

Borneo Company's 1937 Report

The Annual General Meeting of the British North Borneo (Chartered) Company was held yesterday at River Plate House, London, E.C.

Major-General Sir Neill Malcolm, K.C.B., D.S.O., the president, occupied the chair.

The Secretary (Mr. W. O. Pidgeon, A.C.A.), having read the notice convening the meeting.

The President, in the course of his remarks, said:—The report and figures again show added strength and a greater degree of prosperity than any previous report and accounts which your board has presented. In the first place we have been able to recommend the payment of a dividend of 4 per cent, against 2 per cent last year, so that we can say either that the dividend is up by 2 per cent or by a 100 per cent. Both statements are true. Further than that we are able, after paying 4 per cent, to add £35,000 to our carry-forward, bringing it up to nearly £72,000, while our investments have increased in value from £475,415 to £511,460 and our cash in hand at December 31, 1937, was £212,253, against £81,035 at the end of 1936. These are good results, but it must be remembered that they were attained in what was a specially favourable year.

As you can see from the last page of the accounts, the value of rubber exported was over £1,000,000 against less than £500,000 in 1936. Copra exported was valued at £89,000, against £59,000, tobacco at £30,000, against £8,000, and so through pretty well all the list. We cannot expect such good results for this year as the price of commodities has fallen steeply, and the export of rubber is heavily restricted. Nevertheless the results for the first quarter of this year are slightly better than for the same period in 1937, but the month of April shows a substantial drop in comparison with April, 1937. The probability is therefore that the later months of this year will show some falling off in our profits, and that is why we have put such a large amount as £35,000 to our carry-forward.

Reduced Indebtedness

Although I think it right to strike this note of warning, there are certain other encouraging factors which should not be overlooked. First among these is the increased immigration of Chinese owing to the fighting in their own country. The second encouraging feature is the reduction in our debts and expenses over the last few years. The expenditure in Borneo, which in 1928 was £261,692, has been reduced in 1937 to £209,709, while in ad-

dition Borneo charges for depreciation, &c., declined during the same period from £54,970 to £31,932. Further, London standing charges for Debenture interest, &c., have been reduced from £106,443 in 1928 to £73,666 in 1937.

Perhaps most important is the reduction in our debt. Ten years ago our indebtedness, including bank overdraft, certificates, and debentures amounted to £1,731,000. At December 31 last, instead of a bank overdraft we had £212,000 cash in hand, and the debenture debt had been reduced by £454,100 to £1,154,200, while Certificates to the value of £108,000 have been redeemed. That is to say, that the position has improved by very nearly £800,000. Furthermore, by July 1, that is in 10 days' time, that £154,200 will have been paid off, and in our next balance-sheet which will be made up to December 31 next, our debenture debt will stand at or under £1,000,000 only.

Our interest charges will therefore be very greatly reduced and the whole debt will be paid off by the ordinary action of the sinking fund by 1965, even if there should be no more special repayments such as we have been able to make during the last few years. I do not say for a moment that there will not be such repayments, but even without them it will not be so very long now before that debt is wiped out of our balance-sheet. During this same period we have abolished the gambling farm which used to bring in a revenue of £29,000 and reduced our opium revenue by £60,000.

Important Development of Manila Hemp Cultivation

The third factor is the gradual introduction of new industries, due almost entirely to the enterprise of the small Japanese colony round Tawau.

Of great importance may be the cultivation of Manila hemp, which has gone ahead very fast since I spoke about it last year. The value of hemp exported last year was nearly three times as great as for 1936. Cultivation of this particular fibre has now been taken up by certain British estates and by Chinese and native smallholders; altogether the Governor now has before him applications for 11,000 acres for hemp cultivation. We have the more reason to be grateful to our Japanese planters for the lead they have given after experimenting for at least 20 years, as this is the only Manila hemp grown at present in the British Empire. Its value to our fleet and merchant marine needs no emphasis from me, except to say that for this reason we have made a special feature of our

hemp at the Glasgow Exhibition in the hope of attracting the attention of British enterprise.

It is rather curious that although we have had visits and inquiries from Americans in the Philippines and firms as far away from us as Boston, the Japanese success has so far aroused little interest in London except for our good friends Messrs. Harrisons and Crosfield. It is sometimes said that Manila hemp can only be grown successfully on volcanic soil such as the Japanese have near Tawau, but this hardly seems to be an established fact. An American friend of mine told me that he was growing it successfully on ordinary good alluvial soil in the Philippines and that in his opinion the only essential factor was a steady all-the-year-round rainfall, such as is usually found near the equator. But even if volcanic soil is essential we would appear to have an ample supply in North Borneo. The industry has been proved; all that is now necessary is enterprise and capital.

The Search for Oil

I now come to what can only be described as a potential industry, but may be of greater importance than all the other three put together, I mean, of course, our oil. The prospect is distinctly better than it was 12 months ago. Work is still going on and such hope as there is, is centered upon the Dent Peninsula, the most easterly part of the territory. The geological survey is not yet complete and it may be another 12 months or so before the oil company is able to decide whether to incur the expense of putting down bores or not. Then, even if they do bore, there is no certainty that oil will be found in payable quantities. Much, very much, still remains to be proved, but there is a glimmer of hope now where there was almost none last year.

So much for the commercial prospects of the company, which I venture to think are not discouraging in spite of present depressions. There is, however, one more subject on which I ought, perhaps, to say a further word, and that is opium. It has for the last 10 years been the declared policy of the Chartered Company to suppress the consumption of opium in North Borneo. As the result our revenue from this pernicious trade has gone down from £105,000 in 1927 to £45,000 in 1937. A further step is now about to be taken; I hope and believe that by 1950 little or no opium will be smoked in North Borneo.

The report and accounts were unanimously adopted.

June 22—London Times.