

INCOME STATEMENTS

for the financial year ended 31 December 2004

Amounts in RM million unless otherwise stated

| | Note(s) | Group | | Company | |
|--|---------------|------------------|-----------|----------------|---------|
| | | 2004 | 2003 | 2004 | 2003 |
| Revenue | 5 & 6 | 4,647.0 | 4,237.1 | 467.1 | 438.8 |
| Cost of sales | 7 | (2,559.6) | (2,229.0) | (46.5) | (38.4) |
| Gross profit | | 2,087.4 | 2,008.1 | 420.6 | 400.4 |
| Other income | | 128.1 | 124.4 | 55.2 | 54.8 |
| Selling and distribution costs | | (78.7) | (64.4) | - | - |
| Administration expenses | | (164.7) | (182.9) | (9.6) | (9.5) |
| Other expenses | 8 | (116.3) | (208.8) | (55.8) | (39.0) |
| Profit from operations | | 1,855.8 | 1,676.4 | 410.4 | 406.7 |
| Finance cost | | (112.8) | (68.2) | (4.0) | (1.8) |
| Share of results in jointly controlled entities | | (0.9) | - | - | - |
| Share of results in associates | | 35.7 | (45.9) | - | - |
| Profit from ordinary activities before taxation | 5, 9, 10 & 11 | 1,777.8 | 1,562.3 | 406.4 | 404.9 |
| Taxation | | | | | |
| - Company and subsidiaries | 12 | (339.4) | (466.8) | (128.9) | (121.4) |
| - Share of tax in associates | 12 | (4.3) | (13.9) | - | - |
| | | (343.7) | (480.7) | (128.9) | (121.4) |
| Profit from ordinary activities after taxation | | 1,434.1 | 1,081.6 | 277.5 | 283.5 |
| Minority shareholders' interests | | (506.1) | (367.8) | - | - |
| Net profit for the financial year | | 928.0 | 713.8 | 277.5 | 283.5 |
| Basic earnings per share (sen) | 13 | 131.76 | 101.34 | | |
| Diluted earnings per share (sen) | 13 | 131.32 | 101.18 | | |
| Gross dividends per share (sen) | 14 | 24.0 | 21.5 | | |

The notes set out on pages 56 to 107 form part of these financial statements.

BALANCE SHEETS

as at 31 December 2004

Amounts in RM million unless otherwise stated

| | Note | Group | | Company | |
|---|------|----------|----------|---------|---------|
| | | 2004 | 2003 | 2004 | 2003 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 15 | 6,550.4 | 6,222.0 | 6.1 | 6.3 |
| Land held for property development | 16 | 495.1 | 513.7 | - | - |
| Subsidiaries | 17 | - | - | 2,278.1 | 2,237.3 |
| Jointly controlled entities | 18 | 39.7 | - | - | - |
| Associates | 19 | 2,230.1 | 2,159.1 | - | - |
| Exploration cost | | 2.8 | - | - | - |
| Other long term investments | 20 | 357.6 | 12.0 | - | - |
| Long term receivables | 23 | 22.7 | 20.4 | - | - |
| Deferred taxation | 21 | 4.6 | 3.8 | 1.9 | 1.3 |
| Goodwill | | 10.9 | - | - | - |
| CURRENT ASSETS | | | | | |
| Property development costs | 16 | 105.4 | 94.7 | - | - |
| Inventories | 22 | 309.9 | 283.9 | - | - |
| Trade and other receivables | 23 | 553.9 | 512.5 | 19.9 | 0.7 |
| Amount due from subsidiaries | 17 | - | - | 320.0 | 635.6 |
| Amount due from associates | 19 | 0.7 | 0.7 | - | - |
| Short term investments | 24 | 1,706.6 | 1,329.1 | 1,016.9 | 676.1 |
| Bank balances and deposits | 25 | 4,206.1 | 3,055.5 | 366.8 | 290.5 |
| | | 6,882.6 | 5,276.4 | 1,723.6 | 1,602.9 |
| LESS: CURRENT LIABILITIES | | | | | |
| Trade and other payables | 26 | 876.7 | 816.9 | 19.4 | 83.6 |
| Amount due to subsidiaries | 17 | - | - | 97.1 | 102.5 |
| Amount due to jointly controlled entities | 18 | 0.3 | - | - | - |
| Short term borrowings | 27 | 783.9 | 249.3 | - | - |
| Taxation | | 94.3 | 258.0 | 16.5 | 1.2 |
| | | 1,755.2 | 1,324.2 | 133.0 | 187.3 |
| NET CURRENT ASSETS | | | | | |
| | | 5,127.4 | 3,952.2 | 1,590.6 | 1,415.6 |
| | | 14,841.3 | 12,883.2 | 3,876.7 | 3,660.5 |
| FINANCED BY | | | | | |
| SHARE CAPITAL | | | | | |
| RESERVES | 28 | 352.3 | 352.2 | 352.3 | 352.2 |
| | 29 | 7,516.2 | 6,692.6 | 3,394.1 | 3,229.0 |
| SHAREHOLDERS' EQUITY | | | | | |
| MINORITY INTERESTS | | | | | |
| | | 7,868.5 | 7,044.8 | 3,746.4 | 3,581.2 |
| NON-CURRENT LIABILITIES | | | | | |
| Long term borrowings | 27 | 2,908.8 | 2,215.1 | - | - |
| Amount due to subsidiaries | 17 | - | - | 93.8 | 73.4 |
| Deferred taxation | 21 | 523.4 | 491.7 | - | - |
| Provisions | 30 | 49.1 | 39.0 | 36.5 | 5.9 |
| Other liabilities | 31 | 59.4 | 56.7 | - | - |
| | | 3,540.7 | 2,802.5 | 130.3 | 79.3 |
| | | 14,841.3 | 12,883.2 | 3,876.7 | 3,660.5 |
| NET TANGIBLE ASSETS PER SHARE | | | | | |
| | | RM11.15 | RM10.00 | | |

The notes set out on pages 56 to 107 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2004

Amounts in RM million unless otherwise stated

| Group | Share Capital | Share Premium | Revaluation Reserves | Reserve on Exchange Differences | Unappropriated Profit | Total |
|--|---------------|---------------|----------------------|---------------------------------|-----------------------|----------------|
| Balance at 1 January 2003 | 352.2 | 97.8 | 310.6 | 57.4 | 5,608.2 | 6,426.2 |
| Revaluation surplus realised upon sale of assets | - | - | (2.1) | - | 2.1 | - |
| Currency translation differences | - | - | - | 8.8 | - | 8.8 |
| Net gain/(loss) not recognised in the income statement | - | - | (2.1) | 8.8 | 2.1 | 8.8 |
| Net profit for the financial year | - | - | - | - | 713.8 | 713.8 |
| Appropriation: | | | | | | |
| Dividends | | | | | | |
| - final paid for financial year ended 31 December 2002 (13.5 sen less 28% income tax) | - | - | - | - | (68.5) | (68.5) |
| - interim paid for financial year ended 31 December 2003 (7.0 sen less 28% income tax) | - | - | - | - | (35.5) | (35.5) |
| Balance at 31 December 2003 | 352.2 | 97.8 | 308.5 | 66.2 | 6,220.1 | 7,044.8 |
| Balance at 1 January 2004 | 352.2 | 97.8 | 308.5 | 66.2 | 6,220.1 | 7,044.8 |
| Issue of shares (see Note 28) | 0.1 | 1.7 | - | - | - | 1.8 |
| Revaluation surplus realised upon sale of assets | - | - | (0.3) | - | 0.3 | - |
| Currency translation differences | - | - | - | 8.0 | - | 8.0 |
| Net gain/(loss) not recognised in the income statement | - | - | (0.3) | 8.0 | 0.3 | 8.0 |
| Net profit for the financial year | - | - | - | - | 928.0 | 928.0 |
| Appropriation: | | | | | | |
| Dividends | | | | | | |
| - final paid for financial year ended 31 December 2003 (14.5 sen less 28% income tax) | - | - | - | - | (73.5) | (73.5) |
| - interim paid for financial year ended 31 December 2004 (8.0 sen less 28% income tax) | - | - | - | - | (40.6) | (40.6) |
| Balance at 31 December 2004 | 352.3 | 99.5 | 308.2 | 74.2 | 7,034.3 | 7,868.5 |

The notes set out on pages 56 to 107 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2004 (cont'd)

Amounts in RM million unless otherwise stated

| Company | Non-Distributable | | | | Distributable | Total |
|--|-------------------|---------------|----------------------|---------------------------------|-----------------------|---------|
| | Share Capital | Share Premium | Revaluation Reserves | Reserve on Exchange Differences | Unappropriated Profit | |
| Balance at 1 January 2003 | 352.2 | 97.8 | - | - | 2,951.7 | 3,401.7 |
| Net profit for the financial year | - | - | - | - | 283.5 | 283.5 |
| Appropriation: | | | | | | |
| Dividends | | | | | | |
| - final paid for financial year ended 31 December 2002 (13.5 sen less 28% income tax) | - | - | - | - | (68.5) | (68.5) |
| - interim paid for financial year ended 31 December 2003 (7.0 sen less 28% income tax) | - | - | - | - | (35.5) | (35.5) |
| Balance at 31 December 2003 | 352.2 | 97.8 | - | - | 3,131.2 | 3,581.2 |
| Balance at 1 January 2004 | 352.2 | 97.8 | - | - | 3,131.2 | 3,581.2 |
| Issue of shares (see Note 28) | 0.1 | 1.7 | - | - | - | 1.8 |
| Net profit for the financial year | - | - | - | - | 277.5 | 277.5 |
| Appropriation: | | | | | | |
| Dividends | | | | | | |
| - final paid for financial year ended 31 December 2003 (14.5 sen less 28% income tax) | - | - | - | - | (73.5) | (73.5) |
| - interim paid for financial year ended 31 December 2004 (8.0 sen less 28% income tax) | - | - | - | - | (40.6) | (40.6) |
| Balance at 31 December 2004 | 352.3 | 99.5 | - | - | 3,294.6 | 3,746.4 |

The notes set out on pages 56 to 107 form part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 December 2004

Amounts in RM million unless otherwise stated

| | Group | | Company | |
|---|----------------|----------------|--------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit from ordinary activities before taxation | 1,777.8 | 1,562.3 | 406.4 | 404.9 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment ("PPE") | 374.1 | 345.1 | 1.3 | 2.2 |
| Finance cost | 112.8 | 68.2 | 4.0 | 1.8 |
| PPE written off | 21.8 | 8.3 | - | - |
| Development costs written off | 15.1 | - | - | - |
| Net impairment loss | 13.8 | 1.8 | - | - |
| Net provision for/(write-back of) retirement gratuities | 11.2 | (23.6) | 2.4 | 2.4 |
| Net allowance for/(write-back of) diminution in value of investments | 1.6 | (1.3) | - | - |
| Net allowance for doubtful debts | 1.0 | 7.4 | - | - |
| Share of results in jointly controlled entities | 0.9 | - | - | - |
| Net gain on dilution of interest in subsidiaries | (0.4) | - | - | - |
| Net gain on disposal of investments | (4.4) | (5.4) | - | - |
| Net gain on disposal of PPE, land held for property development activities | (6.6) | (76.9) | (0.2) | - |
| Dividend income | (7.1) | (4.5) | (145.5) | (134.9) |
| Share of results in associates | (35.7) | 45.9 | - | - |
| Interest income | (88.4) | (70.3) | (55.0) | (54.7) |
| Write off of net goodwill arising on acquisition of subsidiaries/additional equity interest in existing group companies | - | 94.6 | - | - |
| Gain on disposal of a subsidiary | - | (2.3) | - | - |
| Provision for contingent losses | - | - | 28.2 | - |
| Other non-cash items | (3.3) | 11.5 | 0.6 | 0.6 |
| | 406.4 | 398.5 | (164.2) | (182.6) |
| Operating profit before changes in working capital | 2,184.2 | 1,960.8 | 242.2 | 222.3 |
| Increase in property development costs | (3.5) | (2.8) | - | - |
| (Increase)/decrease in inventories | (26.0) | 5.7 | - | - |
| Decrease in receivables | 2.9 | 16.1 | - | 0.7 |
| Increase/(decrease) in payables | 178.0 | (50.4) | 4.5 | (0.5) |
| Decrease in amount due from associates | 0.1 | 0.4 | - | - |
| Increase in amount due to jointly controlled entities | 0.3 | - | - | - |
| Decrease in amount due from subsidiaries | - | - | 3.4 | 3.2 |
| | 151.8 | (31.0) | 7.9 | 3.4 |
| Cash generated from operations | 2,336.0 | 1,929.8 | 250.1 | 225.7 |
| Taxation paid | (538.3) | (464.6) | (95.5) | (82.7) |
| Retirement gratuities paid | (142.4) | (0.9) | (68.7) | - |
| Advance membership fees received | 4.3 | 4.6 | - | - |
| Taxation refund | 26.3 | 15.2 | - | - |
| | (650.1) | (445.7) | (164.2) | (82.7) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 1,685.9 | 1,484.1 | 85.9 | 143.0 |

The notes set out on pages 56 to 107 form part of these financial statements.

CASH FLOW STATEMENTS

for the financial year ended 31 December 2004 (cont'd)

Amounts in RM million unless otherwise stated

| | Group | | Company | |
|---|------------------|----------------|----------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of PPE | (624.7) | (355.2) | (1.2) | (2.0) |
| Purchase of investments | (470.1) | (142.6) | (40.8) | (104.8) |
| Acquisition of subsidiaries (see Note 35(a)) | (105.1) | - | - | - |
| Investment in associates | (55.9) | (229.2) | - | - |
| Investment in jointly controlled entities | (38.1) | - | - | - |
| Purchase of additional shares from minority shareholders | (15.1) | (152.8) | - | (145.1) |
| Costs incurred on land held for property development | (6.5) | (3.8) | - | - |
| Exploration cost incurred | (2.8) | - | - | - |
| Dividends received | 5.8 | 3.4 | 96.6 | 90.6 |
| Proceeds from disposal of investments | 6.3 | 30.7 | - | - |
| Proceeds from disposal of PPE | 8.7 | 14.2 | 0.2 | - |
| Dividends received from associates | 20.9 | 7.9 | - | - |
| Interest received | 88.0 | 63.5 | 54.4 | 54.1 |
| Acquisition of an associate | - | (11.7) | - | - |
| Acquisition of a subsidiary/controlling stake in a former associate | - | 231.8 | - | - |
| Partial return of capital by minority interests | - | 7.8 | - | - |
| Repayments from associates | - | 1.0 | - | - |
| Proceeds from disposal of a subsidiary | - | 1.1 | - | - |
| Advances to subsidiaries | - | - | (72.8) | (25.5) |
| Net repayments of advances by subsidiaries | - | - | 5.7 | 52.8 |
| Repayment of loans by subsidiaries | - | - | 385.0 | 11.0 |
| NET CASH (USED IN)/INFLOW FROM INVESTING ACTIVITIES | (1,188.6) | (533.9) | 427.1 | (68.9) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | (331.0) | (841.2) | - | - |
| Dividends paid | (114.1) | (104.0) | (114.1) | (104.0) |
| Dividends paid to minority shareholders | (108.4) | (206.2) | - | - |
| Finance cost paid | (68.4) | (66.2) | (3.3) | (1.5) |
| Proceeds from issue of shares to minority shareholders | 0.7 | 0.4 | - | - |
| Proceeds from issue of shares | 1.8 | - | 1.8 | - |
| Proceeds from bank borrowings | 431.0 | 496.9 | - | - |
| Net proceeds from issue of Notes | 1,093.7 | 1,140.0 | - | - |
| Repayment of borrowing to subsidiary | - | - | (21.0) | (10.5) |
| Borrowing from subsidiary | - | - | 40.7 | 104.8 |
| NET CASH INFLOW FROM/(USED IN) FINANCING ACTIVITIES | 905.3 | 419.7 | (95.9) | (11.2) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,402.6 | 1,369.9 | 417.1 | 62.9 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | 4,137.0 | 2,766.7 | 966.6 | 903.7 |
| EFFECT OF CURRENCY TRANSLATION | 4.1 | 0.4 | - | - |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 5,543.7 | 4,137.0 | 1,383.7 | 966.6 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | | | |
| Bank balances and deposits (see Note 25) | 4,206.1 | 3,055.5 | 366.8 | 290.5 |
| Money market instruments (see Note 24) | 1,337.6 | 1,081.5 | 1,016.9 | 676.1 |
| | 5,543.7 | 4,137.0 | 1,383.7 | 966.6 |

The notes set out on pages 56 to 107 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

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

The principal activities of the associates include cruise and cruise related operations and the generation and supply of electric power.

Details of the principal activities of the subsidiaries and associates are set out in Note 38 to the financial statements.

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

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The historical cost convention modified by the revaluation of certain property, plant and equipment and land held for property development, unless otherwise indicated in the individual policy statements set out in Note 3 to the financial statements, were adopted in the preparation of the financial statements.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on Directors' best knowledge of current events and actions, actual results could differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies adopted by the Group and the Company have been applied consistently in dealing with all material items in relation to the financial statements.

In addition, the Group complies with new accounting standards that are effective for the financial year. Where the accounting standards require retrospective application on adoption, it is complied with, except in cases where the standard specifically does not require comparatives on first adoption due to non availability of such information or when it is not practicable to do so.

The following are the significant accounting policies adopted by the Group:

Basis of Consolidation

Investments in subsidiaries are eliminated on consolidation while investments in jointly controlled entities and associates are accounted for by the equity method of accounting.

a) Subsidiaries

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

a) Subsidiaries (Cont'd)

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when control ceases. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See accounting policy note on treatment of goodwill.

All material intra-group transactions, balances and unrealised gains on transactions between group companies have been eliminated; unrealised losses have also been eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

Minority interests is measured at the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's net assets since that date. Separate disclosure is made of minority interests.

b) Jointly Controlled Entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties.

Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the income statement and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition less impairment losses, where applicable. See accounting policy note on impairment of assets.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other parties in the ventures. The Group does not recognise its share of profits or losses from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

c) Associates

Associates are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Equity accounting involves recognising in the income statement the Group's share of the associates' results for the financial year. The Group's interest in associates is stated at cost net of goodwill written off, for acquisitions prior to 1 January 2004, plus adjustments to reflect changes in the Group's share of the net assets of the associates. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of impairment on the assets transferred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment

Property, plant and equipment are stated at cost modified by the revaluation of certain property, plant and equipment less accumulated depreciation, amortisation and impairment loss where applicable. In accordance with the transitional provisions allowed by the Malaysian Accounting Standards Board ("MASB") on adoption of MASB No. 15, Property, Plant and Equipment, the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation, amortisation and impairment losses.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

Freehold land and plantations and property, plant and equipment which are under construction are not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use.

Leasehold properties with lease periods of 99 years or less are amortised equally over their respective periods of lease. However, leasehold properties with original lease period of 999 years are not amortised, the cumulative effect of which is not material to the financial statements.

Other property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. The annual rates of depreciation used for the major classes of property, plant and equipment are as follows:-

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

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to unappropriated profit.

New Planting and Replanting Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under freehold and leasehold land respectively. New planting expenditure capitalised is not amortised. However, where the new planting expenditure capitalised on leasehold land which has unexpired period shorter than the plantation's economic useful life, the planting expenditure is amortised over the remaining period of the lease on a straight line basis.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Development Activities

a) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost of acquisition includes all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amounts, it continues to retain these amounts as its surrogate cost as allowed by MASB No. 32, Property Development Activities. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Land held for property development is transferred to property development costs and included under current assets when development activities have commenced and where the development activities can be completed within the normal operating cycle.

b) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the percentage of completion method in respect of sales where agreements have been finalised. Under this method, profits are recognised as the property development activity progresses. The stage of completion is determined based on proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total property development cost to completion.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable of recovery; property development costs on the development units sold are recognised when incurred. Foreseeable losses, if any, arising when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, are recognised immediately in the income statement.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Upon completion of development, the unsold completed development properties are transferred to inventories.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

MASB No. 32 became operative for financial periods commencing 1 January 2004. Consequently, in compliance with the Standard, "Real property assets" has been renamed as "Land held for property development". The comparatives in respect of property development and trade and other receivables have been restated. See note 37 on Changes in Accounting Policies.

Investments

Long term investments, both quoted and unquoted, include investments in subsidiaries, jointly controlled entities, associates and other non-current investments. Investments in subsidiaries, jointly controlled entities and associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments (Cont'd)

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the period in which it is identified.

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

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

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 related exploration cost will be charged off to the income statement.

Goodwill

Goodwill represents the excess of the purchase price over the Group's share of the fair value of the identifiable net assets of the subsidiaries/jointly controlled entities/associates at the date of acquisition.

Goodwill on acquisition of subsidiaries on or after 1 January 2004 is recognised as an intangible asset and disclosed separately on the consolidated balance sheet at cost less any impairment losses. Goodwill, less any impairment losses, on acquisition of associates occurring on or after 1 January 2004 is included in investments in associates. Prior to 1 January 2004, the Group's policy was to write off goodwill to the income statement in the financial year when the acquisition occurs. The change in accounting policy is applied prospectively with effect from the current financial year as the resulting adjustment that relates to prior financial year is not reasonably determinable and impractical to reinstate. The comparative figures are therefore not restated.

With this change, the carrying value of goodwill will be subject to annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the income statement when the results of such impairment review indicate that the carrying value of goodwill is impaired.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes, where relevant, appropriate proportions of overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less costs to completion and selling expenses. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Receivables

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

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 known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are included within short term borrowings in the current liabilities and money market instruments are included within short term investments in current assets in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Borrowing Costs

Borrowings are initially recognised based on proceeds received. Subsequently, borrowings are stated at amortised cost using the effective yield method; any difference between the amount recorded as borrowings and the associated redemption value is recognised in the income statement over the period of the borrowings.

Costs incurred on borrowings to finance qualifying assets are capitalised until the assets are ready for their intended use after which such expenses are charged to the income statement. All other borrowing costs are charged to the income statement.

Impairment of Assets

The carrying values of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, an impairment review is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit. An impairment charge is made if the carrying amount exceeds the recoverable amount.

An impairment loss is charged to the income statement, unless the asset is carried at revalued amount, in which case the impairment loss is used to reduce the revaluation surplus.

An impairment loss is reversed only to the extent of previously recognised impairment losses for the same asset. The reversal is recognised in the income statement, unless the asset is carried at revalued amount, in which case it is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised in the income statement.

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs, so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflow of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Income Taxes

a) Current Taxation

Current taxation is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable income and is measured using the tax rates which are applicable at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Taxes (Cont'd)

b) Deferred Taxation

Deferred tax liabilities and/or assets are recognised for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. However, deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the deferred tax assets can be utilised. Deferred tax liability in respect of asset revaluations is also recognised. Deferred tax liabilities and assets are measured at the tax rates which are applicable at the balance sheet date.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint venture companies and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Government Grants

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the income statement on the straight line basis over the expected lives of the related assets.

Employee Benefits

a) Short-Term Employee Benefits

Short-term employee benefits include wages, salaries, bonus, social security contributions and paid annual leave. These benefits are accrued when incurred and are measured on an undiscounted basis.

b) Post-Employment Benefits

Post-employment benefits include defined contribution plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. These benefits are accrued when incurred and are measured on an undiscounted basis.

c) Long-Term Employee Benefits

Long-term employee benefits include retirement gratuities payable under a retirement gratuity scheme which was established in 1991 by the Board of Directors for Executives and Executive Directors of the Company and certain subsidiaries. The level of retirement gratuities payable is determined by the Board of Directors in relation to the past services rendered and it does not take into account the employee's service to be rendered in later years up to retirement. The gratuity, which is calculated based either on length of service and basic salary as at the reporting date or on the basis of emoluments earned in the immediate past three years, is a vested benefit when the employee reaches retirement age.

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Employee turnover is also factored in arriving at the level of the retirement gratuities payable. The differences arising from the application of such discounting as well as any past service costs and the effects of any curtailments or settlements, if any, are recognised immediately in the income statement.

Such retirement gratuities payable are classified as current liabilities where it is probable that a payment will be made within the next twelve months and also provided that the amount has been approved for payment by the Board of Directors.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Benefits (Cont'd)

d) Equity Compensation Benefits

Equity compensation benefits include share options issued to eligible Executives and Executive Directors of the Company and certain subsidiaries.

The Group does not make a charge to the income statement in respect of share options granted to employees. As and when the share options are exercised, the proceeds received, net of any transactions costs, are credited to share capital and share premium. Details of the employee share options scheme are set out in the relevant notes to the financial statements.

Revenue Recognition

Sales are recognised upon delivery of products or performance of services, net of sales tax and discounts, and after eliminating sales within the Group.

The sales relating to property development projects are recognised progressively as the project activity progresses and are in respect of sales where agreements have been finalised. The recognition of sales is based on the percentage of completion method and is consistent with the method adopted for profit recognition.

Sales of short term investments are accounted for when the contracts are executed.

Casino revenue represents net house takings. The casino licence is renewable every three months.

Dividend income is recognised when the right to receive payment is established.

Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of unappropriated profit and accrued as a liability in the financial year in which the obligation to pay is established.

Foreign Currencies

The financial statements 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 unless hedged by forward foreign contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date have been translated at the rates ruling on that date. Gains and losses arising from translation are included in the income statement.

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of these entities are translated into RM at average rates for the financial year and the balance sheets are translated at the financial year end rates. Exchange differences arising from the translation of income statements at average rates and balance sheets at year end rates, and the restatement at year end rates of the opening net investments in such subsidiaries and associates are taken to reserves.

Fair value adjustments and goodwill arising on the acquisition of a foreign entity are treated as assets or liabilities of the Group and are translated accordingly at the exchange rate ruling at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currencies (Cont'd)

The principal rates of exchange used in translation are as follows:
(RM to one unit of foreign currency)

| Currency | Financial year end rates | |
|-------------------|--------------------------|--------|
| | 2004 | 2003 |
| US Dollar | 3.8000 | 3.8000 |
| Sterling Pound | 7.3308 | 6.7714 |
| Australian Dollar | 2.9623 | 2.8544 |
| Singapore Dollar | 2.3280 | 2.2350 |
| Hong Kong Dollar | 0.4888 | 0.4895 |

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

a) Financial instruments recognised on the balance sheet

The recognition method adopted for financial instruments that are recognised on the balance sheet are disclosed separately in the individual policy statements associated with the relevant financial instrument. The financial assets of the Group are primarily denominated in Ringgit Malaysia whereas the financial liabilities of the Group are primarily denominated in US Dollar and Ringgit Malaysia. Financial assets and liabilities that are denominated in other currencies, where material, have been disclosed in the Notes to the financial statements.

b) Financial instruments not recognised on the balance sheet

The Group, in managing its interest and currency exposures, enters into foreign currency forward contracts, interest rate swap and currency swap agreements. These instruments are not recognised in the financial statements on inception.

As foreign currency forward contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates are used to translate the underlying foreign currency transactions into Ringgit Malaysia.

The related interest differentials under the swap agreements for interest rate swaps are recognised over the terms of the agreements in interest expense.

The underlying foreign currency assets or liabilities, which are effectively hedged by currency swap agreements, and designated as a hedge, are translated in the respective hedged currencies, at their contracted rates.

c) Fair value estimation for disclosure purpose

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date. For non-traded financial instruments, the Group uses various methods and makes assumptions that are based on market conditions. Comparisons are made to similar instruments that are publicly traded and estimates based on discounted cash flow techniques are also used. For other long term financial assets and liabilities, fair value is estimated by discounting future contractual cash flows at appropriate interest rates.

The book values of financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Segmental Reporting

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format.

Revenues are attributed to geographical segments based on location of customers where sale is transacted. Assets are allocated based on location of assets.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by the segment and consist principally of property, plant and equipment net of accumulated depreciation, amortisation and impairment loss, land held for property development, property development costs, inventories and receivables. Segment liabilities comprise operating liabilities. Both segment assets and liabilities do not include income tax assets and liabilities and interest bearing instruments.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise the value creation for shareholders. The Group seeks to minimise the potential adverse impacts arising from fluctuations in exchange and interest rates and the unpredictability of the financial markets.

The Group operates within clearly defined guidelines that are approved by the Board of Directors and do not trade in financial instruments. Financial risk management is carried out through risk reviews conducted at all significant operational units. This process is further enhanced by effective internal controls, a group-wide insurance programme and adherence to the financial risk management policies.

The main areas of financial risks faced by the Group are as follows:

Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk when subsidiaries enter into transactions that are not denominated in their functional currencies. The Group attempts to significantly limit its exposure for all committed transactions by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

Interest rate risk

Interest rate risks mainly arise from the Group's borrowings. The Group manages this risk through the use of fixed and floating rate debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

Market risk

The Group, in the normal course of business, is exposed to market risks in respect of its equity investments and volatility in market prices of palm products. The Group manages its risk through established guidelines and policies.

Credit risk

Exposure to credit risk arises mainly from sales made on deferred credit terms. Credit terms offered by the Group range from 7 days to 120 days from date of transaction. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses.

The Group avoids, where possible, any significant exposure to a single customer. However, in the ordinary course of business, a subsidiary in the Group's Power Division has trade receivables that are solely from its offtaker, the national electricity utility company. As such, the counter party risk is considered to be minimal.

The Group also seeks to invest cash assets safely and profitably and buys insurance to protect itself against insurable risks. In this regard, counterparties are assessed for credit risk and limits are set to minimise any potential losses.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due.

5. SEGMENT ANALYSIS (Cont'd)

a) Primary segment - by activity: (Cont'd)

| 2003 | Leisure & Hospitality | Plantations | Properties | Paper | Oil & Gas | Power | Others | Eliminations | Total |
|--|--------------------------|-------------|------------|---------|--------------|---------|--------|--------------|----------|
| Other Information: | | | | | | | | | |
| Assets | | | | | | | | | |
| Segment assets | 3,609.7 | 769.6 | 1,068.4 | 1,451.5 | 28.6 | 1,339.0 | 392.0 | (557.9) | 8,100.9 |
| Interest bearing instruments | | | | | | | | | 3,941.9 |
| Associates | 2,051.5 | 9.3 | 2.4 | - | - | 95.9 | - | - | 2,159.1 |
| Unallocated corporate assets | | | | | | | | | 5.5 |
| Total assets | | | | | | | | | 14,207.4 |
| Liabilities | | | | | | | | | |
| Segment liabilities | 646.7 | 37.7 | 129.8 | 342.2 | 9.8 | 86.0 | 207.4 | (556.5) | 903.1 |
| Interest bearing instruments | | | | | | | | | 2,473.9 |
| Unallocated corporate liabilities | | | | | | | | | 749.7 |
| Total liabilities | | | | | | | | | 4,126.7 |
| Other Disclosures | | | | | | | | | |
| Capital expenditure incurred | 269.8 | 50.6 | 3.3 | 75.9 | 2.7 | 0.2 | 4.9 | (4.8) | 402.6 |
| Depreciation charged | 201.9 | 12.1 | 6.0 | 61.0 | 1.2 | 57.9 | 8.5 | (3.5) | 345.1 |
| Impairment loss | - | - | - | 1.6 | - | - | 0.2 | - | 1.8 |
| Other significant non-cash charges/(credits) | (0.9) | 1.3 | - | (0.6) | - | (0.4) | 4.6 | - | 4.0 |

b) Secondary segment - by geographical location

| | Revenue | | Assets | | Capital expenditure | |
|-----------------------------------|---------|---------|----------|----------|---------------------|-------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Malaysia | 4,526.3 | 4,109.0 | 12,843.0 | 10,953.2 | 623.1 | 399.3 |
| Asia Pacific (excluding Malaysia) | 116.2 | 96.5 | 816.7 | 894.7 | 22.4 | 3.0 |
| Europe | 4.4 | 21.7 | 631.8 | 162.3 | - | 0.2 |
| Other countries | 0.1 | 9.9 | 35.2 | 38.1 | - | 0.1 |
| | 4,647.0 | 4,237.1 | 14,326.7 | 12,048.3 | 645.5 | 402.6 |
| Jointly controlled entities | - | - | 39.7 | - | - | - |
| Associates | - | - | 2,230.1 | 2,159.1 | - | - |
| | 4,647.0 | 4,237.1 | 16,596.5 | 14,207.4 | 645.5 | 402.6 |

The Group is organised into six main business segments:

- Leisure & Hospitality - this division includes the hotel, gaming and entertainment businesses, tours & travel related services and other support services.
- Plantations - this division is involved mainly in oil palm plantations, palm oil milling and related activities.

5. SEGMENT ANALYSIS (Cont'd)**b) Secondary segment - by geographical location (Cont'd)**

| | | |
|-----------|---|---|
| Property | - | this division is involved in property development activities. |
| Paper | - | this division is involved in the manufacturing and trading of paper and paper related products and downstream activities involving packaging. |
| Oil & Gas | - | this division is involved in oil & gas exploration and sale of crude oil. |
| Power | - | this division is involved in the generation and supply of electric power. |

All other immaterial business segments including investments in equities and information technology support services are aggregated and disclosed under "Others" as they are not of a sufficient size to be reported separately. All intersegment sales are conducted on an arms length basis.

Geographically, the Group operates in Asia Pacific. The main business segments of the Group are concentrated in Malaysia. The assets in the Asia Pacific region (excluding Malaysia) mainly comprise interest bearing investments.

6. REVENUE

| | Group | | Company | |
|---|----------------|----------------|--------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| Rendering of services: | | | | |
| Leisure & hospitality | 2,815.3 | 2,655.6 | - | - |
| Rental and property management income | 16.9 | 17.3 | - | - |
| Fees from management and licensing services | - | - | 315.9 | 299.1 |
| Other services | 19.4 | 17.4 | 5.7 | 4.8 |
| Sale of goods: | | | | |
| Paper and paper related products | 479.3 | 435.4 | - | - |
| Plantation produce | 467.2 | 380.0 | - | - |
| Properties and progressive sales on property development projects | 46.4 | 111.6 | - | - |
| Crude oil | 58.8 | 54.5 | - | - |
| Electricity | 734.9 | 530.0 | - | - |
| Sale of investments | 1.7 | 30.7 | - | - |
| Investment income | 7.1 | 4.6 | 145.5 | 134.9 |
| | 4,647.0 | 4,237.1 | 467.1 | 438.8 |

7. COST OF SALES

| | Group | | Company | |
|--|----------------|----------------|-------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Cost of inventories recognised as an expense | 1,151.8 | 945.4 | - | - |
| Cost of investments disposed and related costs | 3.0 | 23.7 | - | - |
| Cost of services and other operating costs | 1,404.8 | 1,259.9 | 46.5 | 38.4 |
| | 2,559.6 | 2,229.0 | 46.5 | 38.4 |

8. OTHER EXPENSES

Included in other expenses of the Group and Company are project expenses written off amounting to RM27.6 million (2003: RM39.0 million). In addition, the Company's other expenses for the current financial year included a provision for contingent losses amounting to RM28.2 million (2003: RM Nil) arising from guarantees issued to financial institutions on borrowings extended to subsidiaries for the purpose of raising finance for the Group's investments. Included in other expenses of the Group for the previous financial year is a write-off of net goodwill arising on acquisition of subsidiaries/additional equity interest in existing group companies amounting to RM94.6 million.

9. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Charges: | | | | |
| Depreciation of property, plant and equipment | 374,129 | 345,145 | 1,339 | 2,227 |
| Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 11) | 69,479 | 57,597 | 34,551 | 29,461 |
| Impairment of property, plant and equipment included in: | | | | |
| - Cost of sales | 68 | 1,582 | - | - |
| - Other expenses | 13,876 | 185 | - | - |
| Property, plant and equipment written off | 21,765 | 8,313 | - | - |
| Development costs written off | 15,080 | - | - | - |
| Net allowance for diminution in value of investments | 1,596 | - | - | - |
| Investments written down | - | 60 | - | - |
| Replanting expenditure | 5,439 | 7,456 | - | - |
| Hire of equipment | 9,915 | 8,287 | - | - |
| Rental of land and buildings | 3,693 | 3,463 | - | - |
| Finance cost | 112,826 | 68,201 | - | - |
| Net exchange losses - realised | 448 | - | 22 | - |
| Net allowance for doubtful debts | 992 | 7,369 | - | - |
| Write-off of net goodwill arising on acquisition of subsidiaries/additional equity interest in existing group companies | - | 94,572 | - | - |
| Auditors' remuneration | 1,407 | 1,166 | 31 | 30 |
| Expenditure paid to subsidiaries: | | | | |
| - Finance cost | - | - | 3,964 | 1,870 |
| - Rental of land and buildings | - | - | 1,814 | 1,739 |
| - Rental of equipment | - | - | 984 | 774 |
| - Service fees | - | - | 1,079 | 927 |
| Credits: | | | | |
| Interest income | 88,398 | 70,339 | 25,753 | 24,330 |
| Net gain on disposal of property, plant and equipment and land held for property development | 6,603 | 76,831 | 155 | - |
| Net gain on disposal of investments | 4,427 | 5,434 | - | - |
| Write-back of impairment of property, plant and equipment included in: | | | | |
| - Cost of sales | 145 | - | - | - |
| Rental income from land and buildings | 44,568 | 42,981 | - | - |
| Net write-back of diminution in value of investments | - | 1,332 | - | - |
| Net exchange gains - realised | - | 310 | - | 1 |
| Net exchange gains - unrealised | 3,122 | 52 | 4 | 105 |
| Dividends (gross) from: | | | | |
| - Quoted local companies | 3,572 | 3,535 | - | - |
| - Quoted foreign corporations | 3,496 | 925 | - | - |
| Income from subsidiaries: | | | | |
| - Management and licensing fees | - | - | 315,759 | 298,400 |
| - Gross dividends | - | - | 145,456 | 134,921 |
| - Interest income | - | - | 29,271 | 30,385 |
| - Shared services fees | - | - | 5,717 | 4,819 |
| - Royalty | - | - | 137 | 675 |

9. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (Cont'd)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Other information: | | | | |
| Non statutory audit fees | | | | |
| - payable to auditors | 1,163 | 876 | 1,009 | 774 |
| - payable to firms affiliated to auditors | 555 | 299 | 366 | 94 |

10. STAFF COSTS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Wages, salaries and bonuses | 414,538 | 380,087 | 37,689 | 32,236 |
| Defined contribution plan | 48,302 | 40,913 | 4,976 | 2,206 |
| Other short-term employee benefits | 42,708 | 37,178 | 1,475 | 1,554 |
| Provision/(write-back) of retirement gratuities | 11,178 | (23,616) | 2,376 | 2,445 |
| | 516,726 | 434,562 | 46,516 | 38,441 |
| Number of employees at year end (thousands) | 18.0 | 15.5 | 0.1 | 0.1 |

Staff costs, as shown above, include the remuneration of Executive Directors.

11. DIRECTORS' REMUNERATION

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Non-Executive Directors: | | | | |
| Fees | 256 | 230 | 198 | 180 |
| Professional fees | - | 92 | - | 92 |
| | 256 | 322 | 198 | 272 |
| Executive Directors: | | | | |
| Fees | 785 | 835 | 396 | 418 |
| Salaries & bonuses | 56,056 | 53,156 | 28,210 | 24,133 |
| Defined contribution plan | 7,683 | 3,155 | 3,831 | 1,323 |
| Other short-term employee benefits | 659 | 420 | 150 | - |
| Provision/(write-back) of retirement gratuities | 4,040 | (291) | 1,766 | 3,315 |
| | 69,223 | 57,275 | 34,353 | 29,189 |
| Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 9) | 69,479 | 57,597 | 34,551 | 29,461 |
| Estimated money value of benefits-in-kind (not charged to the income statements) in respect of Executive Directors | 273 | 621 | 81 | 146 |
| | 69,752 | 58,218 | 34,632 | 29,607 |

11. DIRECTORS' REMUNERATION (Cont'd)

Remuneration of Directors of the Company, in respect of services rendered to the Company and its subsidiaries is in the following bands:

| Amounts in RM'000 | 2004 | 2003 |
|---------------------------------|--------|------|
| | Number | |
| Non-executive Directors: | | |
| 50 - 100 | 2 | 2 |
| 100 - 150 | 1 | 1 |
| Executive Directors: | | |
| 1,050 - 1,100 | - | 1 |
| 1,150 - 1,200 | 1 | - |
| 1,350 - 1,400 | 1 | 2 |
| 1,400 - 1,450 | 1 | - |
| 1,450 - 1,500 | - | 1 |
| 1,600 - 1,650 | 1 | - |
| 12,500 - 12,550 | - | 1 |
| 40,150 - 40,200 | - | 1 |
| 63,900 - 63,950 | 1 | - |

Executive directors of the Company have been granted options under the Employees Share Option Scheme ("ESOS") on the same terms and conditions as those offered to other employees. Details of the ESOS are set out in Note 28. The unissued shares under the ESOS in respect of Directors are as follows:

| Grant Date | Subscription price per share RM | Number of shares | | | At 31 December '000 |
|--|---------------------------------|-------------------|--------------|--------------------------|---------------------|
| | | At 1 January '000 | Granted '000 | Relinquished/lapsed '000 | |
| Financial year ended 31.12.2004: | | | | | |
| 2 September 2002 | 14.34 | 2,750* | - | - | 2,750 |
| <hr/> | | | | | |
| Financial year ended 31.12.2003: | | | | | |
| 2 September 2002 | 14.34 | 4,000 | 250 | - | 4,250 |
| <hr/> | | | | | |
| | | | | 2004 | 2003 |
| | | | | ('000) | ('000) |
| Number of share options vested at balance sheet date | | | | 346 | - |

* The total number of options as at 1 January 2004 has been reduced by 1,500,000 shares that were granted to a director who retired on 31 December 2003.

12. TAXATION

| | Group | | Company | |
|------------------------------------|--------------|--------|--------------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| Current taxation charge: | | | | |
| Malaysian income tax charge | 489.9 | 450.0 | 129.3 | 104.7 |
| Foreign income tax charge | 11.1 | 4.7 | - | - |
| | 501.0 | 454.7 | 129.3 | 104.7 |
| Deferred tax charge/(reversal) | 10.9 | 37.6 | (0.6) | 16.7 |
| Share of tax in associates | 4.3 | 13.9 | - | - |
| | 516.2 | 506.2 | 128.7 | 121.4 |
| Prior years' taxation: | | | | |
| Income tax (over)/under provided | (192.4) | (18.4) | 0.2 | - |
| Deferred tax under/(over) provided | 19.9 | (7.1) | - | - |
| | 343.7 | 480.7 | 128.9 | 121.4 |

The reconciliation between the average effective tax rate and the Malaysian tax rate is as follows:

| | Group | | Company | |
|--|-------------|-----------|-------------|-----------|
| | 2004 % | 2003 % | 2004 % | 2003 % |
| Malaysian tax rate | 28.0 | 28.0 | 28.0 | 28.0 |
| Tax effects of: | | | | |
| - expenses not deductible for tax purposes | 4.1 | 4.6 | 4.3 | 3.1 |
| - (over)/under provision in prior years | (9.7) | (1.6) | 0.1 | - |
| - different tax regime | (0.7) | 0.8 | - | - |
| - tax incentive | (1.3) | (0.4) | - | - |
| - income not subject to tax | (0.3) | (1.4) | (0.7) | (0.6) |
| - others | (0.8) | 0.8 | - | (0.5) |
| Average effective tax rate | 19.3 | 30.8 | 31.7 | 30.0 |

Subject to agreement by the Inland Revenue Board, the amount of unutilised tax losses of subsidiaries available for which the related tax effects have not been recognised in the net income amounted to approximately RM81.0 million as at the financial year end (2003: RM74.9 million). The amount of tax saving for which credit is recognised during the financial year is RM Nil (2003: RM0.7 million).

Subject to agreement by the Inland Revenue Board, the Group has investment tax allowance of approximately RM1,605.3 million (2003: RM1,470.9 million) which is available for set off against future taxable profits of the respective companies of the Group.

13. EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are computed as follows:

a) Basic earnings per share:

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---------------|-------------|
| | 2004 | 2003 |
| Net profit for the financial year (RM'000) | 928,043 | 713,811 |
| Weighted average number of ordinary shares in issue | 704,354,811 | 704,338,954 |
| Basic earnings per share (sen) | 131.76 | 101.34 |

13. EARNINGS PER SHARE (Cont'd)

b) Diluted earnings per share:

For the diluted earnings per share calculation, the Group's net profit for the financial year is reduced by the lower consolidated earnings from subsidiaries arising from the potential dilution of the Group's shareholdings in those subsidiaries that have issued potential ordinary shares that are dilutive to minority shareholders. The weighted average number of ordinary shares in issue of the Company is also adjusted to assume conversion of all dilutive potential ordinary shares issued by the Company.

| | 2004 | Group |
|--|--------------------|----------------|
| | RM'000 | 2003 RM'000 |
| Earnings adjusted as follows: | | |
| Net profit for the financial year | 928,043 | 713,811 |
| Dilution of earnings on potential exercise of Employee Share Options ("ESOS") awarded to executives of Asiatic Development Berhad, a 54.8% owned subsidiary of the Company | (1,944) | (474) |
| Dilution of earnings on potential exercise of ESOS awarded to executives of Resorts World Bhd, a 56.8% owned subsidiary of the Company | (87) | (476) |
| Adjusted earnings for the financial year | 926,012 | 712,861 |
| Weighted average number of ordinary shares adjusted as follows: | | |
| Weighted average number of ordinary shares in issue | 704,354,811 | 704,338,954 |
| Adjustment for share options granted to executives of the Company | 819,680 | 223,051 |
| Adjusted weighted average number of ordinary shares in issue | 705,174,491 | 704,562,005 |
| Diluted earnings per share (sen) | 131.32 | 101.18 |

14. DIVIDENDS

| | Company | | | |
|-------------------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| | 2004 | | 2003 | |
| | Gross dividend per share | Amount of dividend, net of tax | Gross dividend per share | Amount of dividend, net of tax |
| | Sen | RM million | Sen | RM million |
| Interim dividend paid | 8.0 | 40.6 | 7.0 | 35.5 |
| Proposed final dividend | 16.0 | 81.2 | 14.5 | 73.5 |
| | 24.0 | 121.8 | 21.5 | 109.0 |

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004 of 16.0 sen less 28% tax (2003: 14.5 sen less 28% tax) per ordinary share of 50 sen each amounting to RM81.2 million (2003: RM73.5 million) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

15. PROPERTY, PLANT AND EQUIPMENT

| 2004 Group | Freehold land and plantations | Long leasehold land and plantations | Freehold buildings and improvements | Leasehold buildings and improvements | Plant, equipment and vehicles | Construction in progress | Total |
|--|-------------------------------------|--|--|---|--|--------------------------------|-----------|
| At cost/valuation: | | | | | | | |
| Beginning of the financial year | 454.8 | 574.7 | 3,096.2 | 313.1 | 3,930.3 | 144.2 | 8,513.3 |
| Additions | - | 94.2 | 16.2 | 2.2 | 178.1 | 354.8 | 645.5 |
| Disposals | (0.1) | (3.5) | - | - | (14.4) | - | (18.0) |
| Written off | - | - | (18.0) | (0.2) | (98.7) | (1.3) | (118.2) |
| Assets of companies acquired | - | 104.1 | 0.1 | - | 0.1 | - | 104.3 |
| Reclassifications/transfers | - | - | 83.4 | (1.1) | 247.3 | (329.1) | 0.5 |
| Currency fluctuations | - | - | - | - | 1.9 | - | 1.9 |
| Others | - | 1.2 | (0.5) | (0.1) | (0.9) | (8.0) | (8.3) |
| End of the financial year | 454.7 | 770.7 | 3,177.4 | 313.9 | 4,243.7 | 160.6 | 9,121.0 |
| Accumulated depreciation: | | | | | | | |
| Beginning of the financial year | - | (23.3) | (512.1) | (35.8) | (1,714.6) | - | (2,285.8) |
| Charge for the financial year | - | (3.0) | (71.4) | (7.4) | (292.3) | - | (374.1) |
| Disposals | - | 0.1 | - | - | 13.6 | - | 13.7 |
| Written off | - | - | 3.7 | 0.1 | 92.6 | - | 96.4 |
| Reclassifications/transfers | - | - | 4.4 | 0.1 | (4.5) | - | - |
| Currency fluctuations | - | - | - | - | (1.2) | - | (1.2) |
| Others | - | (0.9) | 0.4 | 0.1 | 0.1 | - | (0.3) |
| End of the financial year | - | (27.1) | (575.0) | (42.9) | (1,906.3) | - | (2,551.3) |
| Accumulated impairment losses: | | | | | | | |
| Beginning of the financial year | - | (0.2) | - | - | (5.3) | - | (5.5) |
| Charge for the financial year | - | - | - | (13.7) | (0.2) | - | (13.9) |
| Reversal for the financial year | - | - | - | - | 0.1 | - | 0.1 |
| End of the financial year | - | (0.2) | - | (13.7) | (5.4) | - | (19.3) |
| Net book value at end of the financial year | 454.7 | 743.4 | 2,602.4 | 257.3 | 2,332.0 | 160.6 | 6,550.4 |
| Comprising | | | | | | | |
| Cost | 124.3 | 728.0 | 2,981.9 | 313.9 | 4,232.3 | 160.6 | 8,541.0 |
| At valuation: | | | | | | | |
| - 1981 | 116.8 | - | - | - | - | - | 116.8 |
| - 1982 | 8.8 | - | 76.7 | - | 2.9 | - | 88.4 |
| - 1983 | 106.3 | - | 2.3 | - | - | - | 108.6 |
| - 1986 | - | - | - | - | 8.5 | - | 8.5 |
| - 1989 | 83.3 | - | 115.8 | - | - | - | 199.1 |
| - 1991 | - | 34.0 | 0.7 | - | - | - | 34.7 |
| - 1995 | - | 8.7 | - | - | - | - | 8.7 |
| - 1996 | 15.2 | - | - | - | - | - | 15.2 |
| | 454.7 | 770.7 | 3,177.4 | 313.9 | 4,243.7 | 160.6 | 9,121.0 |

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| 2003 Group | Freehold land and plantations | Long leasehold land and plantations | Freehold buildings and improvements | Leasehold buildings and improvements | Plant, equipment and vehicles | Construction in progress | Total |
|--|-------------------------------------|--|--|---|--|--------------------------------|-----------|
| At cost/valuation: | | | | | | | |
| Beginning of the financial year | 441.2 | 593.2 | 3,011.4 | 198.6 | 2,501.0 | 103.2 | 6,848.6 |
| Additions | 14.6 | 40.3 | 2.6 | 3.1 | 113.7 | 228.3 | 402.6 |
| Disposals | (1.0) | - | (2.5) | (0.1) | (15.4) | (0.8) | (19.8) |
| Written off | - | (0.5) | (15.7) | (0.1) | (4.8) | - | (21.1) |
| Assets of companies acquired | - | 3.5 | 41.1 | - | 1,255.2 | 1.2 | 1,301.0 |
| Reclassifications/transfers | - | (62.8) | 59.3 | 111.6 | 78.9 | (187.0) | - |
| Currency fluctuations | - | - | - | - | 1.7 | - | 1.7 |
| Others | - | 1.0 | - | - | - | (0.7) | 0.3 |
| End of the financial year | 454.8 | 574.7 | 3,096.2 | 313.1 | 3,930.3 | 144.2 | 8,513.3 |
| Accumulated depreciation: | | | | | | | |
| Beginning of the financial year | - | (23.7) | (452.9) | (25.4) | (1,459.9) | - | (1,961.9) |
| Charge for the financial year | - | (2.4) | (69.5) | (6.8) | (266.4) | - | (345.1) |
| Disposals | - | - | 0.5 | - | 9.2 | - | 9.7 |
| Written off | - | - | 8.8 | - | 4.0 | - | 12.8 |
| Reclassifications/transfers | - | 3.6 | 1.0 | (3.6) | (1.0) | - | - |
| Currency fluctuations | - | - | - | - | (0.8) | - | (0.8) |
| Others | - | (0.8) | - | - | 0.3 | - | (0.5) |
| End of the financial year | - | (23.3) | (512.1) | (35.8) | (1,714.6) | - | (2,285.8) |
| Accumulated impairment losses: | | | | | | | |
| Beginning of the financial year | - | - | - | - | (5.3) | - | (5.3) |
| Charge for the financial year | - | (0.2) | - | - | (1.6) | - | (1.8) |
| Reversal due to disposal of assets | - | - | - | - | 1.6 | - | 1.6 |
| End of the financial year | - | (0.2) | - | - | (5.3) | - | (5.5) |
| Net book value at end of the financial year | 454.8 | 551.2 | 2,584.1 | 277.3 | 2,210.4 | 144.2 | 6,222.0 |
| Comprising | | | | | | | |
| Cost | 124.3 | 532.0 | 2,900.7 | 313.1 | 3,918.9 | 144.2 | 7,933.2 |
| At valuation: | | | | | | | |
| - 1981 | 116.9 | - | - | - | - | - | 116.9 |
| - 1982 | 8.8 | - | 76.7 | - | 2.9 | - | 88.4 |
| - 1983 | 106.3 | - | 2.3 | - | - | - | 108.6 |
| - 1986 | - | - | - | - | 8.5 | - | 8.5 |
| - 1989 | 83.3 | - | 115.8 | - | - | - | 199.1 |
| - 1991 | - | 34.0 | 0.7 | - | - | - | 34.7 |
| - 1995 | - | 8.7 | - | - | - | - | 8.7 |
| - 1996 | 15.2 | - | - | - | - | - | 15.2 |
| | 454.8 | 574.7 | 3,096.2 | 313.1 | 3,930.3 | 144.2 | 8,513.3 |

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Fixed assets have been revalued by the Directors based upon valuations carried out by independent firms of professional valuers using the 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. The net book value of the revalued assets of the Group would have amounted to RM315.7 million (2003: RM317.6 million) had such assets been stated in the financial statements at cost.

Interest on borrowings directly related to construction in progress that has been capitalised within additions to plant and machinery amounted to RM Nil (2003: RM0.7 million) during the financial year. The interest charged on the borrowings was Nil (2003: 4.48%) per annum.

| 2004 Company | Freehold buildings and improvements | Plant, equipment and vehicles | Construction in progress | Total |
|---|--|--|---|---------------|
| Cost: | | | | |
| Beginning of the financial year | 8.8 | 17.3 | 0.1 | 26.2 |
| Additions | - | 1.2 | - | 1.2 |
| Disposals | - | (0.1) | - | (0.1) |
| Reclassifications/transfers | - | (0.3) | (0.1) | (0.4) |
| End of the financial year | 8.8 | 18.1 | - | 26.9 |
| Accumulated depreciation: | | | | |
| Beginning of the financial year | (5.2) | (14.7) | - | (19.9) |
| Charge for the financial year | (0.3) | (1.0) | - | (1.3) |
| Disposals | - | 0.1 | - | 0.1 |
| Reclassifications/transfers | - | 0.3 | - | 0.3 |
| End of the financial year | (5.5) | (15.3) | - | (20.8) |
| Net book value at end of the financial year | 3.3 | 2.8 | - | 6.1 |
| 2003 | | | | |
| Company | | | | |
| Cost: | | | | |
| Beginning of the financial year | 8.8 | 15.4 | - | 24.2 |
| Additions | - | 1.9 | 0.1 | 2.0 |
| End of the financial year | 8.8 | 17.3 | 0.1 | 26.2 |
| Accumulated depreciation: | | | | |
| Beginning of the financial year | (4.9) | (12.8) | - | (17.7) |
| Charge for the financial year | (0.3) | (1.9) | - | (2.2) |
| End of the financial year | (5.2) | (14.7) | - | (19.9) |
| Net book value at end of the financial year | 3.6 | 2.6 | 0.1 | 6.3 |

16. PROPERTY DEVELOPMENT ACTIVITIES

| | | 2004 | Group | 2003 |
|--|---------------|---------------|--------|--------|
| (a) Land held for property development: | | | | |
| Freehold land | | 360.6 | | 364.8 |
| Development costs | | 134.5 | | 148.9 |
| | | 495.1 | | 513.7 |
| At the beginning of the financial year | | | | |
| - freehold land | 364.8 | | 370.1 | |
| - development costs | 148.9 | 513.7 | 155.0 | 525.1 |
| Costs incurred during the financial year | | | | |
| - freehold land | - | | 4.2 | |
| - development costs | 3.7 | 3.7 | 3.8 | 8.0 |
| Costs transferred to property development costs (see Note 16(b)) | | | | |
| - freehold land | (1.3) | | (9.5) | |
| - development costs | (5.9) | (7.2) | (9.9) | (19.4) |
| Development expenditure written off | | | | |
| - freehold land | (2.9) | | - | |
| - development costs | (12.2) | (15.1) | - | - |
| At the end of the financial year | | 495.1 | | 513.7 |
| (b) Property development costs: | | | | |
| Freehold land | | 29.2 | | 28.7 |
| Development costs | | 124.5 | | 96.2 |
| Accumulated costs charged to income statement | | (48.3) | | (30.2) |
| | | 105.4 | | 94.7 |
| At the beginning of the financial year | | | | |
| - freehold land | 28.7 | | 22.8 | |
| - development costs | 96.2 | | 86.4 | |
| - accumulated costs charged to income statement | (30.2) | 94.7 | (22.0) | 87.2 |
| Costs incurred during the financial year | | | | |
| - transfer from land held for property development (see Note 16(a)) | 7.2 | | 19.4 | |
| - freehold land | - | | 3.7 | |
| - development costs | 37.0 | 44.2 | 13.9 | 37.0 |
| Costs charged to income statement | | (32.7) | | (29.5) |
| Costs transferred to inventories | | | | |
| - freehold land | (0.8) | | (7.3) | |
| - development costs | (14.6) | | (14.0) | |
| - accumulated costs charged to income statement | 14.6 | (0.8) | 21.3 | - |
| At the end of the financial year | | 105.4 | | 94.7 |

17. SUBSIDIARIES

| | Company | |
|--|----------------|----------------|
| | 2004 | 2003 |
| Investment in subsidiaries: | | |
| Quoted shares in Malaysia - at cost | 714.8 | 714.8 |
| Unquoted shares - at cost | 1,563.3 | 1,522.5 |
| | 2,278.1 | 2,237.3 |
| Market value of quoted shares | 6,940.7 | 6,974.2 |
| Amount due from subsidiaries are unsecured and comprise: | | |
| Current: | | |
| Interest bearing | 70.7 | 448.2 |
| Interest free | 249.3 | 187.4 |
| | 320.0 | 635.6 |
| Amount due to subsidiaries are unsecured and comprise: | | |
| Current: | | |
| Interest bearing | 21.2 | 21.3 |
| Interest free | 75.9 | 81.2 |
| | 97.1 | 102.5 |
| Non-current: | | |
| Interest bearing (see Note 27) | 93.8 | 73.4 |
| | 190.9 | 175.9 |

The subsidiaries are listed in Note 38.

The interest free portion of the amount due from/to subsidiaries has no fixed repayment terms.

The interest bearing portion of the amount due from subsidiaries bears interest at rates ranging from 2.0% to 7.0% (2003: 2.0% to 7.4%) per annum. This includes a loan extended by the Company to Resorts World Bhd ("RWB"), a 56.8% owned subsidiary of the Company, to part-finance its investment in Star Cruises Limited, a 36.1% owned associate of RWB. The loan was fully repaid by RWB during the current financial year.

Included in the interest bearing amount due to subsidiaries are US Dollar loans obtained by the Company from the following subsidiaries:

- (a) USD19.4 million (RM73.6 million) (2003: USD24.9 million (RM94.7 million)) loan from Genting Sanyen Power (Labuan) Limited, a 97.7% owned subsidiary of the Company. The loan bears interest at 3.64% per annum and is repayable in full over ten half yearly instalments maturing in the year 2008; and
- (b) USD10.9 million (RM41.4 million) (2003: RM Nil) loan from Prime Venture (Labuan) Limited ("PVLL"), a 100% owned subsidiary of the Company. The loan bears an effective interest rate of 3.55% per annum. Repayment terms for this loan is similar to the terms on the redeemable exchange notes facility obtained by PVLL. See Note 27 (d) for details.

The above loans are to finance the Group's investments in overseas projects.

18. JOINTLY CONTROLLED ENTITIES

| | Group | |
|---|-------------|------|
| | 2004 | 2003 |
| Unquoted - at cost: | | |
| Shares in foreign corporations | 40.6 | - |
| Group's share of post acquisition reserves | (0.9) | - |
| | 39.7 | - |
| Amount due to jointly controlled entities | (0.3) | - |
| Less: Balance included in current liabilities | 0.3 | - |
| | - | - |
| | 39.7 | - |

The Group's aggregate share of the income, expenses, assets and liabilities of the jointly controlled entities is as follows:

| | 2004 | 2003 |
|---------------------|-------|------|
| Income | 0.1 | - |
| Expenses | (1.0) | - |
| Net loss | (0.9) | - |
| Non-current assets | 20.2 | - |
| Current assets | 20.0 | - |
| Current liabilities | (0.5) | - |
| Net assets | 39.7 | - |

There are no capital commitments or contingent liabilities relating to the Group's interest in jointly controlled entities at the financial year-end.

Details of jointly controlled entities are as follows:

| Names of Jointly Controlled Entities | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|--------------------------------------|-----------------------------------|------|--------------------------|---|
| | 2004 | 2003 | | |
| Stanley Genting Casinos Limited | 32.2 | - | United Kingdom | Investment holding |
| WorldCard International Limited * | 32.2 | 63.0 | Isle of Man | Investment holding |
| WCI Management Limited * | 32.2 | 63.0 | Isle of Man | Investment holding |
| WorldCard (Hong Kong) Limited * | 32.2 | 63.0 | Hong Kong | Provision of loyalty programme services |
| WorldCard (Singapore) Pte Ltd * | 32.2 | 63.0 | Singapore | Provision of loyalty programme services |
| Genting Star Limited | 32.2 | - | British Virgin Islands | Pre-operating |
| Stanley Casinos (Leeds) Limited | 32.2 | - | United Kingdom | Pre-operating |
| WCI Intellectual Limited * | 32.2 | 63.0 | Isle of Man | Pre-operating |

* These entities were wholly-owned subsidiaries of Genting International PLC, an indirect 64.3% (2003: 63.0%) owned subsidiary of the Company as at the end of previous financial year and became jointly controlled entities during the current financial year.

19. ASSOCIATES

| | 2004 | Group 2003 |
|---|----------------|----------------------|
| Quoted - at cost: | | |
| Shares in foreign corporations, less goodwill written off | 2,022.7 | 2,005.8 |
| Group's share of post acquisition reserves | 55.7 | 45.7 |
| | 2,078.4 | 2,051.5 |
| Unquoted - at cost: | | |
| Shares in foreign corporations | 135.5 | 92.1 |
| Shares in Malaysian companies | 2.1 | 2.1 |
| Group's share of post acquisition reserves | 14.1 | 13.4 |
| | 151.7 | 107.6 |
| Amount due from associates | 5.6 | 5.6 |
| Less: Balance included in long term receivables (see Note 23) | (4.9) | (4.9) |
| Balance included in current assets | (0.7) | (0.7) |
| | - | - |
| | 2,230.1 | 2,159.1 |
| Represented by: | | |
| Share of net assets, other than goodwill of associates | 2,230.1 | 2,159.1 |
| Market value of quoted shares | 1,740.9 | 2,117.8 |

The associates are listed in Note 38.

The amount due from associates represents outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of associates. The amounts due are unsecured and interest free and those amounts included under long term receivables are not repayable within the next twelve months.

20. OTHER LONG TERM INVESTMENTS

| | 2004 | Group 2003 |
|--|---------------|----------------------|
| Quoted shares in foreign corporations, at cost | 337.1 | 8.6 |
| Less: Amounts written down to-date | - | (8.0) |
| | 337.1 | 0.6 |
| Unquoted shares in Malaysian companies, at cost | 4.2 | 4.1 |
| Less: Amounts written down to-date | (0.9) | (0.9) |
| | 3.3 | 3.2 |
| Other unquoted investments outside Malaysia, at cost | 46.5 | 41.9 |
| Less: Amounts written down to-date | (29.3) | (33.7) |
| | 17.2 | 8.2 |
| | 357.6 | 12.0 |

The market value of the Group's investments in foreign quoted shares amounted to RM365.4 million (2003: RM1.2 million). For the balance of unquoted shares which are carried in the financial statements, it was not practicable within the constraints of cost to estimate reliably the fair values as there are no comparable securities that are traded.

21. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2004 | 2003 | 2004 | 2003 |
| Deferred tax assets (see (i) below) | 4.6 | 3.8 | 1.9 | 1.3 |
| Deferred tax liabilities | | | | |
| - subject to income tax (see (ii) below) | (513.4) | (481.7) | - | - |
| - subject to real property gains tax (see (iii) below) | (10.0) | (10.0) | - | - |
| | (523.4) | (491.7) | - | - |
| Net deferred tax (liability)/asset | (518.8) | (487.9) | 1.9 | 1.3 |
| At 1 January: | (487.9) | (121.0) | 1.3 | 18.0 |
| (Charged) /credited to income statement (see Note 12) | | | | |
| - property, plant and equipment | (31.0) | 8.5 | - | - |
| - provisions | (0.4) | (34.5) | 0.6 | (16.7) |
| - others | 0.6 | (4.5) | - | - |
| | (30.8) | (30.5) | 0.6 | (16.7) |
| Acquisition of subsidiary | - | (335.5) | - | - |
| Other movements | (0.1) | (0.9) | - | - |
| At 31 December | (518.8) | (487.9) | 1.9 | 1.3 |
| Subject to income tax: | | | | |
| i) Deferred tax assets (before offsetting) | | | | |
| - property, plant and equipment | 1.4 | 1.4 | - | - |
| - provisions | 12.5 | 8.0 | 2.3 | 1.7 |
| - tax losses | 4.1 | 4.2 | - | - |
| - others | 3.0 | 1.9 | - | - |
| | 21.0 | 15.5 | 2.3 | 1.7 |
| - offsetting | (16.4) | (11.7) | (0.4) | (0.4) |
| Deferred tax assets (after offsetting) | 4.6 | 3.8 | 1.9 | 1.3 |
| ii) Deferred tax liabilities (before offsetting) | | | | |
| - property, plant and equipment | (476.5) | (450.6) | (0.4) | (0.4) |
| - land held for property development | (39.6) | (39.7) | - | - |
| - equity (including revaluation reserve) | (4.5) | - | - | - |
| - others | (9.2) | (3.1) | - | - |
| | (529.8) | (493.4) | (0.4) | (0.4) |
| - offsetting | 16.4 | 11.7 | 0.4 | 0.4 |
| Deferred tax liabilities (after offsetting) | (513.4) | (481.7) | - | - |

21. DEFERRED TAXATION (Cont'd)

| | Group | | Company | |
|--|---------------|---------------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| Subject to real property gains tax: | | | | |
| iii) Deferred tax liabilities | | | | |
| - property, plant and equipment | (8.5) | (8.5) | - | - |
| - land held for property development | (1.5) | (1.5) | - | - |
| | (10.0) | (10.0) | - | - |

The tax effect on the amount of unutilised tax losses and deductible temporary differences on property, plant and equipment for which no deferred tax asset is recognised in the balance sheet are as follows:

| | Group | | Company | |
|-------------------------------|-------------|-------------|----------|----------|
| | 2004 | 2003 | 2004 | 2003 |
| Unutilised tax losses | 22.7 | 21.0 | - | - |
| Property, plant and equipment | 28.3 | 25.0 | - | - |
| | 51.0 | 46.0 | - | - |

22. INVENTORIES

| | Group | |
|--|--------------|--------------|
| | 2004 | 2003 |
| At cost: | | |
| Raw materials | 52.5 | 32.2 |
| Stores and spares | 105.1 | 100.8 |
| Food, beverages and other hotel supplies | 8.5 | 7.2 |
| Produce stocks and finished goods | 17.1 | 14.8 |
| Completed properties | 126.5 | 128.2 |
| | 309.7 | 283.2 |
| At net realisable value: | | |
| Completed properties | 0.2 | 0.7 |
| | 309.9 | 283.9 |

23. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|--------------|--------------|-------------|------------|
| | 2004 | 2003 | 2004 | 2003 |
| Current: | | | | |
| Trade debtors | 308.3 | 279.4 | - | - |
| Other debtors | 72.2 | 91.5 | 0.2 | 0.2 |
| Less: Allowance for doubtful debts | (6.8) | (18.3) | (0.1) | (0.1) |
| | 373.7 | 352.6 | 0.1 | 0.1 |
| Accrued billings in respect of property development | 7.3 | 4.6 | - | - |
| Deposits | 25.0 | 18.0 | 0.6 | 0.6 |
| Advance for plant upgrade and maintenance | 67.2 | 110.0 | - | - |
| Prepayments | 37.5 | 24.6 | - | - |
| Income tax recoverable | 43.2 | 2.7 | 19.2 | - |
| | 553.9 | 512.5 | 19.9 | 0.7 |

23. TRADE AND OTHER RECEIVABLES (Cont'd)

| | Group | | Company | |
|---|--------------|-------|---------|------|
| | 2004 | 2003 | 2004 | 2003 |
| Non-current: | | | | |
| Trade debtors | 17.1 | 14.6 | - | - |
| Amount due from associate (see Note 19) | 4.9 | 4.9 | - | - |
| Other debtors | 0.7 | 0.9 | - | - |
| | 22.7 | 20.4 | - | - |
| | 576.6 | 532.9 | 19.9 | 0.7 |

The maturity profile for non-current receivables are as follows:

| | | | | |
|--|-------------|------|---|---|
| More than one year and less than two years | 13.5 | 12.9 | - | - |
| More than two years and less than five years | 4.2 | 2.5 | - | - |
| More than 5 years | 5.0 | 5.0 | - | - |
| | 22.7 | 20.4 | - | - |

The fair values of trade and other receivables closely approximate their book values.

Included in other debtors of the Group are housing and other loans extended to certain executive directors of the Group amounting to RM0.9 million (2003: RM1.2 million). The loans consist of an interest free loan amounting to RM0.4 million (2003: RM0.5 million) and interest bearing loans amounting to RM0.5 million (2003: RM0.7 million). The interest bearing loans carry interest rates of approximately 4% (2003: 4%) per annum.

Credit terms offered by the Group in respect of trade receivables range from 7 days to 120 days from date of invoice.

Trade and other receivables of the Group, which are substantially denominated in Ringgit Malaysia, includes US Dollar denominated receivables amounting to USD17.8 million (2003: USD32.0 million).

24. SHORT TERM INVESTMENTS

| | Group | | Company | |
|--|----------------|---------|---------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| Quoted - at cost: | | | | |
| Shares in Malaysian companies | 84.2 | 84.2 | - | - |
| Shares in foreign corporations | 286.6 | 163.4 | - | - |
| | 370.8 | 247.6 | - | - |
| Less: Allowance for diminution in value of investments | (1.8) | - | - | - |
| | 369.0 | 247.6 | - | - |
| Unquoted - at cost: | | | | |
| Money market instruments (see Note 25) | 1,337.6 | 1,081.5 | 1,016.9 | 676.1 |
| | 1,706.6 | 1,329.1 | 1,016.9 | 676.1 |

24. SHORT TERM INVESTMENTS (Cont'd)

| | Group | | Company | |
|--------------------------------|--------------|-------|---------|------|
| | 2004 | 2003 | 2004 | 2003 |
| Market value of quoted shares: | | | | |
| - Malaysian companies | 91.3 | 102.4 | - | - |
| - Foreign corporations | 449.7 | 227.1 | - | - |
| | 541.0 | 329.5 | - | - |

Investment in money market instruments comprise of negotiable certificates of deposit and bankers' acceptances. The money market instruments of the Group and the Company as at 31 December 2004 have maturity periods ranging between overnight and two months.

Quoted short term investments of the Group are primarily denominated in Sterling Pound whereas the unquoted money market instruments are denominated in Ringgit Malaysia.

25. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|----------------|---------|----------------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| Deposits with licensed banks | 3,859.4 | 2,700.6 | 313.5 | 214.9 |
| Deposits with finance companies | 94.2 | 145.5 | 52.2 | 73.8 |
| Cash and bank balances | 252.5 | 209.4 | 1.1 | 1.8 |
| Bank balances and deposits | 4,206.1 | 3,055.5 | 366.8 | 290.5 |
| Add: Money market instruments (see Note 24) | 1,337.6 | 1,081.5 | 1,016.9 | 676.1 |
| Cash and cash equivalents | 5,543.7 | 4,137.0 | 1,383.7 | 966.6 |

The currency profile and weighted average interest rates of the bank balances, deposits and money market instruments as at the financial year end are as follows:

| | Group | | | | Company | | | |
|--------------------------|------------------|---------|----------------|------|------------------|-------|----------------|------|
| | Currency Profile | | Interest rates | | Currency Profile | | Interest rates | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | | | % | % | | | % | % |
| Ringgit Malaysia | 2,455.5 | 2,100.9 | 2.66 | 2.67 | 1,383.7 | 966.0 | 2.67 | 2.68 |
| US Dollars | 2,952.6 | 2,013.1 | 2.11 | 0.93 | - | - | - | - |
| Sterling Pound | 83.2 | - | 4.35 | - | - | - | - | - |
| Other foreign currencies | 52.4 | 23.0 | - | - | - | 0.6 | - | - |
| | 5,543.7 | 4,137.0 | | | 1,383.7 | 966.6 | | |

The deposits of the Group and Company as at 31 December 2004 have maturity periods ranging between overnight and three months. Cash and bank balances of the Group and Company are held at call.

Included in deposits with licensed banks for the Group is an amount of RM13.1 million (2003: RM15.4 million) deposited by an indirect subsidiary into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

Deposits of an indirect subsidiary amounting to RM Nil (2003: RM4.5 million) have been pledged as security for its bank overdraft facilities.

26. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|--------------|--------------|-------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Trade creditors | 226.4 | 208.2 | - | - |
| Accruals | 449.7 | 309.5 | 18.7 | 14.2 |
| Retirement gratuities (see Note 30(a)) | 0.4 | 141.7 | - | 68.7 |
| Interest payable | 25.8 | 9.5 | - | - |
| Deposits | 42.1 | 41.5 | - | - |
| Other creditors | 132.3 | 106.5 | 0.7 | 0.7 |
| | 876.7 | 816.9 | 19.4 | 83.6 |

Included in other creditors and accruals of the Group are progress billings payable and accruals for capital expenditure relating to construction of a hotel, upgrading of resorts infrastructure and balance of purchase consideration for land acquisition amounting to RM84.5 million (2003: RM75.4 million).

Credit terms available to the Group range from 7 days to 90 days from date of invoice.

Trade and other payables of the Group, which are substantially denominated in Ringgit Malaysia, includes Chinese Renminbi ("RMB") denominated payables amounting to RMB59.7 million (2003: RMB20.3 million).

27. BORROWINGS

| | Group | | Company | |
|--|----------------|----------------|-------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Current | | | | |
| Unsecured: | | | | |
| Term loans - US Dollar | 419.3 | 71.3 | - | - |
| Bridging loan - US Dollar | 292.2 | - | - | - |
| Term loans | 55.0 | 98.0 | - | - |
| Revolving credit - US Dollar | 16.0 | - | - | - |
| Finance lease liability | 1.4 | - | - | - |
| Redeemable fixed rate bonds | - | 80.0 | - | - |
| | 783.9 | 249.3 | - | - |
| Non-current | | | | |
| Unsecured: | | | | |
| Redeemable exchangeable notes | | | | |
| - US Dollar (see (d) below) | 1,171.1 | 1,141.5 | - | - |
| Fixed rate notes - US Dollar (see (e) below) | 1,094.6 | - | - | - |
| Term loans - US Dollar | 633.1 | 1,008.6 | - | - |
| Term loan | 10.0 | 65.0 | - | - |
| Amount due to subsidiaries - US Dollar (see Note 17) | - | - | 93.8 | 73.4 |
| | 2,908.8 | 2,215.1 | 93.8 | 73.4 |
| | 3,692.7 | 2,464.4 | 93.8 | 73.4 |

27. BORROWINGS (Cont'd)

a) The weighted average interest rates (%) per annum before and after interest rate swaps ("IRS") are as follows:

| | 2004 | | 2003 | |
|---|------------|-----------|------------|-----------|
| | Before IRS | After IRS | Before IRS | After IRS |
| Effective during the year: | | | | |
| Short term loans | 4.6 | 4.6 | 3.9 | 3.9 |
| Long term loan | 5.0 | 5.0 | 4.8 | 4.8 |
| US Dollar term loans | 2.5 | 4.6 | 2.4 | 5.1 |
| US Dollar bridging loan | 3.0 | 3.0 | - | - |
| US Dollar revolving credit | 3.4 | 3.4 | - | - |
| US Dollar redeemable exchangeable notes | 3.6 | 3.6 | 3.6 | 3.6 |
| US Dollar fixed rate notes | 5.9 | 5.9 | - | - |
| Redeemable fixed rate bonds | 5.9 | 5.9 | 5.9 | 5.9 |
| As at 31 December: | | | | |
| Short term loans | 4.8 | 4.8 | 4.1 | 4.1 |
| Long term loan | 5.0 | 5.0 | 4.8 | 4.8 |
| US Dollar term loans | 3.2 | 4.3 | 2.1 | 3.7 |
| US Dollar bridging loan | 3.1 | 3.1 | - | - |
| US Dollar revolving credit | 3.4 | 3.4 | - | - |
| US Dollar redeemable exchangeable notes | 3.6 | 3.6 | 3.6 | 3.6 |
| US Dollar fixed rate notes | 5.9 | 5.9 | - | - |
| Redeemable fixed rate bonds | - | - | 5.9 | 5.9 |

b) The maturity profile and exposure of borrowings of the Group to interest rate risk are as follows:

| | Borrowings | |
|--|------------------------|---------------------|
| | Floating interest rate | Fixed interest rate |
| As at 31 December 2004: | | |
| Before interest rate swaps: | | |
| Less than one year | 727.5 | 56.4 |
| More than one year and less than two years | 463.3 | 10.0 |
| More than two years and less than five years | 169.8 | 1,171.1 |
| More than five years and less than ten years | - | 1,094.6 |
| After interest rate swaps: | | |
| Less than one year | 358.5 | 425.4 |
| More than one year and less than two years | 94.3 | 379.0 |
| More than two years and less than five years | 50.3 | 1,290.6 |
| More than five years and less than ten years | - | 1,094.6 |
| As at 31 December 2003: | | |
| Before interest rate swaps: | | |
| Less than one year | 119.3 | 130.0 |
| More than one year and less than two years | 419.4 | 55.0 |
| More than two years and less than five years | 589.2 | 1,151.5 |
| More than five years and less than ten years | - | - |
| After interest rate swaps: | | |
| Less than one year | 98.4 | 150.9 |
| More than one year and less than two years | 94.4 | 380.0 |
| More than two years and less than five years | 232.8 | 1,507.9 |
| More than five years and less than ten years | - | - |

27. BORROWINGS (Cont'd)

- c) The exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings reprice are as follows:

| | Repricing periods | | | | | |
|---|-------------------|---------------|---|--|---|--|
| | Total | 1 to 3 months | More than 3 months and less than 1 year | More than 1 year and less than 2 years | More than 2 years and less than 5 years | More than 5 years and less than 10 years |
| As at 31 December 2004: | | | | | | |
| Total borrowings | 3,692.7 | 1,230.1 | 186.9 | 10.0 | 1,171.1 | 1,094.6 |
| Movements in repricing periods due to interest rate swaps | - | (858.0) | 369.4 | 369.1 | 119.5 | - |
| | 3,692.7 | 372.1 | 556.3 | 379.1 | 1,290.6 | 1,094.6 |
| As at 31 December 2003: | | | | | | |
| Total borrowings | 2,464.4 | 908.5 | 349.4 | 55.0 | 1,151.5 | - |
| Movements in repricing periods due to interest rate swaps | - | (702.3) | 20.9 | 325.0 | 356.4 | - |
| | 2,464.4 | 206.2 | 370.3 | 380.0 | 1,507.9 | - |

- d) Redeemable Exchangeable Notes

On 12 December 2003 ("Issue Date"), the Company through its wholly-owned subsidiary, Prime Venture (Labuan) Limited, issued USD300.0 million nominal value 5-year redeemable exchangeable notes ("Notes") which are exchangeable into existing ordinary shares of RM0.50 each ("Resorts Shares") in Resorts World Bhd held by the Company. The purpose of the issue is to fund the Group's future overseas investments.

The main features of the Notes are as follows:

- i) the Notes bear interest from the Issue Date at 1% per annum payable in arrear on 12 June and 12 December each year commencing 12 June 2004;
- ii) unless previously redeemed, exchanged or purchased and cancelled, the Notes will be redeemed on 12 December 2008 at 113.82% of their principal amount. The Yield to Maturity of the Notes is 3.55% per annum calculated on a semi-annual basis;
- iii) the Noteholder of each Note has the right to exchange such Note into Resorts Shares, at the election of the Noteholder at any time on or after 21 January 2004 to the close of business on 2 December 2008 (10 days to maturity). The initial exchange ratio is 2,849.644 Resorts Shares for each USD10,000 principal amount of the Notes, subject to adjustment in accordance with the terms of the issue; and
- iv) the Notes may be redeemed at the option of the Issuer at the early redemption amount on the date fixed for redemption in whole or in part after 12 December 2005 and up to but excluding the maturity date being 12 December 2008.

The Redeemable Exchangeable Notes is recognised in the balance sheet as follows:

| | USD (Mil) | Equivalent RM (Mil) |
|-------------------|--------------|---------------------|
| Face value | 300.0 | 1,140.0 |
| Premium amortised | 8.2 | 31.1 |
| | 308.2 | 1,171.1 |

27. BORROWINGS (Cont'd)

e) Fixed Rate Notes

On 22 September 2004 ("Issue Date"), the Company through its wholly-owned subsidiary, Prime Holdings (Labuan) Limited, issued USD300.0 million Guaranteed Notes ("Notes") of up to 10 years. The Notes were offered outside the United States in accordance with Regulation S. Further, the Notes were only offered for subscription or sale outside Malaysia (except the Federal Territory of Labuan) to non-residents of Malaysia. The purpose of the issue is to fund the Group's future overseas investments.

The main features of the Notes are as follows:

- i) the Notes bear interest from Issue Date at 5.375% per annum payable in arrears on 22 March and 22 September each year commencing on 22 March 2005; and
- ii) unless previously purchased and cancelled, the Notes will be redeemed on 22 September 2014 at their principal amount.

The Fixed Rate Notes is recognised in the balance sheet as follows:

| | USD (Mil) | Equivalent RM (Mil) |
|---|--------------|------------------------|
| Face value including hedge loss | 289.6 | 1,100.6 |
| Discount | (1.8) | (6.9) |
| Amortisation of hedge loss and discount | 0.3 | 0.9 |
| | 288.1 | 1,094.6 |

f) Fair values of the borrowings as at the financial year ended 31 December are as follows:

| | Group | |
|-------------|---------|---------|
| | 2004 | 2003 |
| Current | 783.9 | 249.3 |
| Non-current | 2,926.9 | 2,216.9 |

28. SHARE CAPITAL

| | Company | |
|--|---------|-------|
| | 2004 | 2003 |
| 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 financial year | | |
| - 704.4 million (2003 : 704.4 million) | 352.2 | 352.2 |
| Issue of shares | | |
| - 0.1 million (2003 : Nil) | 0.1 | - |
| At end of the financial year | | |
| - 704.5 million (2003 : 704.4 million) | 352.3 | 352.2 |

28. SHARE CAPITAL (Cont'd)

During the financial year, 121,000 ordinary shares of 50 sen each fully-paid at the subscription price of RM14.34 per share and 5,000 ordinary shares of 50 sen each fully-paid at the subscription price of RM13.08 were issued by virtue of the exercise of options to take up unissued ordinary shares of the Company by executive employees pursuant to The Executive Share Option Scheme for Eligible Executives of Genting Berhad and its subsidiaries ("New ESOS"), all of which ordinary shares rank pari passu with the then existing ordinary shares of the Company. These options were granted prior to the current financial year.

The Company had in 1994 granted share option pursuant to the Genting Employees' Share Option Scheme for Executives ("Previous ESOS"). The outstanding Option to take up 675,000 unissued shares of the Company previously granted to executive employees of the Group under the Previous ESOS at the subscription price of RM19.80 per share had expired on 15 December 2004.

At an Extraordinary General Meeting ("EGM") of the Company held on 21 February 2002, the shareholders of the Company approved the New ESOS.

At another EGM held on 25 June 2002, the draft Bye-Laws of the New ESOS was further amended such that the total number of new shares to be offered under the New ESOS Scheme shall not exceed 2.5% of the issued and paid-up share capital of the Company at any time of the offer but the shareholders of the Company may at any time during the tenure of the Scheme, by ordinary resolution increase the total number of new shares to be offered under the Scheme up to 5% of the issued and paid-up share capital of the Company at the time of the offer.

The New ESOS became effective on 12 August 2002 for a duration of 10 years terminating on 11 August 2012. The Option Holders of the previous ESOS who participated in the New ESOS have relinquished their outstanding option under the previous ESOS.

The main features of the New ESOS are as follows:

- i) The New ESOS shall be in force from the Date of Commencement and continue for a period of ten years from the Date of Commencement.
- ii) Eligible executives are employees of the Group (including executive directors) or persons under an employment contract of the Group for a period of at least twelve full months of continuous service before the date of offer. The eligibility for participation in the Scheme shall be at the discretion of the Remuneration, Compensation and Benefits ("RCB") Committee which is established by the Board of Directors.
- iii) In the event of cessation of employment of a Grantee with the Group prior to the full exercise of the Options, such Options shall cease without any claim against the Company provided always that subject to the written approval of the RCB Committee in its discretion where the Grantee ceases his employment with the Group by reason of:
 - his retirement at or after attaining retirement age;
 - ill-health or accident, injury or disability;
 - redundancy; and/or
 - other reasons or circumstances which are acceptable to the RCB Committee.

The Grantee may exercise his unexercised Options within the Options Period subject to such conditions that may be imposed by the RCB Committee.

- iv) The total number of new shares to be offered under the New ESOS shall not exceed 2.5% of the issued and paid-up share capital of the Company at any time of the offer but the shareholders of the Company may at any time during the tenure of the New ESOS, by ordinary resolution increase the total number of new shares to be offered under the New ESOS up to 5% of the issued and paid-up share capital of the Company at the time of the offer.
- v) Not more than 50% of the shares available under the New ESOS would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the New ESOS would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid-up share capital of the Company.

28. SHARE CAPITAL (Cont'd)

- vi) The price at which the Grantee is entitled to subscribe upon exercise of his rights under the Options shall be based on the weighted average market price of the Shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) Market Days immediately preceding the Date of Offer. Notwithstanding this, the Options Price per Share shall in no event be less than the nominal value of the Shares.
- vii) No options shall be granted for less than 1,000 shares and not more than 1,500,000 shares to any eligible employee.
- viii) The options granted can only be exercised by the Grantee in the third year from the date of offer and the number of new shares comprised in the option which a Grantee can subscribe for from the third year onwards shall at all times be subject to the following maximum percentage of new shares comprised in the options:

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|
| - | - | 12.5% rounded up to the next 1,000 shares | 12.5% rounded up to the next 1,000 shares | 12.5% rounded up to the next 1,000 shares |
| Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| 12.5% rounded up to the next 1,000 shares | 12.5% rounded up to the next 1,000 shares | 12.5% rounded up to the next 1,000 shares | 12.5% rounded up to the next 1,000 shares | 12.5% or balance of all options allotted |

- ix) All new ordinary shares issued upon exercise of the options granted under the New ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.
- x) The options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, right or other entitlements in respect of their unexercised options.

Set out below are details of options over the ordinary shares of the Company granted under the Previous ESOS and the New ESOS:

| Date granted | Exercisable period | Subscription price (RM) | At start of financial year ('000) | Offered and acceptance ('000) | Exercised ('000) | Lapsed ('000) | At end of financial year ('000) |
|----------------------------------|-----------------------------|-------------------------|-----------------------------------|-------------------------------|------------------|---------------|---------------------------------|
| Financial year ended 31.12.2004: | | | | | | | |
| Previous ESOS | | | | | | | |
| 16.12.1994 | 15.12.1999 to 15.12.2004 | 19.80 | 675 | - | - | (675) | - |
| New ESOS | | | | | | | |
| 2.9.2002 | 3.9.2004 to 11.8.2012 | 14.34 | 6,890 | - | (121) | (122) | 6,647 |
| 29.11.2002 | 30.11.2004 to 11.8.2012 | 13.08 | 61 | - | (5) | (14) | 42 |
| | | | 6,951 | - | (126) | (136) | 6,689 |

28. SHARE CAPITAL (Cont'd)

| Date granted | Exercisable period | Subscription price (RM) | At start of financial year ('000) | Offered and acceptance ('000) | Exercised ('000) | Lapsed ('000) | At end of financial year ('000) |
|----------------------------------|--------------------------|-------------------------|-----------------------------------|-------------------------------|------------------|--------------------|---------------------------------|
| Financial year ended 31.12.2003: | | | | | | | |
| Previous ESOS | | | | | | | |
| 16.12.1994 | 15.12.1999 to 15.12.2004 | 19.80 | 679 | - | - | (4) | 675 |
| New ESOS | | | | | | | |
| 2.9.2002 | 3.9.2004 to 11.8.2012 | 14.34 | 6,988 | - | - | (98) | 6,890 |
| 29.11.2002 | 30.11.2004 to 11.8.2012 | 13.08 | 64 | - | - | (3) | 61 |
| | | | 7,052 | - | - | (101) | 6,951 |
| | | | | | | 2004 ('000) | 2003 ('000) |
| | | | | | | 825 | 675 |

Details relating to options exercised during the financial year are as follows:

| Exercise date | Fair value of shares at share issue date (RM/share) | Subscription price (RM/share) | Number of shares issued | |
|--|---|-------------------------------|-------------------------|--------------------|
| | | | 2004 | 2003 |
| September 2004 | 15.90 - 17.21 | 14.34 | 36,000 | - |
| October - December 2004 | 16.29 - 19.40 | 14.34 | 85,000 | - |
| October - December 2004 | 16.29 - 19.40 | 13.08 | 5,000 | - |
| | | | 126,000 | - |
| | | | 2004 RM'000 | 2003 RM'000 |
| Ordinary share capital - at par | | | 63.0 | - |
| Share premium | | | 1,737.5 | - |
| Proceeds received on exercise of share options | | | 1,800.5 | - |
| Fair value at exercise date of shares issued | | | 2,219.0 | - |

29. RESERVES

| | Group | | Company | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Share premium | 99.5 | 97.8 | 99.5 | 97.8 |
| Revaluation reserves | 308.2 | 308.5 | - | - |
| Exchange differences | 74.2 | 66.2 | - | - |
| Unappropriated profit | 7,034.3 | 6,220.1 | 3,294.6 | 3,131.2 |
| | 7,516.2 | 6,692.6 | 3,394.1 | 3,229.0 |

29. RESERVES (Cont'd)

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM2,609.1 million (2003: RM2,380.0 million) of the Company's unappropriated profit if distributed by way of dividends without additional tax liabilities being incurred.

In addition, the Company has tax exempt income as at 31 December 2004, available to frank as tax exempt dividends arising from the Promotions of Investment Act, 1986 and the Income Tax (Amendment) Act 1999, relating to tax on income earned in 1999 being waived, amounting to approximately RM509.7 million (2003: RM499.9 million). The estimated tax credit and tax exempt income are subject to agreement by the Inland Revenue Board. Based on the foregoing, the extent of the unappropriated profit of the Company not covered by available tax credit and tax exempt income, if all the unappropriated profit of the Company were to be distributed as dividends, would amount to RM175.9 million (2003: RM251.3 million).

30. PROVISIONS

| | Group | | Company | |
|---|----------------|-------------|----------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Provision for Retirement Gratuities (see (a) below) | 49.5 | 180.7 | 8.3 | 74.6 |
| Provision for Contingent Losses (see (b) below) | - | - | 28.2 | - |
| | 49.5 | 180.7 | 36.5 | 74.6 |
| (a) Provision for Retirement Gratuities | | | | |
| Beginning of the financial year | 180.7 | 204.1 | 74.6 | 72.2 |
| Charge for the financial year | 11.2 | 7.7 | 2.4 | 4.8 |
| Write-back of provision | - | (31.3) | - | (2.4) |
| Increase upon acquisition of subsidiary | - | 1.1 | - | - |
| Payments during the financial year | (142.4) | (0.9) | (68.7) | - |
| End of the financial year | 49.5 | 180.7 | 8.3 | 74.6 |
| Analysed as follows: | | | | |
| Current (see Note 26) | 0.4 | 141.7 | - | 68.7 |
| Non-current | 49.1 | 39.0 | 8.3 | 5.9 |
| | 49.5 | 180.7 | 8.3 | 74.6 |

See item (c) Employee Benefits under Note 3 - Significant Accounting Policies for details of the Retirement Gratuities scheme.

(b) Provision for Contingent Losses

| | Company | |
|---------------------------------|----------------|-------------|
| | 2004 | 2003 |
| Beginning of the financial year | - | - |
| Charge for the financial year | 28.2 | - |
| End of the financial year | 28.2 | - |

The Company has established a provision for contingent losses of RM28.2 million (2003: RM Nil) for the current financial year. The contingent losses arise from guarantees issued to financial institutions on borrowings extended to subsidiaries for the purpose of raising finance for the Group's investments.

31. OTHER LIABILITIES

| | Group | |
|-------------------------|-------|------|
| | 2004 | 2003 |
| Advance membership fees | 33.7 | 29.5 |
| Deferred income | 25.7 | 27.2 |
| | 59.4 | 56.7 |

The advance membership fees relate to fees received on sale of timeshare units by an indirect subsidiary offering a timeshare ownership scheme. These fees are recognised as income over the next twenty four years from commencement of membership.

The deferred income is in respect of a government grant obtained by an indirect subsidiary for the purchase of plant and machinery. The deferred income is recognised in the income statement over the useful life of the asset.

32. FINANCIAL INSTRUMENTS

As at the end of the current financial year, the Group has the following financial instruments:

a) Currency Hedge

The Group has the following foreign currency borrowings as mentioned below which have not been hedged into Ringgit Malaysia. These foreign currency borrowings form part of the total borrowings as disclosed in Note 27:

At 31 December 2004

| Currency | Start date | Maturity dates | Foreign currency (Mil) | | | Equivalent RM (Mil) |
|-----------|------------|-----------------------------|------------------------|----------|-------|---------------------|
| | | | Hedged | Unhedged | Total | Total |
| US Dollar | 25/04/2001 | 25/04/2005 to 25/04/2006 | - | 160.0 | 160.0 | 608.0 |
| US Dollar | 27/11/2002 | 28/11/2005 to 27/11/2007 | - | 39.7 | 39.7 | 151.0 |
| US Dollar | 29/05/2003 | 29/05/2005 to 29/05/2008 | - | 19.3 | 19.3 | 73.4 |
| US Dollar | 24/11/2003 | 25/11/2005 to 24/11/2008 | - | 36.0 | 36.0 | 136.8 |
| US Dollar | 11/12/2003 | 12/12/2005 to 11/12/2008 | - | 10.4 | 10.4 | 39.3 |
| US Dollar | 12/12/2003 | 12/12/2008 | - | 308.2 | 308.2 | 1,171.1 |
| US Dollar | 08/04/2004 | 08/04/2006 | - | 11.5 | 11.5 | 43.9 |
| US Dollar | 22/09/2004 | 22/09/2014 | - | 288.1 | 288.1 | 1,094.6 |
| US Dollar | 22/11/2004 | 22/05/2005 | - | 76.9 | 76.9 | 292.2 |
| US Dollar | 24/11/2004 | 24/05/2005 | - | 4.2 | 4.2 | 16.0 |
| Total | | | - | 954.3 | 954.3 | 3,626.3 |

As at 31 December 2003:

| Currency | Start date | Maturity dates | Foreign currency (Mil) | | | Equivalent RM (Mil) |
|-----------|------------|-----------------------------|------------------------|----------|-------|---------------------|
| | | | Hedged | Unhedged | Total | Total |
| US Dollar | 25/04/2001 | 25/04/2005 to 25/04/2006 | - | 160.0 | 160.0 | 608.0 |
| US Dollar | 27/11/2002 | 29/11/2004 to 27/11/2007 | - | 53.0 | 53.0 | 201.4 |
| US Dollar | 29/05/2003 | 29/11/2003 to 29/05/2008 | - | 24.8 | 24.8 | 94.3 |
| US Dollar | 24/11/2003 | 25/11/2005 to 24/11/2008 | - | 36.0 | 36.0 | 136.8 |
| US Dollar | 11/12/2003 | 12/12/2005 to 11/12/2008 | - | 10.4 | 10.4 | 39.4 |
| US Dollar | 12/12/2003 | 12/12/2008 | - | 300.4 | 300.4 | 1,141.5 |
| Total | | | - | 584.6 | 584.6 | 2,221.4 |

32. FINANCIAL INSTRUMENTS (Cont'd)**b) Interest Rate Swaps ("IRS")**

The Group has entered into IRS contracts to manage the exposure of its borrowings to interest rate risks. With the IRS agreements, the Group receives interest at floating rate based on three months or six months LIBOR and pays interest either at fixed rates or floating LIBOR in arrears capped at a maximum of 5% per annum on the agreed notional principal amounts.

As at the financial year end, the terms and notional principal amounts of the outstanding interest rate swap contracts of the Group are as follows:

| | USD (Mil) | Equivalent RM (Mil) |
|--|--------------|------------------------|
| As at 31 December 2004: | | |
| Within one year | 110.4 | 419.3 |
| More than one year and less than 5 years | 155.0 | 589.2 |
| | 265.4 | 1,008.5 |
| As at 31 December 2003: | | |
| Within one year | 11.9 | 45.1 |
| More than one year and less than 5 years | 198.4 | 754.0 |
| | 210.3 | 799.1 |

The effect of the above interest rate swaps is to effectively hedge the interest rate payable on part of the foreign currencies borrowings mentioned in Note (a) above. Of the above IRS, USD39.8 million (RM151.1 million) (2003: USD25.5 million (RM96.9 million)) refer to IRS that serve to convert the borrowings from floating rate to floating rate in arrears subjected to a maximum ("cap") on the LIBOR of 5% per annum.

The fair value of the outstanding interest rate swap contracts of the Group which has not been recognised at the balance sheet date was an unfavourable net position of RM4.1 million (2003: RM23.2 million).

c) Forward Foreign Exchange Contracts

As at the end of the financial year, the outstanding forward foreign exchange contracts are as follows:

As at 31 December 2004:

| Currency | Transaction dates | Expiry Dates | Contract Amounts (Mil) | Equivalent RM (Mil) |
|----------|--------------------------|--------------------------|------------------------------|---------------------------|
| USD | 01/10/2004 to 04/11/2004 | 25/01/2005 to 25/07/2005 | 4.9 | 18.7 |
| EUR | 31/12/2004 | 20/01/2005 | 0.8 | 4.1 |
| CHF | 25/10/2004 to 10/12/2004 | 10/01/2005 to 10/05/2005 | 3.4 | 10.8 |

As at 31 December 2003:

| Currency | Transaction dates | Expiry Dates | Contract Amounts (Mil) | Equivalent RM (Mil) |
|----------|--------------------------|--------------------------|------------------------------|---------------------------|
| USD | 05/03/2003 to 23/09/2003 | 26/01/2004 to 26/04/2004 | 3.9 | 14.9 |
| EUR | 05/12/2003 | 30/01/2004 to 31/03/2004 | 1.5 | 6.8 |
| SGD | 05/12/2003 | 31/03/2004 | 0.2 | 0.4 |
| JPY | 05/12/2003 | 27/02/2004 | 82.0 | 2.9 |

32. FINANCIAL INSTRUMENTS (Cont'd)

As these foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licensed banks.

The fair value of the forward foreign currency contracts of the Group which has not been recognised at the balance sheet date was a favourable net position of RM552,100 (2003: RM126,500).

33. CONTINGENCIES

a) Contingent Liabilities

Group

Asiatic Development Berhad ("ADB"), a 54.8% owned subsidiary of the Company and Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB") (formerly known as Tanjung Bahagia Sdn Bhd), a wholly-owned subsidiary of ADB, had vide previous announcements informed ADB's shareholders on the status of the legal suit filed in the High Court of Sabah and Sarawak at Kota Kinabalu Suit No. K22-245 of 2002 wherein ADB and ATBSB were named as the Second and Third Defendants respectively ("the Suit"). The Suit was instituted by certain natives ("the Plaintiffs") claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah which was acquired by ATBSB from Hap Seng Consolidated Berhad ("HSCB") ("the Tongod Land"). Subsequently, the Plaintiffs had also applied for an interlocutory injunction to restrain ADB and ATBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof ("the Injunction").

The decision in respect of the preliminary objection raised by ADB, ATBSB and HSCB on the Injunction which was fixed for delivery on 14 December 2004, has been adjourned until further notice.

ADB's solicitors maintain their opinion that the Plaintiffs' action is misconceived and unsustainable.

Company

As at the end of the financial year, the Company had issued guarantees to financial institutions for borrowings extended to subsidiaries as follows:

- i) an unconditional and irrevocable guarantee on the USD300.0 million nominal value 5-year redeemable exchange notes ("Notes") issued through its wholly-owned subsidiary, Prime Venture (Labuan) Limited ("PVLL"). The guarantee is for the due payment of all sums, including principal, premium and interest and of any additional amounts expressed to be payable by PVLL under the Trust Deed and the Notes and the due and punctual performance of all PVLL's obligations under the Trust Deed and the Notes, including the Exchange Rights. The guarantee constitutes a senior, direct, unsubordinated, unconditional and unsecured obligation of the Company;
- ii) an unconditional and irrevocable guarantee on the USD300.0 million nominal value 10-year fixed rate notes ("Notes") issued through its wholly-owned subsidiary, Prime Holdings (Labuan) Limited ("PHLL"). The guarantee is for the due payment of all sums, including principal and interest and of any additional amounts expressed to be payable by PHLL under the Trust Deed and the Notes and the due and punctual performance of all PHLL's obligations under the Trust Deed and the Notes. The guarantee constitutes a senior, direct, unsubordinated, unconditional and unsecured obligation of the Company.

The fair value of the guarantees as at the financial year end is not disclosed as it was not practicable to estimate it reliably.

33. CONTINGENCIES (Cont'd)**b) Contingent Assets**Group

- i) The disposal of the Group's 45% interest in the Muturi Production Sharing Contract ("PSC") via Laila Limited in July 2001 for USD106.8 million and a deferred share of future pre-tax income from this PSC (the "Deferred Consideration"), enables the Group to retain rights to long-term future cash flows from the Tangguh Project. The Deferred Consideration has not been recognised in the financial statements as the economic benefits arising from the long term future cash flows are not certain as at the end of the financial year and therefore cannot be quantified;
- ii) Certain subsidiaries of the Group had in November 2000 disposed of their interest of 29.1 million shares of NCL Holding ASA ("NCL") to Arrasas Limited ("Arrasas"), a wholly-owned subsidiary of Star Cruises Ltd, which in turn is a 36.1% associate of Resorts, at Norwegian Kroner ("NOK") 15 per share. The valuation proceedings at the Oslo City Court, ongoing since October 2001, culminated in the valuation court's decision on 5 December 2003, which fixed the redemption price at NOK25 per share. Pursuant to this decision, Arrasas is required to pay NOK10 per share (representing the amount in excess of NOK15 per share as previously agreed under respective stock purchase agreements). Consequently, the Group may receive an additional consideration amounting to approximately RM183.2 million (2003: RM165.7 million) or approximately USD48.2 million (2003: USD43.6 million). On 8 January 2004, Arrasas appealed the decision. The appeal has been fixed for hearing sometime in April 2005.

34. CAPITAL COMMITMENTS

| | 2004 | Group 2003 |
|--|--------------|----------------------|
| Authorised capital expenditure not provided for in the financial statements: | | |
| - contracted | 366.3 | 396.3 |
| - not contracted | 613.0 | 403.1 |
| | 979.3 | 799.4 |
| Analysed as follows: | | |
| - Property, plant and equipment | 798.7 | 730.8 |
| - Investments | 136.1 | 59.8 |
| - Exploration costs | 42.6 | - |
| - Others | 1.9 | 8.8 |
| | 979.3 | 799.4 |

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Acquisition of subsidiaries during the financial year

On 28 May 2004, Asiatic SDC Sdn Bhd (previously known as Sabah Development Company Sdn Bhd), a wholly-owned subsidiary of Asiatic Development Berhad, which in turn is a 56.8% owned subsidiary of the Company, completed the acquisition of the following companies for a total cash consideration of RM108.3 million.

| | Percentage of equity interest acquired |
|--|---|
| Trushidup Plantations Sdn Bhd ("TPSB") | 100.0 |
| Sawit Sukau Usahasama Sdn Bhd (a 55.9% owned subsidiary of TPSB) | 55.9 |
| Wawasan Land Progress Sdn Bhd | 100.0 |
| Dianti Plantations Sdn Bhd | 100.0 |
| Cengkeh Emas Sdn Bhd | 100.0 |
| Kituva Plantations Sdn Bhd | 100.0 |

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

Details of the fair value of the net assets acquired and cash outflow as at 28 May 2004 on the above acquisitions are as follows:

| | |
|---|--------------|
| Property, plant and equipment | 104.3 |
| Trade and other receivables | 5.5 |
| Bank balances and deposits | 3.2 |
| Trade and other payables | (1.3) |
| Taxation | (0.5) |
| Long term loan | (2.7) |
| Minority interests | (0.2) |
| | <hr/> |
| Total purchase consideration | 108.3 |
| Less: Bank balances and deposits of subsidiaries acquired | (3.2) |
| | <hr/> |
| Net cash outflow on acquisition of subsidiaries | 105.1 |
| | <hr/> |

The effect of the above acquisitions on the financial results of the Group from the date of the acquisition is as follows:

| | |
|---|------------------------------------|
| | 28/5/2004 to 31/12/2004 |
| Revenue | 23.4 |
| Cost of sales | (5.6) |
| | <hr/> |
| Gross profit | 17.8 |
| Selling and distribution costs | (1.0) |
| Operating expenses | (0.1) |
| | <hr/> |
| Profit before taxation | 16.7 |
| Taxation | (4.2) |
| | <hr/> |
| Profit after taxation | 12.5 |
| Minority interests | (5.7) |
| | <hr/> |
| Increase in Group's net profit for the year | 6.8 |
| | <hr/> |

The effect of the above acquisitions on the financial position of the Group as at 31 December 2004 is as follows:

| | |
|--------------------------------|---------------|
| Non-current assets | 104.2 |
| Current assets | 21.1 |
| Current liabilities | (3.9) |
| Non-current liabilities | (0.4) |
| | <hr/> |
| Net assets | 121.0 |
| Minority interests | (54.9) |
| | <hr/> |
| Increase in Group's net assets | 66.1 |
| | <hr/> |

b) Other significant events during the financial year

- i) On 23 September 2004, the Company's indirect 64.3% owned subsidiary, Genting International P.L.C ("GIPLC"), announced that Coastbright Limited ("Coastbright"), a wholly-owned subsidiary of Genting International (UK) Limited ("GIUK"), which in turn is an indirect wholly-owned subsidiary of GIPLC, has entered into a conditional sale and purchase agreement with Gala Group Limited ("Gala Group") for the acquisition of the Maxims Casino business of Lydiashourne Limited, an indirect wholly-owned subsidiary of Gala Group, for a total consideration of Sterling Pound 10.5 million. The purchase consideration was arrived at on a willing buyer willing seller basis.

Maxims Casino which is situated at Palace Gate, Kensington, London, operates as an exclusive members club and is one of only a small number of top-end casinos in London's West End.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

b) Other significant events during the financial year (Cont'd)

The transaction was completed on 12 January 2005, in accordance with the terms of the conditional sale and purchase agreement previously entered into between Coastbright and Gala Group.

On 25 January 2005, GIPLC further announced that GIUK has completed its sale of 50% equity stake in Coastbright to Stanley Leisure Plc ("Stanley Leisure") for a consideration of 1,433,333 new ordinary shares of 25p each fully-paid-up in the capital of Stanley Leisure.

- ii) On 23 November 2004, GIPLC announced a proposed renounceable rights issue ("Rights Issue") of 2,365,745,405 new shares ("Rights Shares") at an issue price of USD0.13 for each Rights Share, on the basis of five Rights Shares for every three existing shares of par value USD0.10 each, held in the capital of GIPLC. The Issue Price of USD0.13 for each Rights Share represents a discount of approximately 43% from the last transacted price of USD0.23 per share on the Central Limit Order Book Trading System of the Singapore Stock Exchange on 22 November 2004, being the last trading date prior to the announcement.

The Rights Issue will strengthen the share capital base of GIPLC. The net proceeds from the Rights Issue, after deducting estimated issue expenses, would amount to approximately USD305.0 million. The net proceeds of the Rights Issue will be utilised for investments and/or acquisitions (including the repayment of any borrowings taken to make such investments or acquisitions) in relation to its principal business in the leisure, hospitality and gaming sectors, as and when opportunities arise, and for general working capital requirements.

The Rights Issue is conditional upon, inter alia, the following :

- the in-principle approval of the Luxembourg Stock Exchange;
- shareholders' approval for an increase in the authorised share capital of GIPLC which was obtained on 5 January 2005, at an Extraordinary General Meeting of GIPLC, convened on that day;
- any other authorisation as may be required or appropriate for or in connection with the Rights Issue from all relevant authorities (I) having been obtained, (II) remaining in full force and effect, there being no notice of any intention to revoke or not to renew any such authorisations, and (III) all actions or obligations required under any such authorisations to be taken or complied with prior to the completion of the Rights Issue; and
- all necessary or appropriate filings with any relevant authority having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated, in each case for or in connection with the Rights Issue.

On 8 February 2005, GIPLC further announced that the Transfer Books and Register of Members of GIPLC will be closed from 23 February 2005 to 28 February 2005 (both dates inclusive) for the purpose of determining the entitlements of qualifying shareholders under the Rights Issue. The Rights Issue exercise is expected to commence in March 2005.

- iii) On 23 November 2004, GIPLC announced that GIPLC and its subsidiaries have :

- agreed to form a 50:50 Joint Venture for the development of regional casinos in the United Kingdom ("UK") with Stanley Leisure, the UK's largest casino operator. This Joint Venture was incorporated on 5 November 2004 and is called Stanley Genting Casinos Limited ("SGCL").

Prior to the subscription by GIPLC in the Joint Venture vehicle, Stanley Leisure had transferred its subsidiary, Stanley Casinos (Leeds) Limited, which has the benefit of an option to acquire certain land adjacent to Elland Road, Leeds, to SGCL for cash. GIPLC had subscribed for shares in SGCL for Sterling Pound 5.4 million in cash. In the event that consent is not given to build a regional casino on this land, it will be sold back to Stanley Leisure at cost;

- conditionally agreed to sell a 50% interest in Maxims Casino in London, which had been acquired by GIPLC's indirect wholly-owned subsidiary, Coastbright to Stanley Leisure. This transaction was completed on 25 January 2005 as disclosed in Note (i) above.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

b) Other significant events during the financial year (Cont'd)

- acquired 8,000,000 shares of Stanley Leisure from Lord Leonard Steinberg for 450p per share. Subsequently, the Group acquired additional shares in Stanley Leisure and based on the notification made to Stanley Leisure and London Stock Exchange on 14 February 2005, the Group holds 22,092,817 ordinary shares, representing 17.1% in Stanley Leisure's issued share capital.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions listed below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

| | 2004 | 2003 |
|--|-------------|------|
| a) Rendering of services: | | |
| i) Reimbursements by Genting International PLC, a 64.3% owned subsidiary of the Company to Star Cruises (HK) Ltd and Star Cruise Management Ltd, both wholly-owned subsidiaries of Star Cruises Limited ("SCL"), a corporation in which the Group has an effective 20.7% ownership interest, for expenses incurred in maintaining representative offices in China, Thailand and India. | 0.3 | 1.6 |
| ii) Air ticketing and transportation services rendered by Resorts World Tours Sdn Bhd, a wholly-owned subsidiary of Resorts World Bhd ("RWB"), which in turn is a 56.8% owned subsidiary of the Company to SCL and its subsidiaries. | 2.0 | 2.0 |
| <p>Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive, shareholder and share option holder of the Company is also the Chairman, President and Chief Executive Officer of SCL, a shareholder and share option holder of SCL; and has a deemed interest in the units of the Golden Hope Unit Trust ("GHUT") of which Golden Hope Limited ("GHL") is acting as its trustee by virtue of being a beneficiary of a discretionary trust which holds the units in the GHUT. He is also a director of GHL and Joondalup Limited ("Joondalup"). GHL as trustee of the GHUT together with Joondalup, which is wholly-owned by GHL, hold 50% of the issued share capital of SCL.</p> | | |
| b) Rental of premises and provision of connected services by RWB to Oriregal Creations Sdn Bhd ("Oriregal"). Puan Sri Lim (nee Lee) Kim Hua, the mother of Tan Sri Lim Kok Thay is a director and substantial shareholder of Oriregal. | 1.3 | 1.2 |

Rental of space to third parties is negotiated based on, amongst other factors, space, size, location and nature of businesses operated by the tenants. Businesses operated by Oriregal provide basic shopping facilities to visitors and basic canteen facilities primarily catered to staff working at Genting Highlands Resort. These facilities have been long established and the rentals have been negotiated on this basis taking into account the other aforementioned factors.

The rental charges to Oriregal are transacted at commercial rates except for the rental of premises at the Genting Hotel and the Highlands Hotel which are 50% and 14% lower than the comparable range of commercial rate charged to other tenants respectively as a larger space is occupied. The rental of premises at the Resort Hotel is 43% lower than similar premises as they are located at a lower traffic area.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

| | 2004 | 2003 |
|---|------|------|
| c) Progress payments made by Asiatic Land Development Sdn Bhd, a wholly-owned subsidiary of Asiatic Development Berhad ("ADB"), a 54.8% owned subsidiary of the Company, to the constructor, Kien Huat Development Sdn Bhd, a company in which Datuk Lim Chee Wah, a brother of Tan Sri Lim Kok Thay, is a director and has deemed substantial financial interest, for the development of properties in Kulai, Johor. The progress payments include fees and reimbursables totalling RM1.5 million (2003: RM0.7 million). | 40.9 | 16.7 |
| d) Letting of office space and provision of related services by Oakwood Sdn Bhd, a wholly-owned subsidiary of the Company to Southern Bank Berhad, a company in which Dato' Tan Teong Hean, a brother-in-law of Tan Sri Lim Kok Thay, is a director and substantial shareholder. | 2.1 | 2.1 |

37. CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group changed its accounting policy in respect of the following:

a) Goodwill

It had been the Group's policy to write-off goodwill arising on consolidation to the income statement when the acquisition occurs.

With effect from 1 January 2004, goodwill is recognised as an intangible asset and disclosed on the consolidated balance sheet at cost less any impairment losses. The carrying value of goodwill will be subject to annual impairment review and whenever events or changes in circumstances indicate that it may not be recoverable. An impairment charge will be recognised in the income statement when the results of such impairment review indicate that the carrying value of goodwill is impaired.

It is the management's view that the change in accounting policy will result in a more appropriate presentation of goodwill in the Group's financial statements and that this is in line with international best practice.

The change in accounting policy will be applied prospectively with effect from 1 January 2004 as the resulting adjustment that relates to prior periods is not reasonably determinable. The comparative figures are therefore not restated.

b) MASB No. 32 - Property Development Activities

In compliance with MASB No. 32 which took effect from 1 January 2004, "Real property assets" has been renamed as "Land held for property development". Further, the comparatives in respect of property development costs and trade and other receivables have been restated whereby the excess of revenue recognised in the income statement over billings to purchasers is now presented as accrued billings within current assets. Previously, accrued billings was set off against property development costs. However, if the billings to purchasers exceed revenue recognised in the income statement, this will be presented as progress billings within current liabilities.

The change in accounting policy has been applied retrospectively as required by MASB No. 32. Whilst there is no impact to the income statement, the effects of the reclassification on the balance sheet are summarised as follows:

| | As previously reported | Effect of change in accounting policy | As restated |
|--------------------------------|---------------------------|--|-------------|
| Group | | | |
| As at 31 December 2003: | | | |
| Current Assets | | | |
| Property development costs | 99.3 | (4.6) | 94.7 |
| Trade and other receivables | 507.9 | 4.6 | 512.5 |

38. SUBSIDIARIES AND ASSOCIATES

| | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|---|-----------------------------------|-------|--------------------------|---|
| | 2004 | 2003 | | |
| Direct Subsidiaries | | | | |
| Asiatic Development Berhad | 54.8 | 54.9 | Malaysia | Plantations |
| E-Genting Holdings Sdn Bhd | 91.4 | 100.0 | Malaysia | Investment holding and provision of information technology related services |
| GB Credit & Leasing Sdn Bhd | 69.5 | 69.5 | Malaysia | Leasing and money lending |
| + Genting Equities (Hong Kong) Limited | 100.0 | 100.0 | Hong Kong | Investments |
| Genting Highlands Tours and Promotion Sdn Bhd | 100.0 | 100.0 | Malaysia | Letting of land and premises |
| Genting Hotel & Resorts Management Sdn Bhd | 100.0 | 100.0 | Malaysia | Management services |
| + Genting International Paper Holdings Limited | 100.0 | 100.0 | Isle of Man | Investment holding |
| Genting (Labuan) Limited | 100.0 | 100.0 | Labuan, Malaysia | Off-shore captive insurance |
| Genting Management and Consultancy Services Sdn Bhd | 100.0 | 100.0 | Malaysia | Management services |
| + Genting Overseas Holdings Limited | 100.0 | 100.0 | Isle of Man | Investment holding |
| Genting Risk Solutions Sdn Bhd | 100.0 | 100.0 | Malaysia | Provision of risk and insurance management consultancy |
| + Logan Rock Limited | 100.0 | 100.0 | Isle of Man | Investments |
| Maxitage Sdn Bhd | 100.0 | 100.0 | Malaysia | Investments |
| Oakwood Sdn Bhd | 100.0 | 100.0 | Malaysia | Property investment and management |
| Prime Venture (Labuan) Limited | 100.0 | 100.0 | Labuan, Malaysia | Offshore financing |
| Prime Venture Holdings (Labuan) Limited | 100.0 | - | Labuan, Malaysia | Offshore financing |
| Resorts World Bhd | 56.8 | 56.8 | Malaysia | Resort, hotel and gaming operations |
| + Resorts World Bhd (Hong Kong) Limited | 100.0 | 100.0 | Hong Kong | Dormant |
| + Resorts World (Singapore) Pte Ltd | 100.0 | 100.0 | Singapore | Dormant |
| + Genting Bhd (Hong Kong) Limited | 100.0 | 100.0 | Hong Kong | Pre-operating |
| Genting Oil & Gas Sdn Bhd | 100.0 | - | Malaysia | Pre-operating |
| Genting Permata Sdn Bhd | 100.0 | 100.0 | Malaysia | Pre-operating |
| Genting Sanyen Newsprint Sdn Bhd | 100.0 | 100.0 | Malaysia | Pre-operating |
| + Genting (Singapore) Pte Ltd | 100.0 | 100.0 | Singapore | Pre-operating |
| Genting Strategic Holdings Sdn Bhd | 100.0 | - | Malaysia | Pre-operating |
| Genting Strategic Sdn Bhd | 100.0 | - | Malaysia | Pre-operating |
| + Resorts World Limited | 100.0 | 100.0 | Hong Kong | Pre-operating |
| Sri Highlands Express Sdn Bhd | 100.0 | 100.0 | Malaysia | Pre-operating |
| Indirect Subsidiaries | | | | |
| ADB (Sarawak) Palm Oil Mill Management Sdn Bhd | 54.8 | 54.9 | Malaysia | Provision of palm oil mill management services |
| + Adriana Limited | 64.3 | 63.0 | Isle of Man | Sales coordinator |
| Amalgamated Rubber (Penang) Sdn Bhd | 54.8 | 54.9 | Malaysia | Investments |
| AR Property Development Sdn Bhd | 54.8 | 54.9 | Malaysia | Plantations |
| Asiaticom Sdn Bhd | 54.8 | 54.9 | Malaysia | Plantations |
| Asiatic Golf Course (Sg Petani) Bhd | 54.8 | 54.9 | Malaysia | Golf course operation |
| Asiatic Green Tech Sdn Bhd | 54.8 | 54.9 | Malaysia | Plantations |
| Asiatic Indahpura Development Sdn Bhd | 54.8 | 54.9 | Malaysia | Property development |
| Asiatic Land Development Sdn Bhd | 54.8 | 54.9 | Malaysia | Property development |
| Asiatic Oil Mills (WM) Sdn Bhd (formerly known as Ayer Item Oil Mill Sdn Bhd) | 54.8 | 54.9 | Malaysia | Fresh fruit bunches processing |
| + Asiatic Overseas Limited | 54.8 | 54.9 | Isle of Man | Investments |

38. SUBSIDIARIES AND ASSOCIATES (cont'd)

| | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|--|-----------------------------------|-------|--------------------------|--|
| | 2004 | 2003 | | |
| Asiatic Plantations (WM) Sdn Bhd (formerly known as Sing Mah Plantation Sdn Bhd) | 54.8 | 54.9 | Malaysia | Plantations |
| Asiatic SDC Sdn Bhd (formerly known as Sabah Development Company Sdn Bhd) | 54.8 | 54.9 | Malaysia | Plantations |
| Asiatic Tanjung Bahagia Sdn Bhd (formerly known as Tanjung Bahagia Sdn Bhd) | 54.8 | 54.9 | Malaysia | Plantations |
| Awan Ria (M) Sdn Bhd | 97.7 | 97.7 | Malaysia | Investment holding |
| Awana Hotels & Resorts Management Sdn Bhd | 100.0 | 100.0 | Malaysia | Management services |
| Awana Vacation Resorts Development Berhad | 56.8 | 56.8 | Malaysia | Proprietary timeshare ownership scheme |
| + Azzon Limited | 54.8 | 54.9 | Isle of Man | Investments |
| Bandar Pelabuhan Sdn Bhd | 34.1 | 34.1 | Malaysia | Investment holding |
| + Calidone Limited | 64.3 | 63.0 | Isle of Man | Investment holding |
| Cengkeh Emas Sdn Bhd | 54.8 | - | Malaysia | Plantations |
| Delquest Sdn Bhd | 56.8 | 56.8 | Malaysia | Investments |
| Dianti Plantations Sdn Bhd | 54.8 | - | Malaysia | Plantations |
| + Eastern Generation Services (India) Pvt Ltd | 74.0 | 74.0 | India | Provision of operation and maintenance services for power plant |
| E-Genting Sdn Bhd | 91.4 | 100.0 | Malaysia | Provision of information technology services and consultancy |
| First World Hotels & Resorts Sdn Bhd | 56.8 | 56.8 | Malaysia | Hotel business |
| Genasa Sdn Bhd | 56.8 | 56.8 | Malaysia | Sale and letting of apartment |
| Genting Administrative Services Sdn Bhd | 56.8 | 56.8 | Malaysia | Investment holding |
| + Genting Australia Investments Holding Pty Ltd | 64.3 | 63.0 | Australia | Property development |
| + Genting Australia Pty Ltd | 64.3 | 63.0 | Australia | Management services |
| Genting Centre of Excellence Sdn Bhd | 39.8 | 39.8 | Malaysia | Training services |
| Genting Entertainment Sdn Bhd | 56.8 | 56.8 | Malaysia | Show agent |
| Genting Golf Course Bhd | 56.8 | 56.8 | Malaysia | Condotel & hotel business, golf resort and property development |
| Genting Highlands Berhad | 56.8 | 56.8 | Malaysia | Land and property development |
| + Genting India Travel Services Private Limited | 64.3 | 63.0 | India | Tour operators |
| Genting Information Knowledge Enterprise Sdn Bhd | 91.4 | 100.0 | Malaysia | Research in software development and consultancy |
| + Genting International Industries (Singapore) Pte Ltd | 97.7 | 97.7 | Singapore | Investment holding |
| + Genting International Management Limited | 64.3 | 63.0 | Isle of Man | Investment holding |
| + Genting International Management Services Pte Ltd | 64.3 | 63.0 | Singapore | Investment holding |
| + Genting International PLC | 64.3 | 63.0 | Isle of Man | Investment holding |
| + Genting International Paper Limited | 100.0 | 100.0 | Isle of Man | Investment holding |
| + Genting International Paper Manufacturers Limited | 97.7 | 97.7 | Isle of Man | Investment holding |
| + Genting International Properties Limited | 64.3 | 63.0 | Isle of Man | Investment holding |
| + Genting International (Singapore) Pte Ltd | 64.3 | 63.0 | Singapore | Tour promotion |
| + Genting International (Thailand) Limited | 58.5 | 57.3 | Thailand | Tour promotion |
| * Genting International (UK) Limited | 64.3 | - | United Kingdom | Investment holding |

38. SUBSIDIARIES AND ASSOCIATES (cont'd)

| | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|---|-----------------------------------|-------|--------------------------|---|
| | 2004 | 2003 | | |
| Genting Irama Sdn Bhd | 56.8 | - | Malaysia | Investment holding |
| Genting Leisure Sdn Bhd | 56.8 | 56.8 | Malaysia | Investment holding |
| + Genting (NSW) Pty Ltd | 64.3 | 63.0 | Australia | Investment and management services |
| + Genting Oil & Gas (China) Limited | 95.0 | 95.0 | Isle of Man | Oil & gas exploration |
| + Genting Oil & Gas Limited | 95.0 | 95.0 | Isle of Man | Investment holding |
| + Genting Power Holdings Limited | 100.0 | 100.0 | Isle of Man | Investment holding |
| + Genting Power (M) Limited | 100.0 | 100.0 | Isle of Man | Investment holding |
| + Genting Power (Swiss) GmbH | 100.0 | 100.0 | Switzerland | Investments |
| Genting Sanyen Industrial Paper Sdn Bhd | 97.7 | 97.7 | Malaysia | Manufacturing and trading of paper products and conversion of waste to energy |
| 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 Power Sdn Bhd | 58.6 | 58.6 | Malaysia | Generation & supply of electric power |
| Genting Sanyen Power (Labuan) Limited | 100.0 | 100.0 | Labuan, Malaysia | Investments |
| Genting Sanyen Sales & Marketing Services Sdn Bhd | 97.7 | 97.7 | Malaysia | Sourcing of waste paper & involved in waste paper baling process for end user |
| Genting Sanyen Utilities & Services Sdn Bhd | 97.7 | 97.7 | Malaysia | Provision and sale of utilities |
| Genting Skyway Sdn Bhd | 56.8 | 56.8 | Malaysia | Provision of cable car management services |
| Genting Utilities & Services Sdn Bhd | 56.8 | 56.8 | Malaysia | Provision of utilities services |
| Genting World Sdn Bhd | 56.8 | 56.8 | Malaysia | Leisure and entertainment business |
| Genting WorldCard Sdn Bhd | 91.4 | 100.0 | Malaysia | Provider of loyalty program services |
| Genting Worldcard Services Sdn Bhd | 91.4 | 100.0 | Malaysia | Provider of loyalty program services |
| Gentinggi Sdn Bhd | 56.8 | 56.8 | Malaysia | Investment holding |
| GHR Risk Management (Labuan) Limited | 56.8 | 56.8 | Labuan, Malaysia | Off-shore captive insurance |
| Glugor Development Sdn Bhd | 54.8 | 54.9 | Malaysia | Investments |
| GS Packaging Industries (M) Sdn Bhd | 97.7 | 97.7 | Malaysia | Provision of human resource services |
| Ideal Meridian Sdn Bhd | 97.7 | 97.7 | Malaysia | Manufacturing and sale of paper core |
| Infomart Sdn Bhd | 100.0 | 100.0 | Malaysia | Management & consultancy services |
| + Jamberoo Limited | 95.0 | 95.0 | Isle of Man | Oil & gas exploration |
| Kijal Facilities Services Sdn Bhd | 56.8 | 56.8 | Malaysia | Property management |
| Kijal Resort Sdn Bhd | 56.8 | 56.8 | Malaysia | Property development and property management |
| Kinavest Sdn Bhd | 54.8 | 54.9 | Malaysia | Plantations |
| Kituva Plantations Sdn Bhd | 54.8 | - | Malaysia | Plantations |
| + Lafleur Limited | 56.8 | 56.8 | Isle of Man | Investment holding |
| Landworthy Sdn Bhd | 46.0 | 46.1 | Malaysia | Plantations |
| Leisure & Cafe Concept Sdn Bhd | 56.8 | 56.8 | Malaysia | Karaoke business |
| Mastika Lagenda Sdn Bhd | 97.7 | 97.7 | Malaysia | Investment holding |
| Mastika Utilities & Services Sdn Bhd | 97.7 | 97.7 | Malaysia | Provision and sale of utilities |
| + Myanmar Genting Sanyen Limited | 100.0 | 100.0 | Myanmar | Trading |
| + Palomino Holdings Limited | 64.3 | - | Isle of Man | Investment holding |
| + Palomino Limited | 64.3 | 63.0 | Isle of Man | Investments |
| + Palomino Star Limited | 64.3 | 63.0 | Isle of Man | Investment holding |
| + Palomino Sun Limited | 64.3 | - | Isle of Man | Investment holding |
| * Palomino Sun (UK) Limited | 64.3 | - | United Kingdom | Investment holding |
| + Palomino World Limited | 64.3 | - | Isle of Man | Investment holding |
| Papago Sdn Bhd | 56.8 | 56.8 | Malaysia | Resorts & hotel business |
| Persis Hijau Sdn Bhd | 97.7 | 97.7 | Malaysia | Provision of facilities for waste paper baling process |

38. SUBSIDIARIES AND ASSOCIATES (cont'd)

| | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|--|-----------------------------------|-------|--------------------------|---|
| | 2004 | 2003 | | |
| Puncak Singa (M) Sdn Bhd | 97.7 | 97.7 | Malaysia | Bio-oil project |
| Resorts Facilities Services Sdn Bhd | 56.8 | 56.8 | Malaysia | Property management |
| Resorts International (Labuan) Limited | 56.8 | 56.8 | Labuan, Malaysia | Offshore financing |
| + Resorts Overseas Investments Limited | 56.8 | 56.8 | Isle of Man | Investment holding |
| Resorts Tavern Sdn Bhd | 56.8 | 56.8 | Malaysia | Land and property development |
| Resorts World (Labuan) Limited | 56.8 | 56.8 | Labuan, Malaysia | Offshore financing |
| + Resorts World Limited | 56.8 | 56.8 | Isle of Man | Investment holding |
| Resorts World Properties Sdn Bhd | 56.8 | 56.8 | Malaysia | Investment holding |
| Resorts World Tours Sdn Bhd | 56.8 | 56.8 | Malaysia | Provision of tour and travel related services |
| + Roundhay Limited | 95.0 | 95.0 | Isle of Man | Oil & gas exploration |
| RWB (Labuan) Limited | 56.8 | 56.8 | Labuan, Malaysia | Offshore financing |
| + R.W. Investments Limited | 56.8 | 56.8 | Isle of Man | Investment holding |
| + R.W. Overseas Investments Limited | 56.8 | 56.8 | Isle of Man | Investment holding |
| Sahabat Alam Sdn Bhd | 97.7 | 97.7 | Malaysia | Manufacturing & trading of fibre plastic composites |
| Sawit Sukau Usahasama Sdn Bhd | 30.6 | - | Malaysia | Plantations |
| + Sanyen Oil & Gas Pte Ltd | 95.0 | - | Singapore | Oil & gas exploration |
| Seraya Mayang Sdn Bhd | 56.8 | 56.8 | Malaysia | Investment holding |
| Setiabahagia Sdn Bhd | 56.8 | 56.8 | Malaysia | Property investment |
| Setiacahaya Sdn Bhd | 77.4 | 77.4 | Malaysia | Property investment |
| Setiomas Sdn Bhd | 54.8 | 54.9 | Malaysia | Plantations and property development |
| Setiaseri Sdn Bhd | 56.8 | 56.8 | Malaysia | Property investment |
| Sierra Springs Sdn Bhd | 56.8 | 56.8 | Malaysia | Investment holding |
| Sweet Bonus Sdn Bhd | 34.1 | 34.1 | Malaysia | Rental of land |
| + Sorona Limited | 100.0 | 100.0 | Isle of Man | Investments |
| Technimode Enterprises Sdn Bhd | 54.8 | 54.9 | Malaysia | Property investment |
| + Torrens Limited | 97.7 | 97.7 | Isle of Man | Investments |
| Trushidup Plantations Sdn Bhd | 54.8 | - | Malaysia | Plantations |
| Vestplus Sdn Bhd | 56.8 | 56.8 | Malaysia | Property investment |
| Wawasan Land Progress Sdn Bhd | 54.8 | - | Malaysia | Plantations |
| + WEB Energy Ltd | 100.0 | 100.0 | Mauritius | Investments |
| Widuri Pelangi Sdn Bhd | 56.8 | 56.8 | Malaysia | Golf resort and hotel business |
| Asiatic Properties Sdn Bhd | 54.8 | 54.9 | Malaysia | Dormant |
| Dasar Pinggir (M) Sdn Bhd | 97.7 | 97.7 | Malaysia | Dormant |
| + Genting International Paper (Netherlands) B.V. | 100.0 | 100.0 | Netherlands | Dormant |
| Genting Newsprint Sdn Bhd | 100.0 | 100.0 | Malaysia | Dormant |
| + Genting Overseas Investments Limited | 100.0 | 100.0 | Isle of Man | Dormant |
| + Genting Sanyen Paper Pte Ltd | 97.7 | 97.7 | Singapore | Dormant |
| Genting Studio Sdn Bhd | 56.8 | 56.8 | Malaysia | Dormant |
| Kenyalang Borneo Sdn Bhd | 54.8 | 54.9 | Malaysia | Dormant |
| + Laila Limited | 95.0 | 95.0 | Isle of Man | Dormant |
| Mediglove Sdn Bhd | 54.8 | 54.9 | Malaysia | Dormant |
| Plantation Latex (Malaya) Sdn Bhd | 54.8 | 54.9 | Malaysia | Dormant |
| Waxwood Sdn Bhd | 34.1 | 34.1 | Malaysia | Dormant |
| ALD Construction Sdn Bhd | 54.8 | 54.9 | Malaysia | Pre-operating |
| Asiatic Awanpura Sdn Bhd | 54.8 | 54.9 | Malaysia | Pre-operating |
| Asiatic Commodities Trading Sdn Bhd | 54.8 | 54.9 | Malaysia | Pre-operating |
| Asiatic Vegetable Oils Refinery Sdn Bhd | 54.8 | 54.9 | Malaysia | Pre-operating |
| Awana Hotels & Resorts Sdn Bhd | 100.0 | 100.0 | Malaysia | Pre-operating |
| + Awana International Limited | 100.0 | 100.0 | Isle of Man | Pre-operating |
| Awana Vacation Resorts Management Sdn Bhd | 100.0 | 100.0 | Malaysia | Pre-operating |

38. SUBSIDIARIES AND ASSOCIATES (cont'd)

| | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|--|-----------------------------------|-------|--------------------------|----------------------|
| | 2004 | 2003 | | |
| + Best Track International Limited | 56.8 | 56.8 | Mauritius | Pre-operating |
| * Coastbright Limited | 64.3 | - | United Kingdom | Pre-operating |
| + Gecoun Limited | 100.0 | - | Isle of Man | Pre-operating |
| Genas Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Genawan Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Genmas Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Gensa Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Gentasa Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Gentas Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| + Genting International Corp | 64.3 | - | United State of America | Pre-operating |
| + Genting Oil Natuna Limited | 95.0 | - | Isle of Man | Pre-operating |
| + Genting Oil Natuna Pte Ltd | 95.0 | - | Singapore | Pre-operating |
| + Genting Oil Salawati Pte Ltd | 95.0 | - | Singapore | Pre-operating |
| + Genting Power Indonesia Limited | 100.0 | - | Isle of Man | Pre-operating |
| + Genting Power International Limited | 100.0 | 100.0 | Isle of Man | Pre-operating |
| + Genting Power (India) Limited | 100.0 | 100.0 | Mauritius | Pre-operating |
| + Genting Power Philippines Limited | 100.0 | - | Isle of Man | Pre-operating |
| Genting Risk Management (Labuan) Limited | 100.0 | - | Labuan, Malaysia | Pre-operating |
| Genting Sanyen Incineration Sdn Bhd | 97.7 | 97.7 | Malaysia | Pre-operating |
| + Genting Sanyen Utilities Limited | 100.0 | 100.0 | Isle of Man | Pre-operating |
| Genting Theme Park Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Gentinggi Quarry Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| + Geremi Limited | 56.8 | - | Isle of Man | Pre-operating |
| + GP China Limited | 100.0 | - | Isle of Man | Pre-operating |
| + Highlands Development Limited | 100.0 | - | Isle of Man | Pre-operating |
| + Highlands Exploration Limited | 95.0 | - | Isle of Man | Pre-operating |
| Hitechwood Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| Ikhlas Tiasa Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Jomara Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| Laserwood Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| + Lestari Listik Pte Ltd | 100.0 | - | Singapore | Pre-operating |
| * Maxims Casinos Limited | 64.3 | - | United Kingdom | Pre-operating |
| + Maxims Clubs Pte Ltd | 64.3 | - | Singapore | Pre-operating |
| Maxims Clubs Sdn Bhd | 64.3 | - | Malaysia | Pre-operating |
| Merriwa Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| Neutrino Space Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| + Oxalis Limited | 97.7 | 97.7 | Isle of Man | Pre-operating |
| * Palomino World (UK) Limited | 64.3 | - | United Kingdom | Pre-operating |
| Possible Affluent Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| Rapallo Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| Resorts World Spa Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| + Sanyen Oil & Gas Limited | 95.0 | 95.0 | Mauritius | Pre-operating |
| + Sanyen Oil & Gas Services Limited | 95.0 | - | Isle of Man | Pre-operating |
| + Sayang (Thailand) Limited | 91.0 | 91.0 | Thailand | Pre-operating |
| + Sedby Limited | 100.0 | - | Isle of Man | Pre-operating |
| + SIPC Genting Cabinda Ltd (formerly known as Optonia Limited) | 95.0 | 95.0 | Isle of Man | Pre-operating |
| Space Fair Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| + Star Eagle Holdings Limited | 64.3 | - | British Virgin Islands | Pre-operating |
| + Swallow Creek Limited | 95.0 | - | Isle of Man | Pre-operating |
| + Tetha Limited | 95.0 | - | Isle of Man | Pre-operating |
| Tullamarine Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| Twinkle Glow Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |

38. SUBSIDIARIES AND ASSOCIATES (cont'd)

| | Effective Percentage Of Ownership | | Country of Incorporation | Principal Activities |
|-----------------------------------|-----------------------------------|------|--|---|
| | 2004 | 2003 | | |
| Twinmatics Sdn Bhd | 56.8 | 56.8 | Malaysia | Pre-operating |
| + Vestplus (Hong Kong) Limited | 56.8 | 56.8 | Hong Kong | Pre-operating |
| + Vestplus (Thailand) Limited | 51.7 | 51.7 | Thailand | Pre-operating |
| Vintage Action Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| Yarrowin Sdn Bhd | 34.1 | 34.1 | Malaysia | Pre-operating |
| + Golden Chain Investment Limited | - | 56.8 | Mauritius | Removed from the Register of Companies |
| + Pearl Land Investment Limited | - | 56.8 | Mauritius | Removed from the Register of Companies |
| Associates | | | | |
| * Aban Power Co. Limited | 36.3 | - | India | Pre-operating |
| * Asiatic Ceramics Sdn Bhd | 26.9 | 26.9 | Malaysia | In receivership |
| + Lanco Kondapalli Power Pvt Ltd | 30.0 | 30.0 | India | Generation and supply of electric power |
| + Pacific Lottery Corporation | 19.3 | 19.3 | Canada | Research, develop, manufacture, operate and manage lottery gaming central systems |
| Serian Palm Oil Mill Sdn Bhd | 21.9 | 22.0 | Malaysia | Fresh fruit bunches processing |
| * Sri Gading Land Sdn Bhd | 26.9 | 26.9 | Malaysia | Property development |
| + Star Cruises Limited | 20.7 | 20.4 | Isle of Man & continued into Bermuda on 9 October 2000 | Cruise and cruise related operations |

* The financial statements of these companies are audited by firms other than the auditors of the Company.

+ The financial statements of these companies are audited by member firms of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia.

STATEMENT ON DIRECTORS' RESPONSIBILITY

pursuant to paragraph 15.27(a) of the listing requirements of Bursa Malaysia Securities Berhad

As required under the Companies Act, 1965 ("Act"), the Directors of Genting Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2004.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the financial year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the internal control systems to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 25 February 2005.

STATUTORY DECLARATION

pursuant to section 169(16) of the Companies Act, 1965

I, **CHIEW SOW LIN**, the Officer primarily responsible for the financial management of **GENTING BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 50 to 107 are, to the best of my knowledge and belief, 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 25 February 2005) **CHIEW SOW LIN**

Before me,

DATO' NG MANN CHEONG

Commissioner for Oaths

Kuala Lumpur

REPORT OF THE AUDITORS

to the members of Genting Berhad

We have audited the financial statements set out on pages 50 to 107. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 38 to the financial statements. We have considered the financial statements of the subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

LEETUCK HENG

[No 2092/09/06 (J)]

Partner of the firm

Kuala Lumpur

25 February 2005