	272,222	147,214	2,889	35,113	26,999	23,252	507,689
Net book value at end of the year	258,222	164,072	848	33,436	24,389	19,530	500,497
Comprising:							
Cost	136,600	170,480	1,171	52,641	76,554	19,530	456,976
At 1981 valuation	121,622	-	-	-	-	-	121,622
	258,222	170,480	1,171	52,641	76,554	19,530	578,598

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8. FIXED ASSETS (Cont'd)

1997	Freehold land and plantation	Long leasehold land and plantation	Short leasehold land	Buildings and improve- ments	Plant, equipment and vehicles	Construction in progress	Total
Group							
Cost except as otherwise stated:							
Beginning of the year	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	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 beginning of the year	259,742	137,953	5,788	29,816	26,183	48,378	507,860
Net book value at end of the year	272,222	147,214	2,889	35,113	26,999	23,252	507,689
Comprising:							
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

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8. FIXED ASSETS (Cont'd)

1998	Freehold land and plantation	Long leasehold land and plantation	Buildings and improve- ments	Plant, equipment and vehicles	Construction in progress	Total
Company						
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/others	-	-	29	490	(519)	-
End of the year	221,495	42,635	21,639	28,784	53	314,606
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	-	(1,687)	(11,723)	(21,949)	-	(35,359)
Net book value at beginning of the year	222,466	39,357	15,346	9,047	473	286,689
Net book value at end of the year	221,495	40,948	9,916	6,835	53	279,247
Comprising:						
Cost	106,757	42,635	21,639	28,784	53	199,868
At 1981 valuation	114,738	-	-	-	-	114,738
	221,495	42,635	21,639	28,784	53	314,606

ASIATIC DEVELOPMENT BERHAD
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8. FIXED ASSETS (Cont'd)

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

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

	Group	
	1998	1997
Freehold land - at 1981 valuation	9,382	9,503
- at cost	142,681	142,685
	152,063	152,188
Development expenditure	420,727	292,513
	572,790	444,701
Less : Non-current portion	(221,170)	(190,119)
	351,620	254,582
Add : Attributable profits	76,147	65,363
	427,767	319,945
Less : Progress billings	(268,493)	(202,361)
Current portion	159,274	117,584

As at 31 December 1998, tax effect amounting to RM15.8 million (1997 : RM16.2 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. 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

	Company	
	1998	1997
Unquoted shares - at cost	135,666	135,666
Amount due from subsidiary companies	557,466	449,319
	693,132	584,985
Amount due to subsidiary companies	(95,904)	(80,492)
	597,228	504,493

The subsidiary companies are listed in Note 28.

11. ASSOCIATED COMPANIES

	Group		Company	
	1998	1997	1998	1997
Unquoted shares - at cost	6,503	6,503	6,503	6,503
Group's share of post-acquisition reserves net of dividend received	755	2,455	-	-
	7,258	8,958	6,503	6,503
Amount due from associated companies	20,690	18,434	20,690	18,434
	27,948	27,392	27,193	24,937

**Group and
Company**

1998 1997

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

- Interest free advances	13,356	13,589
- Advances bearing interest at rates pegged against the base lending rate of a local licensed bank	7,334	4,845
	20,690	18,434

The above advances are repayable on demand.

Investment in associated companies for the Group in 1998 and 1997 approximate the Group's share of the net tangible assets of the respective associated companies.

The associated companies are listed in Note 28.

12. INVESTMENT

	Group		Company	
	1998	1997	1998	1997
Quoted - at cost, less amount written off:				
Share in a foreign corporation	1,438	2,014	839	1,207
Market value of quoted shares	1,438	3,083	839	1,800

13. STOCKS

Produce stocks	5,248	813	3,042	410
Stores and spares	3,065	4,306	537	1,001
	8,313	5,119	3,579	1,411

14. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Other debtors, deposits and prepayments include the following:

	Group	
	1998	1997
Preliminary and pre-operating expenses (including depreciation of fixed assets of RM0.2 million and RM0.4 million for 1998 and 1997 respectively)	1,680	2,153
Housing loan granted by a subsidiary company to an executive director of the Company	500	500

15. SHORT-TERM INVESTMENTS

Short-term investments represent investments in money market instruments.

16. BANK BALANCES AND DEPOSITS

	Group		Company	
	1998	1997	1998	1997
Deposits with licensed banks	12,853	9,529	6,374	4,672
Deposits with finance companies	845	-	807	-
Cash and bank balances	1,565	4,347	1,199	2,042
	15,263	13,876	8,380	6,714

Included in deposits with licensed banks for the Group is an amount of RM6.2 million (1997 : RM4.8 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 1996.

17. OTHER CREDITORS AND ACCRUED EXPENSES

The amount includes loans totalling RM0.2 million (1997 : RM0.2 million) obtained by a foreign subsidiary company bearing interest at rates ranging from 0.66% to 1% (1997 : 1%) per month which is repayable on demand. An amount of RM0.1 million (1997 : RM0.2 million) of the said loan is secured against a fixed asset of the said foreign subsidiary company.

In addition, the amount also includes an advance of RM5.4 million (1997 : RM5.4 million) 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.

18. AMOUNT DUE TO HOLDING COMPANY AND OTHER RELATED COMPANIES

The amount includes the following unsecured short-term loans granted by:

	Group	
	1998	1997
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	-	42,500
Other related company to another wholly-owned subsidiary company of the Company bearing interest at 4% per annum	500	500
	500	43,000

19. SHARE CAPITAL

	Company	
	1998	1997
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

20. RESERVES

	Group		Company	
	1998	1997	1998	1997
Non-distributable Reserves				
Share Premium	25,663	25,663	25,663	25,663
Capital Reserves				
At beginning of the year	23,790	23,808	29,045	29,054
Transfer to profit and loss accounts	(397)	(18)	(204)	(9)
At end of the year	23,393	23,790	28,841	29,045
Exchange Differences				
At beginning of the year	7,616	(1,613)	-	-
Movements during the year	(8,326)	9,229	-	-
At end of the year	(710)	7,616	-	-
Distributable Reserve				
Unappropriated Profit	390,133	288,753	452,426	373,546
	438,479	345,822	506,930	428,254

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 RM243.9 million (1997 : RM147.4 million) of the Company's unappropriated profit if distributed by way of dividend without additional tax liabilities being incurred.

21. DEFERRED TAXATION

	Group		Company	
	1998	1997	1998	1997
Excess of capital allowances over depreciation	6,892	7,150	3,120	3,436
Other short-term timing differences	(1,051)	(1,146)	(859)	(996)
	5,841	6,004	2,261	2,440

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.

22. EARNINGS PER SHARE

Earnings per ordinary share is calculated based on the Group's profit attributable to shareholders of RM125.0 million (1997 : RM76.5 million) and the number of ordinary shares in issue of 741,335,000 (1997 : 741,335,000).

23. CONTINGENT LIABILITY

During the financial year, the Company extended an unsecured performance guarantee to the extent of approximately RM18.4 million to the trustee of a golf and country club owned by an indirect, wholly-owned subsidiary company in respect of the utilisation of a performance bond by the said subsidiary company.

24. CAPITAL COMMITMENTS

	Group		Company	
	1998	1997	1998	1997
Authorised capital expenditure not provided for in the accounts:				
- contracted	13,355	21,396	333	8,896
- not contracted	14,935	16,904	7,384	6,901
	28,290	38,300	7,717	15,797

25. HOLDING COMPANY

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

26. SIGNIFICANT INTER-COMPANY TRANSACTIONS

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

	Company	
	1998	1997
Sales to subsidiary companies	64,030	41,014
Purchases from a subsidiary company	1,167	664

27. 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
	1998	1997		
<u>Direct Subsidiary Companies</u>				
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
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
The Rubber Trust Limited	-	100	Hong Kong	Liquidated
Amalgamated Rubber Estates Limited	-	100	Hong Kong	Liquidated
<u>Indirect Subsidiary Companies</u>				
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
Asiatic Awanpura Sdn Bhd	100	70	Malaysia	Pre-operating
Rubber Trust Plantations Sdn Bhd	-	100	Malaysia	Liquidated
<u>Associated Companies</u>				
* 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	Final meeting of the Members' voluntary winding-up held in November 1998

+ The accounts of these companies are audited by the overseas firms associated with the auditors of the Company.

* The accounts of this company are audited by Deloitte Touche Tohmatsu, a member firm of the auditors of the Company.

@ The accounts of this company are examined by auditors other than the auditors of the Company.

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 page 26 to 39, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 1998 and of the results of the Group and of the Company and the cash flows of the Group for the financial year ended on that date.

On behalf of the Board,

DATO' BAHARUDDIN BIN MUSA

MOHD DIN JUSOH

Kuala Lumpur
12 April 1999

STATUTORY DECLARATION

I, **CHEAH CHING MOOI**, 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 26 to 39, 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 Declaration Act, 1960.

Subscribed and solemnly declared by the abovenamed)
CHEAH CHING MOOI, at KUALA LUMPUR on 12 April 1999.) **CHEAH CHING MOOI**

Before me,

DATO' NG MANN CHEONG
Commissioner of Oaths
Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accompanying balance sheets as at 31 December 1998, the related profit and loss accounts and consolidated cash flow statement, together with the notes thereto, for the financial year then ended. 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 standards on auditing in Malaysia. These 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 the 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 abovementioned accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 31 December 1998 and of the results of the Group and of the Company and the cash flows of the Group for the financial 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 28 to the accounts of which we have not 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' report 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

KEK AH FONG
1880/4/00 (J)
Partner

Kuala Lumpur
12 April 1999

ASIATIC DEVELOPMENT BERHAD
Annual Report 1998

FINANCIAL

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
RM '000										
Profit before taxation	165,004	102,382	68,564	96,815	46,168	34,864	49,022	29,181	21,937	39,711
Taxation	(40,957)	(26,191)	(15,875)	(21,184)	(10,312)	(7,255)	(9,715)	(7,244)	(2,727)	(8,812)
Profit after taxation	124,047	76,191	52,689	75,631	35,856	27,609	39,307	21,937	19,210	30,899
Profit attributable to shareholders	125,002	76,454	52,681	76,058	36,266	27,775	39,514	22,250	19,383	30,936
Issued capital	370,668	370,668	370,668	370,668	370,668	365,315	364,502	363,754	327,101	326,318
Unappropriated profit	390,133	288,753	233,409	201,253	143,965	125,471	113,795	90,407	82,350	74,662
Other reserves	48,346	57,069	47,858	48,174	48,296	44,939	33,081	32,399	20,894	20,262
Shareholders' funds	809,147	716,490	651,935	620,095	562,929	535,725	511,378	486,560	430,345	421,242
Minority interests	14,718	18,114	10,855	9,101	5,773	6,349	746	1,457	790	963
Deferred taxation	5,841	6,004	7,148	6,607	4,566	5,605	5,841	5,789	5,902	5,979
Retirement benefits	1,067	1,092	1,197	1,233	1,406	1,693	1,687	2,002	2,048	1,847
Capital employed	830,773	741,700	671,135	637,036	574,674	549,372	519,652	495,808	439,085	430,031
Fixed assets	500,497	507,689	507,860	461,141	490,505	448,952	436,438	417,266	357,742	351,198
Property development	221,170	190,119	170,293	80,351	26,283	16,847	7,061	-	-	-
Associated companies	27,948	27,392	24,592	20,290	2,443	2,557	1,071	-	-	-
Investments	1,438	2,014	2,014	807	6,183	-	-	-	-	4,225
Net current assets/(liabilities)	751,053 79,720	727,214 14,486	704,759 (33,624)	562,589 74,447	525,414 49,260	468,356 81,016	444,570 75,082	417,266 78,542	357,742 81,343	355,423 74,608
Employment of capital	830,773	741,700	671,135	637,036	574,674	549,372	519,652	495,808	439,085	430,031
Earnings per share (sen)*	16.9	10.3	7.1	10.3	4.9	3.7	5.3	3.0	2.6	4.2
Net dividend per share (sen)*	3.2	2.8	2.8	2.7	2.5	2.2	2.2	1.9	1.6	1.7
Dividend cover (times)	5.2	3.6	2.5	3.8	2.0	1.7	2.5	1.6	1.7	2.4
Current ratio	1.5	1.1	0.7	2.1	1.7	2.6	3.1	3.1	4.4	3.4
Net tangible assets per share (sen)*	109.1	96.6	87.9	83.6	75.9	72.3	69.0	65.6	58.0	56.8
Return (after tax and minority interests) on average shareholders' funds (%)	16.4	11.2	8.3	12.9	6.6	5.3	7.9	4.9	4.6	7.5
Market share price										
- highest (RM)	1.55	3.18	3.16	3.12	5.15	5.90	1.66	1.29	1.56	1.26
- lowest (RM)	0.76	0.88	2.16	2.32	2.52	1.28	0.69	0.85	0.97	1.02

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

OPERATIONS

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
OIL PALM										
FFB Production (T)	472,962	481,696	415,813	375,701	344,271	361,874	345,644	303,703	225,121	230,891
Yield Per Mature Hectare (T)	16.8	18.8	17.4	17.3	19.5	22.6	22.8	20.5	21.0	23.1
Average Selling Prices										
Crude Palm Oil (RM/T)	2,321	1,370	1,209	1,453	1,120	876	911	823	691	818
Palm Kernel (RM/T)	1,103	770	805	728	705	443	633	480	375	547
RUBBER										
Production ('000 kg)	1,826	2,141	2,416	2,540	3,299	3,739	4,830	6,648	7,676	9,155
Yield Per Mature Hectare (kg)	1,201	1,171	1,197	1,070	1,170	1,245	1,348	1,563	1,408	1,490
Average Selling Prices of All Grades (Sen/kg)	250	246	332	513	354	303	282	283	274	292

LAND AREAS

HECTARES	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Oil Palm										
Mature	29,095	26,166	24,008	23,637	19,653	16,435	15,523	14,763	10,557	10,216
Immature	6,581	9,483	10,793	10,797	11,704	11,474	11,511	5,638	1,797	1,517
	35,676	35,649	34,801	34,434	31,357	27,909	27,034	20,401	12,354	11,733
Rubber										
Mature	1,830	2,304	2,704	2,680	3,235	2,992	3,654	4,122	5,081	6,076
Immature	-	32	52	264	536	2,002	2,352	2,088	1,359	680
	1,830	2,336	2,756	2,944	3,771	4,994	6,006	6,210	6,440	6,756
Durians & Others										
Mature	0	0	0	104	583	558	766	668	519	453
Immature	34	34	34	34	79	104	32	182	324	437
	34	34	34	138	662	662	798	850	843	890
TOTAL PLANTED AREA	37,540	38,019	37,591	37,516	35,790	33,565	33,838	27,461	19,637	19,379
Unplantable Jungle Area	1,558	1,208	1,773	3,222	4,521	6,503	5,167	8,022	7,390	8,094
Labour Lines, Buildings, Infrastructure etc.	1,786	1,735	1,695	1,254	1,170	1,521	1,497	977	1,145	699
Property Development	487	515	665	190	337	337	0	0	0	0
TOTAL TITLED AREA	41,371	41,477	41,724	42,182	41,818	41,926	40,502	36,460	28,172	28,172

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 1999

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	501	2.30	235,345	0.03
500 - 5,000	17,305	79.40	37,717,966	5.09
5,001 - 10,000	2,272	10.42	18,890,976	2.55
10,001 - 100,000	1,576	7.23	42,762,663	5.77
100,001 - 1,000,000	120	0.55	33,305,250	4.49
1,000,001 & above	21	0.10	608,422,800	82.07
Total	21,795	100	741,335,000	100

TWENTY (20) LARGEST SHAREHOLDERS

Name	No. of Shares Held	% of Issued Capital
1. Genting Berhad	405,171,000	54.65
2. Lembaga Tabung Angkatan Tentera	167,910,500	22.65
3. Genting Equities (Hong Kong) Limited	7,139,000	0.96
4. Employees Provident Fund Board	3,931,000	0.53
5. Crescendo Overseas Corporation Sdn Bhd	3,800,000	0.51
6. Mah Hon Choon	3,733,000	0.50
7. Malaysia National Insurance Berhad	3,048,000	0.41
8. Maimoon Omar @ Moonyra Baharuddin	2,418,000	0.33
9. Government of Singapore Investment Corporation Pte Ltd	2,346,000	0.32
10. The Pacific Rim Small Company Series	1,794,000	0.24
11. Sword Investments Private Limited	1,691,000	0.23
12. Multi-Purpose First Fund	1,616,000	0.22
13. Panoramic Industrial Development Sdn Bhd	1,600,000	0.22
14. Loo Geok Eng	1,502,000	0.20
15. Gan Cheong Or @ Ngan Chong Hoo	1,190,000	0.16
16. IFC Emerging Markets Fund-Malaysia	1,116,300	0.15
17. Ban Dung Palm Oil Industries Sdn Bhd	1,101,000	0.15
18. IBB Nikko Fund	1,000,000	0.14
19. Kuala Lumpur Savings Fund	985,000	0.13
20. Teo Chuan Keng	951,000	0.13
Total	614,042,800	82.83

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	% of Issued Capital	Indirect/ Deemed Interest	% of Issued Capital
Genting Berhad	405,171,000	54.65	7,249,000	0.98
Lembaga Tabung Angkatan Tentera	167,910,500	22.65	-	-
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 Wednesday, 12 May 1999 at 9.30 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 Wednesday, 12 May 1999 at 9.30 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:

ORDINARY RESOLUTION		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 Dato' Lim Kok Thay as a Director	Resolution 4				
To re-appoint _____ as a Director in accordance with Section 129 of the Companies Act, 1965					
(i) Tan Sri Mohd Amin bin Osman	Resolution 5				
(ii) Tan Sri Lim Goh Tong	Resolution 6				
(iii) Lt.Gen. (B) Dato' Haji Abdul Jamil bin Haji Ahmad	Resolution 7				
(iv) Dato' Siew Nim Chee	Resolution 8				
To appoint Messrs PricewaterhouseCooper as auditors in place of the retiring auditors Messrs Kassim Chan & Co	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 _____ 1999

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.