



FINANCIAL STATEMENTS

20	• Profit & Loss Accounts
21	• Balance Sheets
22	• Consolidated Cash Flow Statement
24	• Notes to the Accounts
43	• Statement by Directors
43	• Statutory Declaration
44	• Report of the Auditors to the Members

Profit & Loss Accounts

FOR THE YEAR ENDED 31 DECEMBER 1998

Amounts in RM million unless otherwise stated	Note(s)	Group		Company	
		1998	1997	1998	1997
OPERATING REVENUE	3 & 4	3,369.8	3,822.0	378.6	396.2
PROFIT BEFORE TAXATION	4, 5 & 6	909.7	1,542.5	394.3	424.7
Taxation	7	(364.1)	(346.7)	(108.9)	(106.7)
PROFIT AFTER TAXATION		545.6	1,195.8	285.4	318.0
Minority shareholders' interests		(131.3)	(424.5)	–	–
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF GENTING BERHAD		414.3	771.3	285.4	318.0
Unappropriated profit at beginning of the year		3,491.1	2,825.5	1,872.1	1,659.8
PROFIT AVAILABLE FOR APPROPRIATION		3,905.4	3,596.8	2,157.5	1,977.8
Appropriation:					
Dividends	8	(93.9)	(105.7)	(93.9)	(105.7)
UNAPPROPRIATED PROFIT AT END OF THE YEAR	23	3,811.5	3,491.1	2,063.6	1,872.1
EARNINGS PER SHARE	25	58.8 sen	109.6 sen		

The notes set out on pages 24 to 42 form part of these accounts.

BALANCE-SHEETS

AS AT 31 DECEMBER 1998

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		1998	1997	1998	1997
EMPLOYMENT OF CAPITAL					
FIXED ASSETS	9	3,507.1	3,277.5	7.6	8.3
PROPERTY DEVELOPMENT	10	631.9	597.9	—	—
INVESTMENT PROPERTIES	11	73.7	73.7	—	—
SUBSIDIARY COMPANIES	12	—	—	2,115.9	1,922.2
ASSOCIATED COMPANIES	13	1,324.4	317.9	—	—
INVESTMENTS	14	7.3	122.1	—	—
EXPLORATION COST		399.2	207.0	—	—
DEFERRED TAXATION	15	—	—	15.1	15.0
CURRENT ASSETS					
Property development	10	175.4	135.5	—	—
Stocks	16	107.8	82.0	—	—
Trade debtors	17	102.4	399.5	—	—
Other debtors, deposits and prepayments	18	138.6	269.8	1.4	1.3
Short-term investments	19	405.4	1,125.9	186.4	241.2
Bank balances and deposits	20	1,466.9	1,348.6	394.4	343.3
		2,396.5	3,361.3	582.2	585.8
LESS CURRENT LIABILITIES					
Trade creditors		95.4	96.7	—	—
Other creditors and accrued expenses		380.3	347.5	14.3	10.6
Short-term borrowings	21	0.3	58.5	—	—
Provision for taxation		590.9	498.0	70.9	67.9
Proposed dividend		60.9	71.0	60.9	71.0
		1,127.8	1,071.7	146.1	149.5
NET CURRENT ASSETS					
		1,268.7	2,289.6	436.1	436.3
		7,212.3	6,885.7	2,574.7	2,381.8
CAPITAL EMPLOYED					
SHARE CAPITAL	22	352.2	352.2	352.2	352.2
RESERVES	23	4,421.4	4,130.9	2,161.4	1,969.9
SHAREHOLDERS' FUNDS					
		4,773.6	4,483.1	2,513.6	2,322.1
MINORITY INTERESTS		2,168.8	2,140.9	—	—
LONG-TERM LOANS	24	96.3	96.3	—	—
DEFERRED TAXATION	15	16.8	11.0	—	—
RETIREMENT BENEFITS AND GRATUITIES		156.8	154.4	61.1	59.7
		7,212.3	6,885.7	2,574.7	2,381.8
NET TANGIBLE ASSETS PER SHARE					
		RM6.78	RM6.36		

The notes set out on pages 24 to 42 form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

Amounts in RM million unless otherwise stated	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	909.7	1,542.5
Adjustments for:		
Write off of goodwill arising on acquisition of associated/subsidiary companies	373.2	45.6
Depreciation of fixed assets	215.0	167.6
Diminution in value of investments	17.9	–
Other non-cash items	7.9	11.9
Interest expense	7.2	3.8
Provision for retirement benefits and gratuities	3.0	9.1
(Gain)/Loss on currency translation	(16.5)	61.4
Investment income	(72.1)	(376.6)
Share in profits of associated companies	(106.3)	(84.8)
Interest income	(153.9)	(119.9)
	275.4	(281.9)
Operating profit before changes in working capital	1,185.1	1,260.6
Increase in property development	(39.9)	(107.4)
(Increase)/Decrease in stocks	(25.5)	13.2
Decrease/(Increase) in debtors, deposits and prepayments	382.9	(320.8)
Increase in creditors and accrued expenses	25.1	42.8
	342.6	(372.2)
Cash generated from operations	1,527.7	888.4
Taxation paid	(239.7)	(232.9)
Property development expenditure, net of progress billings	(44.2)	(21.1)
Retirement benefits and gratuities paid	(0.7)	(0.3)
	(284.6)	(254.3)
NET CASH FROM OPERATING ACTIVITIES	1,243.1	634.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in associated companies	(1,142.1)	–
Purchase of fixed assets	(364.9)	(372.3)
Purchase of investments	(278.1)	(671.3)
Exploration cost incurred	(196.2)	(170.4)
Purchase of additional shares from minority shareholders	(4.3)	–
Acquisition of subsidiary companies **	(2.8)	(191.1)
Disposal of subsidiary companies *	0.7	1.1
Proceeds from disposal of assets	13.8	27.0
Interest received	153.7	127.4
Proceeds from sale of investments	394.8	942.2
Dividends received	1.6	1.8
NET CASH USED IN INVESTING ACTIVITIES	(1,423.8)	(305.6)

The notes set out on pages 24 to 42 form part of these accounts.

CASH FLOWS FROM FINANCING ACTIVITIES

	1998	1997
Distribution received from associated company	5.2	–
(Advances to)/Repayments from associated companies	(3.6)	0.3
Interest paid	(4.0)	(3.6)
Repayment of short-term borrowings	(57.8)	(29.5)
Dividends paid to minority shareholders	(80.3)	(80.0)
Dividends paid	(103.9)	(103.5)
Increase in long-term loans	–	96.3
Redemption of preference shares in associated company	–	52.0
Proceeds from issue of shares	–	16.5
Drawdown of short-term borrowings	–	0.3
NET CASH USED IN FINANCING ACTIVITIES	(244.4)	(51.2)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(425.1)	277.3
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,188.7	1,911.4
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,763.6	2,188.7

ANALYSIS OF CASH AND CASH EQUIVALENTS

Bank balances and deposits	1,466.9	1,348.6
Money market instruments	296.8	840.6
	1,763.7	2,189.2
Bank overdrafts	(0.1)	(0.5)
	1,763.6	2,188.7

*** Analysis of the disposal of subsidiary companies**

Net assets disposed		
Fixed assets	2.9	1.1
Net working capital	(2.2)	–
Total sales consideration	0.7	1.1
Cash and bank balances of subsidiary companies disposed	–	–
Net cash inflow on disposal of subsidiary companies	0.7	1.1

**** Analysis of the acquisition of subsidiary companies**

Net assets acquired		
Fixed assets	133.7	0.7
Goodwill on consolidation	14.4	46.1
Minority interests	(11.6)	(137.1)
Investments	–	121.0
Property development	–	108.5
Provision for taxation	–	(1.3)
Provision for deferred taxation	–	(9.7)
	136.5	128.2
Net working capital	5.2	274.9
Total purchase consideration/investment	141.7	403.1
Cash and bank balances of subsidiary companies acquired	(14.6)	(212.0)
Reclassification from long-term investment	(114.0)	–
	13.1	191.1
Balance of purchase consideration not paid	(10.3)	–
Net cash outflow on acquisition of subsidiary companies	2.8	191.1

The notes set out on pages 24 to 42 form part of these accounts.

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

Amounts in RM million unless otherwise stated

1. PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company.

The principal activities of the Group include leisure and hospitality, gaming and entertainment businesses, plantations, property development and management, tours and travel related services, investments, manufacturing and trading in paper and paper related products, generation and supply of electric power and oil and gas exploration.

Details of the principal activities of the Group are set out in Note 30 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.

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 also 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 date of disposal.

Fixed Assets and 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:

Buildings and improvements	2 - 50%
Plant, equipment and vehicles	5 - 50%

With effect from the current financial year, the annual depreciation rate for computer equipment and building improvements are changed from 20% to 50% and 2% - 33 1/3% to 50% respectively so as to reflect more realistically the estimated useful life of these assets. The effect on the accounts of this change in accounting estimate is not material.

Leasehold properties are amortised over their respective periods of lease, ranging from 60 to 99 years.

Depreciation is not provided on leasehold properties with unexpired lease period of more than 99 years, freehold land and plantations 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 the total cost incurred from land clearing to the point of harvesting.

The initial cost of operating assets such as soft furnishing and kitchen utensils have been capitalised and included under plant and equipment and are not depreciated. Subsequent acquisitions to replace these operating assets are written off in the year in which they are acquired.

Goodwill

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment Properties

Investment properties, which are not depreciated, are stated at cost or at Directors' valuation. These are properties held for long-term purposes for investment potential and rental income in future. Directors' valuation recognises the value of the investment property based on latest valuation report by an independent firm of professional valuers using the open market value basis. The investment properties will be revalued at regular intervals.

Investments

Investments in subsidiary companies and other long-term investments are stated at cost. 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.

Exploration Cost

Exploration cost is accounted for in accordance with the full cost method. Under this method, all costs relating to the exploration activities are capitalised when incurred. Where it is determined that the exploration activities will not yield significant oil and gas discoveries, the exploration cost will be written off to the profit and loss account.

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 net of goodwill written off 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 a weighted average or first in, first out basis.

Retirement Benefits and Gratuities

Provisions relating to retirement benefits contained in Collective Agreements of certain subsidiary companies are computed based on a fixed monetary scale and length of service of all eligible employees.

In 1991, the Board introduced a retirement gratuity scheme for executives and executive directors ("participants") of the Company and certain subsidiary companies. Provision for retirement gratuities under this scheme is computed based on length of service and basic salary. Retirement gratuities in respect of services rendered prior to 1991 is provided over periods not exceeding the retirement age of participants.

Deferred Taxation

Deferred tax accounting using the "liability" method is adopted by the Group. Deferred taxation provides for the effects 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.

Foreign Currencies

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash and Cash Equivalents

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

3. OPERATING REVENUE

Operating revenue, other than those arising from property development projects and casino operations, represents the invoiced value receivable for goods and services supplied, commodities sold, income from investments and proceeds from sale of investments. For property development projects, 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. Casino revenue represents net house takings.

The casino licence is renewable every three months.

4. SEGMENT ANALYSIS

	Operating Revenue		Profit/(Loss) Before Taxation		Assets Employed	
	1998	1997	1998	1997	1998	1997
By activity						
Leisure & Hospitality	2,320.1	2,287.2	829.2	921.9	2,354.1	2,177.8
Plantations	263.7	187.8	142.4	71.1	474.9	477.1
Properties	116.8	161.9	32.0	52.3	1,202.1	1,063.9
Paper	272.1	238.8	13.7	25.3	723.0	701.9
Oil & Gas	–	–	(17.8)	(30.6)	418.2	207.5
	2,972.7	2,875.7	999.5	1,040.0	5,172.3	4,628.2
Investment in associated companies	442.3	277.5	106.3	84.8	1,324.4	317.9
Non-Segment Items						
– Interest bearing investments	–	–	146.8	116.0	1,646.1	2,084.8
– Short-term equity investments & others	397.1	946.3	(342.9)	301.7	197.3	926.5
	3,812.1	4,099.5	909.7	1,542.5	8,340.1	7,957.4
Adjustment relating to share of operating revenue of associated companies	(442.3)	(277.5)	–	–	–	–
	3,369.8	3,822.0	909.7	1,542.5	8,340.1	7,957.4
By geographical location						
Malaysia	3,256.3	3,155.1	1,116.7	1,129.5	5,030.0	4,752.3
Outside Malaysia	158.5	–	20.5	–	952.7	–
Non-Segment Items						
– Interest bearing investments	–	–	146.8	116.0	1,646.1	2,084.8
– Short-term equity investments & others	397.3	944.4	(374.3)	297.0	711.3	1,120.3
	3,812.1	4,099.5	909.7	1,542.5	8,340.1	7,957.4
Adjustment relating to share of operating revenue of associated companies	(442.3)	(277.5)	–	–	–	–
	3,369.8	3,822.0	909.7	1,542.5	8,340.1	7,957.4

Included in Profit/(Loss) Before Taxation of short-term equity investments & others is the write off of goodwill arising on acquisition of associated/subsidiary companies.

Interest income, interest expense, short-term deposits and investments are not attributable to any activity and geographical segment and are therefore included under Non-Segment Items. Immaterial segments are not separately identified and, for presentation purposes, are also included under Non-Segment Items.

5. PROFIT BEFORE TAXATION

	Group		Company	
	1998	1997	1998	1997
Operating revenue	3,369.8	3,822.0	378.6	396.2
Other income	260.3	204.7	61.2	65.7
	3,630.1	4,026.7	439.8	461.9
Operating expenses	(1,996.8)	(2,139.1)	–	–
Other expenses	(723.6)	(345.1)	(45.5)	(37.2)
Profit before taxation	909.7	1,542.5	394.3	424.7

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

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Charges:				
Depreciation of fixed assets	214,950	167,580	2,136	1,400
Directors' remuneration:				
Directors' fees				
– From the Company	365	405	365	405
– From subsidiary companies	328	294	–	–
Provision for retirement benefits and gratuities				
– From the Company	652	(423)	652	(423)
– From subsidiary companies	1,219	182	–	–
Professional fees				
– From the Company	240	240	240	240
Other emoluments				
– From the Company	22,246	15,913	22,246	15,913
– From subsidiary companies	24,057	17,586	–	–
Provision for retirement benefits and gratuities	1,080	9,615	772	672
Replanting expenditure	6,620	7,458	–	–
Hire of equipment	4,229	4,939	–	–
Interest on short-term borrowings	7,166	3,850	–	–
Rental of land and buildings	2,339	1,388	–	–
Auditors' remuneration	754	778	39	39
Diminution in value of investments	17,859	–	–	–
Fixed assets written off	39,774	–	–	–
Exceptional charges (Note 6)	302,660	–	–	–
Expenditure paid to subsidiary companies:				
– Rental of land and buildings	–	–	1,787	1,736
Credits:				
Interest income	153,945	119,881	47,653	19,416
Share in profits of associated companies	106,324	84,830	–	–
Rental income from land and buildings	32,948	33,820	–	–
Dividends (gross) from:				
– Quoted foreign corporations	1,553	1,818	–	–
Exceptional credits (Note 6)	–	304,152	–	19,849
Income from subsidiary companies:				
– Management and licensing fees	–	–	232,865	232,172
– Gross dividends	–	–	145,723	163,999
– Interest income	–	–	12,763	23,966

6. EXCEPTIONAL ITEMS

Profit before taxation includes the following exceptional charges and credits:

	Group		Company	
	1998	1997	1998	1997
Gain on sale of investments	70.5	374.8	–	–
Write off of goodwill arising on acquisition of associated/subsidiary companies	(373.2)	(45.6)	–	–
Fixed assets written-down	–	(25.0)	–	–
Gain on sale of shares in subsidiary companies to other subsidiary companies	–	–	–	19.8
	(302.7)	304.2	–	19.8

7. TAXATION

	Group		Company	
	1998	1997	1998	1997
Current taxation				
Malaysian taxation	335.4	315.0	109.1	105.2
Foreign taxation	0.5	0.2	–	–
	335.9	315.2	109.1	105.2
Deferred taxation	28.2	31.5	(0.2)	1.5
	364.1	346.7	108.9	106.7

The effective tax rate in 1998 for the Group is higher than the statutory tax rate mainly due to certain exceptional charges which are disallowed for tax purposes. However, for the previous year the effective tax rate of the Group and of the Company was lower than the statutory tax rate mainly because the profit of the Group and of the Company included tax exempt dividend income and/or tax exempt income of subsidiary companies.

There is no material adjustment for under or over-provision in respect of prior years.

8. DIVIDENDS

	1998	1997
Interim – 6.5 sen less 28% tax [1997 – 7.0 sen less 30% tax (now deemed as 28%)] per share	33.0	34.5
Proposed final - 12.0 sen less 28% tax [1997 – 14.0 sen less 28% tax] per share	60.9	71.0
Final dividend - 1996		
– On additional shares issued pursuant to the exercise of share options prior to entitlement date	–	0.2
	93.9	105.7

9. FIXED ASSETS

1998 Group	Freehold land and plantations	Long leasehold land and plantations	Short leasehold land	Freehold buildings and improvements	Leasehold buildings and improvements	Plant, equipment and vehicles	Construction in progress	Total
Cost except as otherwise stated:								
Beginning of the year	426.0	226.6	3.8	1,636.3	142.7	1,517.5	130.1	4,083.0
Additions/ Reclassifications	(8.1)	15.8	–	164.3	2.9	148.4	41.6	364.9
Disposals	(1.1)	(0.2)	–	–	–	(1.1)	–	(2.4)
Written off	–	–	–	(31.5)	–	(11.0)	(4.6)	(47.1)
Acquisitions less divestments	–	57.9	–	–	62.3	13.3	0.2	133.7
Currency fluctuations	–	–	(2.6)	–	–	(0.3)	(7.8)	(10.7)
Others	(12.8)	13.3	–	(1.8)	–	2.4	–	1.1
End of the year	404.0	313.4	1.2	1,767.3	207.9	1,669.2	159.5	4,522.5
Accumulated depreciation:								
Beginning of the year	–	(5.7)	(0.9)	(162.3)	(3.1)	(633.5)	–	(805.5)
Charge for the year	–	(2.0)	(0.2)	(39.3)	(3.2)	(170.3)	–	(215.0)
Disposals	–	–	–	–	–	0.9	–	0.9
Written off	–	–	–	1.0	–	6.4	–	7.4
Acquisitions less divestments	–	–	–	–	(1.0)	(1.9)	–	(2.9)
Currency fluctuations	–	–	0.7	–	–	0.2	–	0.9
Others	–	(0.5)	–	0.9	(0.9)	(0.7)	–	(1.2)
End of the year	–	(8.2)	(0.4)	(199.7)	(8.2)	(798.9)	–	(1,015.4)
Net book value at beginning of the year	426.0	220.9	2.9	1,474.0	139.6	884.0	130.1	3,277.5
Net book value at end of the year	404.0	305.2	0.8	1,567.6	199.7	870.3	159.5	3,507.1
Comprising:	60.5	261.9	1.2	1,637.6	207.9	1,630.4	159.5	3,959.0
Cost	60.5	261.9	1.2	1,637.6	207.9	1,630.4	159.5	3,959.0
At valuation:								
– 1981	121.6	–	–	–	–	–	–	121.6
– 1982	8.8	–	–	49.4	–	30.2	–	88.4
– 1983	112.1	–	–	2.3	–	–	–	114.4
– 1986	–	–	–	–	–	8.6	–	8.6
– 1989	83.3	–	–	77.3	–	–	–	160.6
– 1991	–	34.0	–	0.7	–	–	–	34.7
– 1995	–	17.5	–	–	–	–	–	17.5
– 1996	17.7	–	–	–	–	–	–	17.7
End of the year	404.0	313.4	1.2	1,767.3	207.9	1,669.2	159.5	4,522.5

9. FIXED ASSETS (Cont'd)

1997 Group	Freehold land and plantations	Long leasehold land and plantations	Short leasehold land	Freehold buildings and improvements	Leasehold buildings and improvements	Plant, equipment and vehicles	Construction in progress	Total
Cost except as otherwise stated:								
Beginning of the year	412.6	204.1	6.5	1,412.6	99.8	1,183.9	400.3	3,719.8
Additions/Reclassifications	15.5	22.7	(2.7)	226.3	45.5	320.1	(255.1)	372.3
Disposals	(2.1)	—	—	(2.4)	—	(7.0)	(23.4)	(34.9)
Acquisitions less divestments	—	(0.2)	—	(0.1)	—	—	—	(0.3)
Currency fluctuations	—	—	—	(0.1)	—	20.5	(5.0)	15.4
Others	—	—	—	—	(2.6)	—	13.3	10.7
End of the year	426.0	226.6	3.8	1,636.3	142.7	1,517.5	130.1	4,083.0
Accumulated depreciation:								
Beginning of the year	—	(3.8)	(0.7)	(128.7)	(2.2)	(498.0)	—	(633.4)
Charge for the year	—	(2.0)	(0.2)	(35.7)	(2.0)	(128.2)	—	(168.1)
Disposals	—	—	—	0.4	—	5.3	—	5.7
Currency fluctuations	—	0.1	—	1.7	—	2.4	—	4.2
Others	—	—	—	—	1.1	(15.0)	—	(13.9)
End of the year	—	(5.7)	(0.9)	(162.3)	(3.1)	(633.5)	—	(805.5)
Net book value at beginning of the year	412.6	200.3	5.8	1,283.9	97.6	685.9	400.3	3,086.4
Net book value at end of the year	426.0	220.9	2.9	1,474.0	139.6	884.0	130.1	3,277.5
Comprising:								
Cost	81.2	175.1	3.8	1,506.6	142.7	1,478.7	130.1	3,518.2
At valuation:								
– 1981	122.9	—	—	—	—	—	—	122.9
– 1982	8.8	—	—	49.4	—	30.2	—	88.4
– 1983	112.1	—	—	2.3	—	—	—	114.4
– 1986	—	—	—	—	—	8.6	—	8.6
– 1989	83.3	—	—	77.3	—	—	—	160.6
– 1991	—	34.0	—	0.7	—	—	—	34.7
– 1995	—	17.5	—	—	—	—	—	17.5
– 1996	17.7	—	—	—	—	—	—	17.7
End of the year	426.0	226.6	3.8	1,636.3	142.7	1,517.5	130.1	4,083.0

The depreciation of fixed assets for the Group in 1997 includes a charge to pre-operating expenses of RM0.5 million.

All valuations of fixed assets have been made by the Directors based upon valuations carried out by independent firms of professional valuers using fair market value basis except for assets revalued in 1991, which were based on the values determined by a regulatory authority in connection with a restructuring exercise.

9. FIXED ASSETS (Cont'd)

1998 Company	Freehold buildings and improvements	Plant, equipment and vehicles	Total
Cost:			
Beginning of the year	7.0	13.4	20.4
Additions	0.5	1.0	1.5
Disposals	-	(0.3)	(0.3)
End of the year	7.5	14.1	21.6
Accumulated depreciation:			
Beginning of the year	(3.3)	(8.8)	(12.1)
Charge for the year	(0.3)	(1.8)	(2.1)
Disposals	-	0.2	0.2
End of the year	(3.6)	(10.4)	(14.0)
Net book value at beginning of the year	3.7	4.6	8.3
Net book value at end of the year	3.9	3.7	7.6
1997 Company			
Cost:			
Beginning of the year	7.3	11.9	19.2
Additions	0.3	1.6	1.9
Disposals	(0.6)	(0.1)	(0.7)
End of the year	7.0	13.4	20.4
Accumulated depreciation:			
Beginning of the year	(3.4)	(7.8)	(11.2)
Charge for the year	(0.3)	(1.1)	(1.4)
Disposals	0.4	0.1	0.5
End of the year	(3.3)	(8.8)	(12.1)
Net book value at beginning of the year	3.9	4.1	8.0
Net book value at end of the year	3.7	4.6	8.3

10. PROPERTY DEVELOPMENT

	Group	
	1998	1997
Land held for development		
At cost	113.7	115.9
At valuation – 1981	9.4	9.5
At valuation – 1983	51.7	51.7
At valuation – 1989	181.4	181.4
At valuation – 1995	74.8	77.8
At valuation – 1996	90.2	90.2
	<hr/> 521.2	<hr/> 526.5
Development expenditure	478.5	344.0
	<hr/> 999.7	<hr/> 870.5
Less: Non-current portion	(631.9)	(597.9)
	<hr/> 367.8	<hr/> 272.6
Add: Attributable profits	76.1	65.3
	<hr/> 443.9	<hr/> 337.9
Less: Progress billings	(268.5)	(202.4)
	<hr/> 175.4	<hr/> 135.5

The bases of valuation of land held for development are consistent with those indicated in Note 9.

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.

11. INVESTMENT PROPERTIES

	Group	
	1998	1997
Completed development		
– At cost	35.1	35.1
– At valuation – 1989	38.6	38.6
	<hr/> 73.7	<hr/> 73.7

12. SUBSIDIARY COMPANIES

	Company	
	1998	1997
Quoted shares in Malaysia – at cost	570.0	524.6
Unquoted shares – at cost	1,413.8	1,229.3
	<hr/> 1,983.8	<hr/> 1,753.9
Amount due from subsidiary companies	165.8	193.7
Amount due to subsidiary companies	(33.7)	(25.4)
	<hr/> 2,115.9	<hr/> 1,922.2
Market value of quoted shares	<hr/> 3,139.7	<hr/> 4,280.9

The subsidiary companies are listed in Note 30.

13. ASSOCIATED COMPANIES

	Group	
	1998	1997
Unquoted		
– Shares at cost less goodwill written off	1,017.7	119.9
– Group's share of post acquisition reserves	254.7	180.6
	<hr/>	<hr/>
	1,272.4	300.5
– Amount due from associated companies	52.0	17.4
	<hr/>	<hr/>
	1,324.4	317.9
	<hr/>	<hr/>

The associated companies are listed in Note 30.

14. INVESTMENTS

	Group	
	1998	1997
Quoted – at cost, less amount written off		
Shares in foreign corporations	1.4	2.0
Unquoted – at cost		
Shares in Malaysian corporations	2.2	116.2
Other investment outside Malaysia	3.7	3.9
	<hr/>	<hr/>
	7.3	122.1
	<hr/>	<hr/>
Market value of quoted shares	1.4	3.1
	<hr/>	<hr/>

15. DEFERRED TAXATION

	Group		Company	
	1998	1997	1998	1997
Excess of capital allowances over depreciation	(41.0)	(42.9)	(0.4)	(0.5)
Timing differences arising from provisions	24.2	31.9	15.5	15.5
	<hr/>	<hr/>	<hr/>	<hr/>
	(16.8)	(11.0)	15.1	15.0
	<hr/>	<hr/>	<hr/>	<hr/>

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

16. STOCKS

	Group	
	1998	1997
Produce stocks and finished goods	35.6	23.9
Stores and spares	38.6	27.3
Raw materials, food, beverages and other hotel supplies	33.6	30.8
	<hr/>	<hr/>
	107.8	82.0
	<hr/>	<hr/>

17. TRADE DEBTORS

	Group	
	1998	1997
Trade debtors	105.5	402.4
Provision for doubtful debts	(3.1)	(2.9)
	102.4	399.5

18. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Other debtors, deposits and prepayments include the following:

	Group	
	1998	1997
Housing loans extended to executive directors of certain subsidiary companies	0.3	0.7
Amount due from Star Cruises Group, a former subsidiary company of Genting International PLC	–	83.5

19. SHORT-TERM INVESTMENTS

	Group		Company	
	1998	1997	1998	1997
Quoted – at cost				
Shares in Malaysian corporations	17.7	8.9	–	–
Shares in foreign corporations	108.5	140.3	–	–
	126.2	149.2	–	–
Unquoted – at cost				
Shares in foreign corporation	–	136.1	–	–
Money market instruments	296.8	840.6	186.4	241.2
	423.0	1,125.9	186.4	241.2
Less: Diminution in value of investments	(17.6)	–	–	–
	405.4	1,125.9	186.4	241.2
Market value of quoted shares	114.1	246.8	–	–

20. BANK BALANCES AND DEPOSITS

	Group		Company	
	1998	1997	1998	1997
Deposits with licensed banks	1,292.4	1,231.3	348.1	341.0
Deposits with finance companies	45.2	–	44.1	–
Cash and bank balances	129.3	117.3	2.2	2.3
	1,466.9	1,348.6	394.4	343.3

21. SHORT-TERM BORROWINGS

	Group	
	1998	1997
Unsecured facilities:		
Revolving credits	–	57.7
Bank overdrafts	0.1	0.5
Secured facility:		
Short-term loan	0.2	0.3
	0.3	58.5

The above borrowings obtained by subsidiary companies are unsecured and bear interest at rates that vary according to the banks' cost of funds, whilst the secured short-term loan bears interest at rates ranging from 0.66% to 1% (1997 : 1%) per month and is repayable on demand.

22. SHARE CAPITAL

	1998	1997
Authorised 1,600 million ordinary shares of 50 sen each	800.0	800.0
Issued and fully paid ordinary shares of 50 sen each:		
At beginning of the year – 704.4 million (1997: 702.2 million) ordinary shares of 50 sen each	352.2	351.1
Issued during the year	–	1.1
At end of the year	352.2	352.2

At the year end, options to subscribe for 3,722,000 unissued ordinary shares of 50 sen each under The Genting Employees' Share Option Scheme were outstanding.

The outstanding options granted in previous years are exercisable as follows:

Exercisable Period		Subscription price per share RM	1998 Number of shares in thousand	1997 Number of shares in thousand
From	To			
16 December 1998	15 December 1999	19.80	918	955
16 March 1999	15 December 1999	19.80	918	955
16 June 1999	15 December 1999	19.80	918	955
16 September 1999	15 December 1999	19.80	968	1,007
			3,722	3,872

23. RESERVES

	Group		Company	
	1998	1997	1998	1997
NON-DISTRIBUTABLE RESERVES:				
SHARE PREMIUM				
At beginning of the year	97.8	82.4	97.8	82.4
Arising from shares issued during the year	–	15.4	–	15.4
At end of the year	97.8	97.8	97.8	97.8
REVALUATION RESERVES				
At beginning of the year	404.9	403.2	–	–
Movement during the year	(0.2)	1.7	–	–
At end of the year	404.7	404.9	–	–
OTHER RESERVES				
Exchange Differences				
At beginning of the year	133.9	8.0	–	–
Movement during the year	(26.5)	125.9	–	–
At end of the year	107.4	133.9	–	–
Reserves Arising On Consolidation				
At beginning of the year	3.2	1.8	–	–
Goodwill written off on disposal of a subsidiary company	–	1.4	–	–
Realised during the year	(3.2)	–	–	–
At end of the year	–	3.2	–	–
DISTRIBUTABLE RESERVE:				
UNAPPROPRIATED PROFIT	3,811.5	3,491.1	2,063.6	1,872.1
	4,421.4	4,130.9	2,161.4	1,969.9

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM1,643.1 million (1997 : RM1,466.2 million) of the Company's unappropriated profit if distributed by way of dividend without additional tax liabilities being incurred.

In accordance with Section 365 of the Companies Act, 1965, the amount of unappropriated profit that can be distributed as dividends should not exceed the after-tax profit of the current financial year or the average dividends declared in respect of the two financial years immediately preceding the current financial year, whichever is greater.

24. LONG-TERM LOANS

	Group	
	1998	1997
Redeemable fixed rate secured bonds	82.0	82.0
Long-term advance	14.3	14.3
	96.3	96.3

The redeemable fixed rate secured bonds are issued by a subsidiary company under a bond facility fully underwritten by a bank amounting to RM82.0 million. The bonds are secured by way of first fixed and floating charges on the present and future assets, revenues, rights, claims and undertakings of the subsidiary company.

The tenor of the bonds is for five years and are redeemable at par on maturity date together with accrued interest. Interest on these bonds is payable semi-annually and is fixed at 8.6% per annum.

The long-term advance represents an unsecured, interest-free advance from a minority shareholder in a subsidiary company.

25. EARNINGS PER SHARE

Earnings per ordinary share is calculated based on the Group profit attributable to shareholders of RM414.3 million (1997: RM771.3 million) and the weighted average number of ordinary shares in issue of 704.4 million shares (1997: 703.8 million shares).

26. CONTINGENT LIABILITY

	Group	
	1998	1997
Unsecured guarantee given by a subsidiary company to a 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	18.4	–
Secured guarantees given by a subsidiary company to third parties in relation to certain property development activity in Sydney, Australia	4.3	4.6
	22.7	4.6

27. CAPITAL COMMITMENTS

	Group	
	1998	1997
Authorised capital expenditure not provided for in the accounts:		
– contracted	270.9	263.3
– not contracted	99.4	112.3
	370.3	375.6

28. SIGNIFICANT RELATED PARTY TRANSACTION

On 30 June 1998, Resorts World Limited ("RWL"), an indirect wholly-owned subsidiary of Resorts World Berhad ("RWB") which in turn is a 55.5% owned subsidiary of the Company, subscribed for 125.0 million new ordinary shares of US\$0.10 each in Star Cruises PLC ("SCPLC"), representing approximately 20% equity interest in SCPLC, for a cash consideration of US\$262.5 million (RM974.7 million) or at US\$2.10 per share.

The subscription price of US\$2.10 per share was based primarily on the average market price of SCPLC shares since its listing and quotation on the Luxembourg Stock Exchange and on the Central Limit Order Book International, Singapore, up to 8 April 1998 being the last date before the announcement of the proposed subscription.

The subscription by RWL of the new ordinary shares in SCPLC was approved by the shareholders of RWB at an Extraordinary General Meeting.

As at 31 December 1998, RWL had invested approximately 167.0 million shares in SCPLC representing an equity interest of 26.8%. The acquisition resulted in a goodwill of approximately RM358.8 million. The entire goodwill amount has been written off through the Profit and Loss Account of RWL in 1998.

The nature and extent of the interests of the directors concerned are as set out below:

- | | | |
|-----------------------------|---|--|
| Tan Sri Lim Goh Tong | – | a shareholder of SCPLC and a preference unit holder of the Golden Hope Unit Trust ("GHUT"), which is a substantial shareholder of SCPLC and of which Golden Hope Limited ("GHL") is acting as its trustee, and has a deemed interest in the units of the GHUT by virtue of being a beneficiary of a discretionary trust which holds the units in the GHUT. |
| Dato' Lim Kok Thay | – | a director and shareholder of SCPLC and a director of GHL, the trustee of the GHUT and a preference unit holder of the GHUT and has a deemed interest in the units of the GHUT by virtue of being a beneficiary of a discretionary trust which holds the units in the GHUT. He is a member of the family of Tan Sri Lim Goh Tong. |
| Dato' Lim Tee Keong | – | a member of the family of Tan Sri Lim Goh Tong. |
| Mr Colin Au Fook Yew | – | a director and shareholder of SCPLC. |
| Tan Sri Mohd Amin bin Osman | – | a call option holder of shares in SCPLC. |
| Mr Teo Eng Siong | – | a director of GHL and a call option holder of shares in SCPLC. |

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

29. COMPARATIVES

Certain figures relating to the previous year have been reclassified to conform with the current year's presentation.

30. SUBSIDIARY AND ASSOCIATED COMPANIES

	Effective Percentage of Ownership		Place of Incorporation	Principal Activities
	1998	1997		
<u>Direct Subsidiary Companies</u>				
# Asiatic Development Berhad	54.7	54.7	Malaysia	Plantations
GB Credit & Leasing Sdn Bhd	69.5	69.5	Malaysia	Leasing and moneylending
* Genting Equities (Hong Kong) Limited	100	100	Hong Kong	Investments
Genting Highlands Tours and Promotion Sdn Bhd	100	100	Malaysia	Leasing
Genting Hotel & Resorts Management Sdn Bhd	100	100	Malaysia	Management services
Genting Information Systems Sdn Bhd	100	100	Malaysia	Supplier of information technology products and services
* Genting International Paper Holdings Limited	100	100	Isle of Man	Investment holding
Genting Management and Consultancy Services Sdn Bhd	100	100	Malaysia	Management services
* Genting Overseas Holdings Limited	100	100	Isle of Man	Investment holding
Maxitage Sdn Bhd	100	100	Malaysia	Investments
Oakwood Sdn Bhd	100	100	Malaysia	Property investment and management
Resorts World Bhd	55.5	54.9	Malaysia	Resort, hotel and gaming operations
* Resorts World Bhd (Hong Kong) Limited	100	100	Hong Kong	Dormant
+ Resorts World (Singapore) Pte Ltd	100	100	Singapore	Dormant
Genting Assets Management Services Sdn Bhd	100	100	Malaysia	Pre-operating
Genting Aviation Sdn Bhd	100	100	Malaysia	Pre-operating
* Genting Bhd (Hong Kong) Limited	100	100	Hong Kong	Pre-operating
Genting Industries Sdn Bhd	100	100	Malaysia	Pre-operating
Genting (Labuan) Limited	100	–	Labuan, Malaysia	Pre-operating
Genting Permata Sdn Bhd	100	100	Malaysia	Pre-operating
Genting Plantations Sdn Bhd	100	100	Malaysia	Pre-operating
Genting Realty Sdn Bhd	100	100	Malaysia	Pre-operating
Genting Resorts World Sdn Bhd	100	100	Malaysia	Pre-operating
* Genting Sanyen Newsprint Sdn Bhd	99.9	99.9	Malaysia	Pre-operating
+ Genting (Singapore) Pte Ltd	100	100	Singapore	Pre-operating
* Oxalis Limited	100	100	Isle of Man	Pre-operating
* Resorts World Limited	100	100	Hong Kong	Pre-operating
Sri Highlands Express Sdn Bhd	100	100	Malaysia	Pre-operating
<u>Indirect Subsidiary Companies</u>				
# ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	54.7	54.7	Malaysia	Provision of palm oil mill management services
# Amalgamated Rubber (Penang) Sdn Bhd	54.7	54.7	Malaysia	Investments
# AR Property Development Sdn Bhd	54.7	54.7	Malaysia	Plantations
# Asiatic Golf Course (Sg Petani) Bhd	54.7	54.7	Malaysia	Golf course
# Asiatic Indahpura Development Sdn Bhd	38.2	38.2	Malaysia	Property development
# Asiatic Land Development Sdn Bhd	54.7	54.7	Malaysia	Property development
+ Asiatic Overseas Limited	54.7	54.7	Isle of Man	Investments
* Awan Ria (M) Sdn Bhd	97.7	97.7	Malaysia	Investment holding
Awana Hotels & Resorts Management Sdn Bhd	100	100	Malaysia	Management services
Awana Vacation Resorts Development Berhad	55.5	54.9	Malaysia	Operating & managing a proprietary timeshare ownership scheme
# Ayer Item Oil Mill Sdn Bhd	54.7	54.7	Malaysia	FFB processing
+ Azzon Limited	54.7	54.7	Isle of Man	Investments
Bandar Pelabuhan Sdn Bhd	33.3	–	Malaysia	Investment holding
* Cairns Limited	100	100	Isle of Man	Oil & gas exploration
* Coveyork Pty Ltd	100	–	Australia	Oil & gas exploration
Genasa Sdn Bhd	55.5	54.9	Malaysia	Sale and letting of apartment
* Genting Administrative Services Sdn Bhd	55.5	54.9	Malaysia	Investment holding
* Genting Australia Investments Holding Pty Ltd	64.8	64.8	Australia	Property development
* Genting Australia Pty Ltd	64.8	64.8	Australia	Management services
Genting Centre of Excellence Sdn Bhd	55.5	54.9	Malaysia	Training services
Genting Entertainment Sdn Bhd	55.5	54.9	Malaysia	Entertainment business
Genting Golf Course Bhd	55.5	54.9	Malaysia	Golf resort, condotel, hotel operations and property development

30. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

	Effective Percentage of Ownership		Place of Incorporation	Principal Activities
	1998	1997		
Indirect Subsidiary Companies (Cont'd)				
Genting Highlands Berhad	55.5	54.9	Malaysia	Land and property development
* Genting International Industries (Singapore) Pte Ltd	97.7	97.7	Singapore	Investment holding
* Genting International Management Limited	64.8	64.8	Isle of Man	Investment holding
* Genting International PLC	64.8	64.8	Isle of Man	Investment holding
* Genting International Paper Limited	100	100	Isle of Man	Investment holding
* Genting International Paper Manufacturers Limited	97.7	97.7	Isle of Man	Investment holding
* Genting International Paper (Netherlands) B.V.	100	100	Netherlands	Management & consultancy services
* Genting International Properties Limited	64.8	64.8	Isle of Man	Investment holding
* Genting International (Singapore) Pte Ltd	64.8	64.8	Singapore	Tour promotion
* Genting Investments Limited	64.8	64.8	Isle of Man	Trading
Genting Leisure Sdn Bhd	55.5	54.9	Malaysia	Investment holding
* Genting Management (Western Australia) Pty Ltd	64.8	64.8	Australia	Investment
* Genting Oil & Gas Limited	100	100	Isle of Man	Investment holding
* Genting Power Holdings Limited	100	100	Isle of Man	Investment holding
* Genting Power (M) Limited	100	97.7	Isle of Man	Investment holding
Genting Property Management Sdn Bhd	55.5	54.9	Malaysia	Property management
* Genting (South Australia) Pty Ltd	64.8	64.8	Australia	Investment
* Genting Sanyen Industrial Paper Sdn Bhd	97.7	97.7	Malaysia	Manufacturing and trading of paper products
* Genting Sanyen (Malaysia) Sdn Bhd	97.7	97.7	Malaysia	Investment holding
* Genting Sanyen Paperboard Sdn Bhd	97.7	97.7	Malaysia	Manufacturing and trading of paper products
* Genting Sanyen Utilities & Services Sdn Bhd	97.7	97.7	Malaysia	Provision and sale of utilities
Genting Utilities & Services Sdn Bhd	55.5	54.9	Malaysia	Provision of utilities services
* Genting (Western Australia) Pty Ltd	64.8	64.8	Australia	Investment
Genting World Sdn Bhd	55.5	54.9	Malaysia	Leisure and entertainment business
Gentinggi Sdn Bhd	55.5	54.9	Malaysia	Investment holding
# Glugor Development Sdn Bhd	54.7	54.7	Malaysia	Investments
* Ideal Meridian Sdn Bhd	97.7	97.7	Malaysia	Manufacturing and sale of paper core
* Infomart Sdn Bhd	100	100	Malaysia	Management & consultancy services
* Kazzon Limited	64.8	64.8	Isle of Man	Investment
Kijal Resort Sdn Bhd	38.8	38.4	Malaysia	Property development and property management
* Laffleur Limited	55.5	54.9	Isle of Man	Investment holding
* Lance Limited	64.8	64.8	Isle of Man	Investment
# Landworthy Sdn Bhd	45.9	45.9	Malaysia	Plantations
* Mastika Lagenda Sdn Bhd	97.7	97.7	Malaysia	Investment holding
* Myanmar Genting Sanyen Limited	100	100	Myanmar	Trading
# Mediglove Sdn Bhd	54.7	54.7	Malaysia	Trading in rubberwood
* Palomino Limited	64.8	64.8	Isle of Man	Investment
Papago Sdn Bhd	55.5	—	Malaysia	Resorts & hotel operation
* Persis Hijau Sdn Bhd	97.7	97.7	Malaysia	Provision of facilities for waste paper baling process
* Powerstock Limited	64.8	64.8	Isle of Man	Investment
Resorts World Food Services Sdn Bhd	55.5	54.9	Malaysia	Restaurant, food catering & related management services
* Resorts World Limited	55.5	54.9	Isle of Man	Investment holding
Resorts World Tours Sdn Bhd	55.5	54.9	Malaysia	Provision of tour and travel related services
* Roundhay Limited	100	100	Isle of Man	Oil & gas exploration
# Sabah Development Company Sdn Bhd	54.7	54.7	Malaysia	Plantations
Seraya Mayang Sdn Bhd	55.4	54.8	Malaysia	Investment holding
Setiabahagia Sdn Bhd	55.5	54.9	Malaysia	Property investment
Setiacahaya Sdn Bhd	77.3	77.3	Malaysia	Property investment
# Setiamas Sdn Bhd	54.7	54.7	Malaysia	Plantations and property development
Setiaseri Sdn Bhd	55.5	54.9	Malaysia	Property investment

30. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

	Effective Percentage of Ownership		Place of Incorporation	Principal Activities
	1998	1997		
Indirect Subsidiary Companies (Cont'd)				
Sierra Springs Sdn Bhd	55.5	54.9	Malaysia	Investment holding
# Sing Mah Plantation Sdn Bhd	54.7	54.7	Malaysia	Plantations
Star Cruise Properties Sdn Bhd	55.5	–	Malaysia	Investment holding
# Tanjung Bahagia Sdn Bhd	54.7	54.7	Malaysia	Plantations
# Technimode Enterprises Sdn Bhd	54.7	54.7	Malaysia	Property investment
Vestplus Sdn Bhd	55.5	54.9	Malaysia	Property investment
Vestroute (M) Sdn Bhd	55.5	54.9	Malaysia	Provision of cable car services
Widuri Pelangi Sdn Bhd	38.8	38.4	Malaysia	Golf resort and hotel operations
* Woodbery Limited	64.8	64.8	Hong Kong	Investment holding
# Asiaticom Sdn Bhd	54.7	54.7	Malaysia	Dormant
# Asiatic Properties Sdn Bhd	54.7	54.7	Malaysia	Dormant
* Genting Overseas Investments Limited	100	100	Isle of Man	Dormant
* Genting Sanyen Paper Pte Ltd	97.7	97.7	Singapore	Dormant
# Plantation Latex (Malaya) Sdn Bhd	54.7	54.7	Malaysia	Dormant
* R.W. Investments Limited	55.5	54.9	Isle of Man	Dormant
* Song Yen Paper Pte Ltd	97.7	97.7	Singapore	Dormant
+ ADB International Limited	54.7	54.7	Hong Kong	Pre-operating
# ALD Construction Sdn Bhd	54.7	54.7	Malaysia	Pre-operating
# Asiatic Commodities Trading Sdn Bhd	54.7	54.7	Malaysia	Pre-operating
# Asiatic Awanpura Sdn Bhd	54.7	38.2	Malaysia	Pre-operating
# Asiatic Vegetable Oils Refinery Sdn Bhd	54.7	54.7	Malaysia	Pre-operating
Awanapura Sdn Bhd	100	100	Malaysia	Pre-operating
Awana Hotels Management Services Sdn Bhd	100	100	Malaysia	Pre-operating
Awana Hotels & Resorts Sdn Bhd	100	100	Malaysia	Pre-operating
* Awana International Limited	100	100	Isle of Man	Pre-operating
Awana Ownership Resorts Berhad	100	100	Malaysia	Pre-operating
Awana Ownership Resorts Management Sdn Bhd	100	100	Malaysia	Pre-operating
Awana Vacation Resorts Berhad	100	100	Malaysia	Pre-operating
Awana Vacation Resorts Management Sdn Bhd	100	100	Malaysia	Pre-operating
* Dasar Pinggir (M) Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
+ Dongguan New Asiatic Oils and Fats Co Ltd	30	30	The People's Republic of China	Pre-operating
Dutabay Sdn Bhd	55.5	–	Malaysia	Pre-operating
First World Hotels and Resorts Sdn Bhd (formerly known as Resorts World Management Services Sdn Bhd)	55.5	54.9	Malaysia	Pre-operating
Genas Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Genawan Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Genmas Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Gensa Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Gentasa Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Gentas Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
* Genting International Information Services Pte Ltd	64.8	64.8	Singapore	Pre-operating
* Genting International Management Services Pte Ltd	100	100	Singapore	Pre-operating
* Genting International Manufacturing & Industries Limited	64.8	64.8	Hong Kong	Pre-operating
* Genting International Resort Limited	64.8	64.8	Hong Kong	Pre-operating
* Genting Newsprint Sdn Bhd	64.8	64.8	Malaysia	Pre-operating
* Genting (NSW) Pty Ltd	64.8	64.8	Australia	Pre-operating
* Genting Oil & Gas (China) Limited (formerly known as Genting Power (China) Limited)	100	100	Isle of Man	Pre-operating
* Genting Power (Bangladesh) Limited	100	100	Isle of Man	Pre-operating
* Genting Power (India) Limited	100	100	Mauritius	Pre-operating
* Genting Sanyen Incineration Sdn Bhd	97.7	97.7	Malaysia	Pre-operating

30. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

	Effective Percentage of Ownership		Place of Incorporation	Principal Activities
	1998	1997		
<u>Indirect Subsidiary Companies (Cont'd)</u>				
* Genting Sanyen Sales & Marketing Services Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
* Genting Sanyen Utilities Limited	100	100	Isle of Man	Pre-operating
* Genting Star (Bahamas) Limited (formerly known as Genting International Hotel & Resorts Management Limited)	64.8	64.8	Isle of Man	Pre-operating
Genting Studio Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Gentinggi Quarry Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
# Goodheart Development Sdn Bhd	54.7	54.7	Malaysia	Pre-operating
* GS Packaging Industries (M) Sdn Bhd (formerly known as Chalstar Knight (M) Sdn Bhd)	97.7	97.7	Malaysia	Pre-operating
Hitechwood Sdn Bhd	33.3	–	Malaysia	Pre-operating
Hospitality Services Awana Sdn Bhd	100	100	Malaysia	Pre-operating
Jomara Sdn Bhd	33.3	–	Malaysia	Pre-operating
Laserwood Sdn Bhd	33.3	–	Malaysia	Pre-operating
Leisure & Café Concept Sdn Bhd (formerly known as Sterling Park Sdn Bhd)	38.8	38.4	Malaysia	Pre-operating
Merriwa Sdn Bhd	55.5	–	Malaysia	Pre-operating
Neutrino Space Sdn Bhd	33.3	–	Malaysia	Pre-operating
Nippontech Resources Sdn Bhd	55.5	–	Malaysia	Pre-operating
Possible Affluent Sdn Bhd	33.3	–	Malaysia	Pre-operating
Profil Masa (M) Sdn Bhd	55.5	–	Malaysia	Pre-operating
* Puncak Singa (M) Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
Rantau Cempaka (M) Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
Rapallo Sdn Bhd	33.3	–	Malaysia	Pre-operating
* Resorts Overseas Investments Limited	55.5	54.9	Isle of Man	Pre-operating
Resorts Tavern Sdn Bhd	55.5	54.9	Malaysia	Pre-operating
* Sahabat Alam Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
* Sayang (Thailand) Limited	91	–	Thailand	Pre-operating
* Sorona Limited	100	100	Isle of Man	Pre-operating
Space Fair Sdn Bhd	33.3	–	Malaysia	Pre-operating
Sweet Bonus Sdn Bhd	33.3	–	Malaysia	Pre-operating
Tullamarine Sdn Bhd	33.3	–	Malaysia	Pre-operating
Twinkle Glow Sdn Bhd	33.3	–	Malaysia	Pre-operating
Twinmatics Sdn Bhd	55.5	–	Malaysia	Pre-operating
Twinsurf Sdn Bhd	55.5	–	Malaysia	Pre-operating
* Vestplus (Hong Kong) Limited	55.5	54.9	Hong Kong	Pre-operating
* Vestplus (Thailand) Limited	50.5	–	Thailand	Pre-operating
Vintage Action Sdn Bhd	33.3	–	Malaysia	Pre-operating
Waxwood Sdn Bhd	33.3	–	Malaysia	Pre-operating
Yarrowin Sdn Bhd	33.3	–	Malaysia	Pre-operating
# Amalgamated Rubber Estates Limited	–	54.7	Hong Kong	Liquidated
# Rubber Trust Plantations Sdn Bhd	–	54.7	Malaysia	Liquidated
# The Rubber Trust Limited	–	54.7	Hong Kong	Liquidated
<u>Associated Companies</u>				
* Asiatic Ceramics Sdn Bhd	26.8	26.8	Malaysia	Bricks manufacturing
* Earthtex Pty Ltd and Genting International Properties Ltd building development project	32.4	32.4	Established under agreement in Australia	Property development
* Genting Sanyen Power Sdn Bhd	39.1	39.1	Malaysia	Generation & supply of electric power
# Serian Palm Oil Mill Sdn Bhd	21.8	21.8	Malaysia	FFB processing
# Sri Gading Land Sdn Bhd	26.8	26.8	Malaysia	Property development
* Star Cruises PLC	14.8	–	Isle of Man	Investment holding
# Asiatic AirBoss Tyres Sdn Bhd	27.3	27.3	Malaysia	Final meeting of the Members' voluntary winding-up held in November 1998

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

#. The accounts of these companies are audited by Kassim Chan & Co., a member firm of Deloitte Touche Tohmatsu.

+ The accounts of these companies are audited by overseas firms associated with Deloitte Touche Tohmatsu.

STATEMENT BY DIRECTORS

We, **TUN MOHAMMED HANIF BIN OMAR** and **DATO' LIM KOK THAY**, two of the Directors of **GENTING BERHAD**, state that, in the opinion of the Directors, the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes on pages 24 to 42 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 year ended on that date.

On behalf of the Board,

TUN MOHAMMED HANIF BIN OMAR

DATO' LIM KOK THAY

Kuala Lumpur
12 April 1999

STATUTORY DECLARATION

I, **CHIEW SOW LIN**, the Officer primarily responsible for the financial management of **GENTING 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 24 to 42 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed)
CHIEW SOW LIN at KUALA LUMPUR on 12 April 1999) **CHIEW SOW LIN**

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accompanying balance sheets as of 31 December 1998, and the related profit and loss accounts and consolidated cash flow statement, together with the notes thereto, for the 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 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 of 31 December 1998 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the accounts and consolidated accounts; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and auditors' reports of the subsidiary companies of which we have not acted as auditors, as shown in Note 30 to the accounts, being accounts that have been included in the consolidated accounts.

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

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

DELOITTE TOUCHE TOHMATSU

AF 0834
Public Accountants

TAN BUN POO

1304/5/00 (J/PH)
Partner

12 April 1999