



GENTING BERHAD

(Incorporated in Malaysia under Company No. 7916-A)

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THIRD QUARTERLY REPORT

Quarterly report on consolidated results for the third quarter ended 30 September 2002. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/09/2002 RM'000	PRECEDING YEAR CORRES- PONDING QUARTER 30/09/2001 RM'000	CURRENT YEAR- TO-DATE 30/09/2002 RM'000	PRECEDING YEAR CORRES- PONDING PERIOD 30/09/2001 RM'000
Revenue	843,688	729,061	2,609,772	2,290,389
Cost of sales	(458,025)	(418,873)	(1,439,013)	(1,469,465)
Gross profit	385,663	310,188	1,170,759	820,924
Other income	19,287	50,202	54,815	89,073
Other expenses	(72,649)	(89,105)	(211,028)	(264,070)
Profit from operations	332,301	271,285	1,014,546	645,927
Finance cost	(16,715)	(18,658)	(48,994)	(61,242)
Share of results of associated companies	100,417	84,398	202,567	146,547
Gain on dilution of Group's interest in associated company	-	-	31,132	-
Profit from ordinary activities before taxation	416,003	337,025	1,199,251	731,232

GENTING BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002 (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR-	YEAR
	QUARTER	CORRES-	TO-DATE	CORRES-
	30/09/2002	PONDING	30/09/2002	PONDING
	RM'000	QUARTER	30/09/2001	PERIOD
		30/09/2001	RM'000	30/09/2001
		RM'000		RM'000
Taxation	(114,206)	(93,739)	(333,595)	(276,437)
Profit from ordinary activities after taxation	301,797	243,286	865,656	454,795
Minority shareholders' interests	(99,617)	(78,989)	(276,918)	(144,797)
Net profit for the period	202,180	164,297	588,738	309,998
Basic earnings per share (sen)	28.7	23.3	83.6	44.0
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

N/A – Not applicable

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Report for the financial year ended 31 December 2001).

GENTING BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2002

	UNAUDITED AS AT 30 SEPT 2002 RM'000	AUDITED AS AT 31 DEC 2001 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	4,859,514	4,721,377
Real property assets	628,180	621,886
Associated companies	2,234,528	2,030,551
Other long term and deferred assets	65,313	25,918
CURRENT ASSETS		
Property development	90,117	117,509
Inventories	249,894	213,167
Trade & other receivables	311,630	247,728
Amount due from associated companies	913	1,510
Short term investments	1,065,328	884,423
Bank balances and deposits	1,523,829	1,357,026
	3,241,711	2,821,363
LESS CURRENT LIABILITIES		
Trade & other payables	539,880	658,719
Amount due to associated companies	66	-
Short term borrowings	506,763	99,798
Taxation	234,719	216,397
Interim dividend	35,499	-
	1,316,927	974,914
NET CURRENT ASSETS	1,924,784	1,846,449
	9,712,319	9,246,181
FINANCED BY		
SHARE CAPITAL	352,169	352,169
RESERVES	5,942,533	5,447,979
SHAREHOLDERS' EQUITY	6,294,702	5,800,148
MINORITY INTERESTS	2,396,430	2,150,530
NON-CURRENT LIABILITIES		
Long term loans	743,388	1,084,588
Other long term and deferred liabilities	277,799	210,915
Total non-current liabilities	1,021,187	1,295,503
	9,712,319	9,246,181
NET TANGIBLE ASSETS PER SHARE (RM)	8.94	8.23

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Report for the financial year ended 31 December 2001).

GENTING BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002

	Non-Distributable				Distributable	
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Exchange Differences RM'000	Unappropriated Profit RM'000	Total RM'000
Balance at 1 January 2002:						
As previously reported	352,169	97,803	383,908	49,430	4,853,448	5,736,758
Prior period adjustment – Proposed final dividend for year ended 31 December 2001 - Refer Note I (a)	-	-	-	-	63,390	63,390
As restated	352,169	97,803	383,908	49,430	4,916,838	5,800,148
Net profit/(loss) not recognised in the income statement	-	-	(24)	4,705	24	4,705
Net profit/(loss) for the period	-	-	-	-	588,738	588,738
Appropriation:						
Dividends – final paid for year ended 31 December 2001 (12.5 sen less 28% income tax)	-	-	-	-	(63,390)	(63,390)
– interim declared for current period (7.0 sen less 28% income tax)	-	-	-	-	(35,499)	(35,499)
Balance at 30 September 2002	352,169	97,803	383,884	54,135	5,406,711	6,294,702

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the financial year ended 31 December 2001).

GENTING BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2002

CURRENT
YEAR-TO-DATE
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES

Profit from ordinary activities before taxation	1,199,251
Adjustments for:	
Depreciation of property, plant and equipment	211,184
Finance cost	48,994
Interest income	(40,317)
Gain on dilution of Group's interest in associated company	(31,132)
Share of results of associated companies	(202,567)
Other non-cash items	18,051
	<u>4,213</u>
Operating profit before changes in working capital	1,203,464
Net change in current assets	(67,588)
Net change in current liabilities	7,872
	<u>(59,716)</u>
Cash generated from operations	1,143,748
Taxation paid	(273,612)
Other net operating receipts	7,377
	<u>(266,235)</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>877,513</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(476,227)
Purchase of investments	(24,992)
Interest received	37,917
Proceeds from disposal of investments	77,735
Other net receipts from investing activities	5,329
NET CASH USED IN INVESTING ACTIVITIES	<u>(380,238)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(63,390)
Dividend paid to minority shareholders	(33,036)
Finance cost paid	(51,050)
Net bank borrowings	67,990
NET CASH USED IN FINANCING ACTIVITIES	<u>(79,486)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 417,789

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR 2,043,174

EFFECT OF CURRENCY TRANSLATION 1,265

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD 2,462,228

ANALYSIS OF CASH AND CASH EQUIVALENTS

Bank balances and deposits	1,523,829
Money market instruments	938,482
	<u>2,462,311</u>
Bank overdrafts	(83)
	<u><u>2,462,228</u></u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Report for the financial year ended 31 December 2001).

GENTING BERHAD

NOTES TO THE INTERIM FINANCIAL REPORT - 3RD QUARTER ENDED 30 SEPTEMBER 2002

(I) Compliance with MASB 26: Interim Financial Reporting

(a) **Accounting Policies and Methods of Computation**

The interim financial report is unaudited and has been prepared in accordance with MASB 26 “Interim Financial Reporting” and paragraph 9.22 of the Kuala Lumpur Stock Exchange (“KLSE”) Listing Requirements. Comparative information on Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Cash Flow Statement which are required under MASB 26 are however not presented as the Group has applied the exemption provided by the KLSE.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2001.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2001 as well as new approved accounting standards which are effective and applicable in the current financial year.

Consequently, in compliance with MASB 19, Events After the Balance Sheet Date, dividends proposed by the Directors after the balance sheet date are no longer recognised as a liability at the balance sheet date. As a result, the Group’s unappropriated profit at the beginning of the year has been adjusted by a prior period adjustment as follows:

Unappropriated profit at beginning of the year:

	<u>RM'000</u>
As previously reported	4,853,448
Prior period adjustment – Proposed final dividend for financial year ended 31 December 2001	<u>63,390</u>
As restated	<u>4,916,838</u>

The above restatement of the Group’s unappropriated profit at the beginning of the year has the effect of increasing the Net Tangible Assets per share from RM8.14 to RM8.23. Upon approval of the proposed final dividend by the shareholders of the Company at the Annual General Meeting held on 25 June 2002, the dividend has been recognised as a liability in the balance sheet. The proposed final dividend was paid on 30 July 2002.

(b) **Disclosure of Audit Report Qualification and Status of Matters Raised**

The audit report of the Group’s annual financial statements for the year ended 31 December 2001 did not contain any qualification.

(c) **Seasonal or Cyclical Factors**

On an overall basis, the business operations of the Group's Leisure & Hospitality Division and Plantation Division are subject to seasonal fluctuations whilst the Paper Division is subject to cyclical fluctuations. The results of the Leisure & Hospitality Division are affected by major festive seasons and holidays. The production of fresh fruit bunches is seasonal in nature and normally peaks in the second half of the year. More detailed commentary is set out in Notes 1 and 2 in Part II of this interim financial report.

(d) **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

The nature and amount of items which were unusual for the current financial year-to-date are as follows:

- i) Net profit for the current financial year-to-date was affected by a gain of RM31.1 million arising on dilution of the Group's interest in Star Cruises Limited, an associated company of the Group.
- ii) On 27 September 2002, Asiatic Development Berhad, a 54.9% owned subsidiary of the Company completed the acquisition of 13,864 acres of plantation land with a 30 tonne per hour palm oil mill at Bukit Garam, District of Kinabatangan, Sandakan, by two of its subsidiary companies, from Abadi Mewah Sdn Bhd and its related companies. The acquisition has resulted in an increase in the net book value of property, plant and equipment of the Plantation Division amounting to RM134.0 million.

(e) **Material Changes in Estimates**

There have been no significant changes made in estimates of amounts reported in prior interim periods of the current financial year-to-date or changes in estimates of amounts reported in prior financial years.

(f) **Changes in Debt and Equity Securities**

Other than a repayment of redeemable fixed rate secured bonds of RM82.0 million by an indirect subsidiary company, there were no other issuance, resale and repayment of debt and equity securities, shares cancellation and shares repurchased for the current financial year-to-date.

(g) **Dividend Paid**

The proposed final dividend of 12.5 sen per ordinary share of 50 sen each, less 28% tax, for the financial year ended 31 December 2001 was paid on 30 July 2002.

(h) **Segment Information**

Segment analysis for the current financial year-to-date is set out below:

	Leisure & Hospitality RM'000	Plantations RM'000	Properties RM'000	Paper RM'000	Oil & Gas RM'000	Others RM'000	Eliminations RM'000	Total RM'000
3rd Quarter ended 30 September 2002:								
<u>Revenue</u>								
External	1,981,659	171,950	37,939	292,945	35,409	89,870	-	2,609,772
Inter segment	1,282	-	12,149	-	-	46,438	(59,869)	-
	<u>1,982,941</u>	<u>171,950</u>	<u>50,088</u>	<u>292,945</u>	<u>35,409</u>	<u>136,308</u>	<u>(59,869)</u>	<u>2,609,772</u>
<u>Results</u>								
Segment profit/(loss)	883,177	67,363	11,063	14,358	(12,277)	9,804	741	974,229
Interest income	-	-	-	-	-	-	-	40,317
Finance cost	-	-	-	-	-	-	-	(48,994)
Share of results of associated companies	113,714	1,733	1,315	-	-	85,805	-	202,567
Gain on dilution of Group's interest in associated company	31,132	-	-	-	-	-	-	<u>31,132</u>
Profit from ordinary activities before taxation	-	-	-	-	-	-	-	1,199,251
Taxation	-	-	-	-	-	-	-	<u>(333,595)</u>
Profit from ordinary activities after taxation	-	-	-	-	-	-	-	865,656
Minority shareholders' interests	-	-	-	-	-	-	-	<u>(276,918)</u>
Net profit for the period	-	-	-	-	-	-	-	<u>588,738</u>

(i) **Valuation of Property, Plant and Equipment**

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendment from the previous annual financial statements.

(j) **Material Events Subsequent to the End of Financial Period**

Material events that have arisen subsequent to 30 September 2002 and which have not been reflected in this interim financial report are as follows:

- i) Resorts World Limited (“RWL”), an indirect wholly-owned subsidiary of Resorts World Berhad (“RWB”), which in turn is a 55.2% owned subsidiary of the Company, has on 15 October 2002 given a letter of undertaking to Star Cruises Limited (“SCL”), RWL’s 34.3% associated company, to provide an irrevocable undertaking to SCL and DBS Asia Capital Limited (“DBSACL”) and the Development Bank of Singapore Ltd (“DBSL”), the joint underwriters, to subscribe for its entire proportionate entitlement pursuant to SCL’s Proposed Rights Issue (“Undertaking”). The proportionate entitlement under the Undertaking involves the subscription of up to a total of 208,169,779 new ordinary shares of US\$0.10 each at the subscription price of HK\$1.95 per share costing a total of HK\$405,931,069.
- ii) RWL has also on 15 October 2002 entered into a sub-underwriting arrangement with DBSACL and DBSL respectively to sub-underwrite the public portion of SCL’s Proposed Rights Issue (“Sub-underwriting”). The Sub-underwriting will earn a commission of 1% of the total subscription price of the public portion of SCL’s Proposed Rights Issue sub-underwritten. The public portion involves the subscription of up to 94,785,659 ordinary shares of US\$0.10 each at the subscription price of HK\$1.95 per share which amounts to HK\$184,832,035.

Assuming that the whole of the public portion of the rights entitlement is not taken up but is subscribed by RWL pursuant to the sub-underwriting arrangement, the Undertaking and Sub-underwriting will result in RWL subscribing for up to 302,955,438 ordinary shares of US\$0.10 each in SCL for HK\$590,763,104.

The Undertaking and Sub-underwriting arrangements are expected to be completed by the end of year 2002.

- iii) On 11 October 2002, Asiatic Development Berhad (“ADB”), a 54.9% owned subsidiary of the Company, announced the following:
 - The Proposed acquisition by Asiatic Land Development Sdn Bhd, a wholly owned subsidiary of ADB, of the remaining 30% equity interest in Asiatic Indahpura Development Sdn Bhd (“AIDSB”) from Ambang Budi Sdn Bhd (“ABSB”) for a total purchase consideration of RM77,319,000 (“Proposed Share Acquisition”) and
 - The Proposed disposal by AIDSB of approximately 953 acres of land located at Mukim Senai – Kulai, Daerah Johor Bahru, Johor Darul Takzim to ABSB for a sale consideration of RM82,707,000 (“Proposed Land Disposal”).

The Proposed Share Acquisition and the Proposed Land Disposal are interdependent and are further subject to the following conditions to be satisfied within 6 months from the date of the conditional agreements:

- The approval of the Foreign Investment Committee; and
- Any other approvals from the relevant authorities as may be required.

As at 20 November 2002, the above approvals have yet to be obtained.

(k) **Changes in the Composition of the Group**

There have been no material changes in the composition of the Group during the current financial year-to-date.

(l) **Changes in Contingent Liabilities or Contingent Assets**

As of 20 November 2002, there were no material changes in contingent liabilities or contingent assets other than that disclosed in Note 11 in Part II of this interim financial report.

(m) **Capital Commitments**

Authorised capital commitments not provided for in this interim financial report as at 30 September 2002 are as follows:

	<u>RM'000</u>
Contracted	166,192
Not contracted	86,831
	<u>253,023</u>
Analysed as follows:	
- Property, plant and equipment	166,687
- Investments	77,319
- Others	9,017
	<u>253,023</u>

GENTING BERHAD

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE KUALA LUMPUR STOCK EXCHANGE - 3RD QUARTER ENDED 30 SEPTEMBER 2002

(II) Compliance with Appendix 9B of the Listing Requirements

1. Review of Performance

The Group registered a revenue and profit before tax of RM843.7 million and RM416.0 million respectively in the current quarter as compared to a revenue and profit before tax of RM729.1 million and RM337.0 million respectively in the previous year corresponding quarter.

The higher profit in the current quarter is mainly due to a higher share of profit from Star Cruises Limited (“SCL”), an associated company of the Group.

The underlying performance of the Leisure & Hospitality Division in the current quarter has improved as a result of the increase in visitor arrivals. The increase in visitor arrivals was mainly due to the full opening of the 3,300-room First World Hotel and First World Plaza in December 2001 and March 2002 respectively. The Plantation Division’s profit has improved mainly due to higher selling prices achieved for palm products.

The Group registered a revenue and profit before tax of RM2,609.8 million and RM1,199.3 million respectively for the current financial year-to-date as compared to a revenue and profit before tax of RM2,290.4 million and RM731.2 million respectively in the previous year corresponding period. The previous year corresponding period’s profit had been affected by exceptional charges of RM200.9 million relating to charges in respect of investments and exploration costs written off by the Oil and Gas Division. The current financial year-to-date’s profit also included a better underlying performance in the Leisure & Hospitality Division as a result of the increase in visitor arrivals, a higher share of profit from SCL and the gain arising on dilution of SCL.

The Plantation Division’s profit for the current financial year-to-date has also improved mainly due to better palm product prices.

2. Material Changes in Profit Before Taxation for the Current Quarter as compared with the immediate Preceding Quarter

The Group registered a profit before tax of RM416.0 million in the current quarter as compared to RM421.7 million in the preceding quarter.

The Leisure & Hospitality Division’s performance showed a decline during the current quarter as compared to the preceding quarter. This is mainly due to the stronger performance in the preceding quarter, especially in the premium business. However, the Plantation Division’s performance has improved as a result of better selling prices achieved for palm products.

3. **Prospects**

In line with the government's policy to promote Malaysia as an international tourist destination, the Leisure & Hospitality Division's performance is expected to be satisfactory. The Plantation Division's performance is expected to be better with higher palm product prices and the increase in its oil palm harvesting area which is expected to boost its FFB production in the 4th quarter of this financial year. Barring unforeseen circumstances, the Group's performance is expected to be satisfactory for the remaining period of the year.

4. **Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast or profit guarantee for the year.

5. **Taxation**

The breakdown of tax charges for the current quarter and financial year-to-date are as set out below:

	Current quarter RM'000	Current financial year-to-date RM'000
Current taxation		
Malaysian income taxation	92,733	292,496
Foreign income taxation	46	235
	<u>92,779</u>	<u>292,731</u>
Deferred taxation charge	4,854	7,503
Share of taxation of associated companies	9,741	26,718
	<u>107,374</u>	<u>326,952</u>
Prior period taxation		
Income tax over provided	(13,385)	(13,574)
Deferred tax under provided	20,217	20,217
	<u>114,206</u>	<u>333,595</u>

The effective tax rate of the Group for the current quarter, before adjustments for prior period taxation, is lower than the statutory tax rate mainly due to share of profit of an associated company which is mainly derived from foreign income not subject to taxation.

The effective tax rate of the Group for the current financial year-to-date, before adjustments for prior period taxation, is also lower than the statutory tax rate mainly due to share of profits of an associated company which is mainly derived from foreign income not subject to taxation and gain arising on dilution of the Group's interest in an associated company that is not subject to taxation. Excluding the above, the effective tax rate for the current financial year-to-date is higher than the statutory tax rate mainly due to tax losses of certain subsidiary companies and non-deductibility of certain expenses for tax purposes.

6. **Profit on Sale of Unquoted Investments and/or Properties**

The results for the current quarter and financial year-to-date do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business of the Group.

7. Quoted Securities other than Securities in Existing Subsidiary and Associated Companies

- (a) The dealings in quoted securities are as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Total purchase consideration	3,066	3,066
Total sales proceeds	-	77,734
Total profit/(loss) on sales	-	(3,124)

- (b) The details of the investments in quoted shares, excluding subsidiary companies and associated companies, as at 30 September 2002 are as set out below:

	RM'000
Total investments at cost	196,590
Total investments at book value	127,135
Total investments at market value	129,432

8. Status of Corporate Proposals Announced

- (a) On 26 April 2002, the Company announced that Mastika Lagenda Sdn Bhd (“Mastika”), an indirect 97.7%-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (“SPA”) with Tenaga Nasional Berhad (“TNB”) for the purchase of TNB’s entire 20% equity interest (“Sale Shares”) in Genting Sanyen Power Sdn Bhd (“GSP”) for a total cash consideration of RM240 million (“The Proposed Acquisition”). An initial payment of 10% of the purchase consideration amounting to RM24 million has been paid and the balance of 90% will be paid on the Completion Date, which is 10 days after all Conditions Precedent are satisfied. Mastika currently holds a 40% stake in GSP. As at 20 November 2002, the unconditional approvals of the Foreign Investment Committee and the Economic Planning Unit of the Prime Minister’s Department are still outstanding.

The Proposed Acquisition will not have any effect on the share capital of the Company. It is also not expected to have any material effect on the Net Tangible Assets per share and Earnings per share respectively of the Group. The consummation of the Proposed Acquisition will render GSP a 60%-owned subsidiary of Mastika.

- (b) On 22 May 2002, the Company announced that Mastika had entered into a Share Sale Agreement (“SSA”) with TNB on 21 May 2002 for the acquisition of TNB’s 40% stake in Sepang Power Sdn Bhd for a total cash consideration of RM65.7 million (“Proposed Share Acquisition”). In the SSA, both parties have agreed that subject to the approval of all relevant authorities, SPSB’s power plant will be developed as a coal fired power plant instead of a gas fired power plant as originally approved and will be commissioned no earlier than Year 2007.

An initial payment of 10% of the purchase consideration amounting to RM6.57 million has been paid and the balance of 90% will be paid on the Completion Date which is within 14 days after all Conditions Precedent are satisfied.

As at 20 November 2002, the completion of the Proposed Share Acquisition is still outstanding pending the execution of the shareholders’ agreement.

9. Group Borrowings and Debt Securities

The details of the Group's borrowings and debt securities as at 30 September 2002 are as set out below:

	Secured/ Unsecured	Foreign Currency '000	RM Equivalent '000
Short term borrowings	Unsecured	USD 66,000 SGD 100,000 - AUD 40	250,800 220,400 35,480 83
Long term loans	Unsecured	USD 160,000 - -	608,000 130,000 5,388

10 Off Balance Sheet Financial Instruments

As at 20 November 2002, the Group has the following off balance sheet financial instruments:

(a) Foreign Currency Contracts

Currency	Contract Amounts '000	Transaction Dates	Expiry Dates
US Dollars	135,082	18/01/2002 to 02/10/2002	26/11/2002 to 25/07/2003
Swiss Francs	49	30/09/2002	20/11/2002 to 29/11/2002
Australian Dollars	75	16/04/2002	25/11/2002 to 23/12/2002
Euro	876	30/08/2002 to 18/10/2002	29/11/2002 to 31/01/2003

As the above forward 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.

(b) Singapore Dollar ("SGD")/US Dollar ("USD") Cross-Currency Swap ("CCS")

The Group issued Euro Medium Term Notes ("Notes") of SGD100 million at fixed interest rate on 26 May 2000. These Notes are due to mature on 26 May 2003.

The Group then entered into two CCS agreements, first on the issue date of the Notes and the second on 3 August 2000. The effect of the two CCS agreements is to convert the SGD Notes into a fixed rate USD liability.

The swaps terminate on the maturity of the loan, i.e. 26 May 2003.

(c) USD Interest Rate Swap (“IRS”)

- i) The Group also issued Notes for USD26 million on 16 June 2000. These Notes are due to mature on 16 June 2003.

The Group entered into an IRS agreement on 8 August 2000 and the effect of this transaction is to effectively fix the interest rate payable on that tranche of the loan.

The swaps terminate on the maturity of the loan, i.e. 16 June 2003.

- ii) On 25 April 2001, the Group had drawdown a loan amounting to USD200 million which was subjected to a floating interest rate based on LIBOR.

Subsequently, the Group entered into IRS agreements as follows:

Contract Amounts USD'000	Transaction Date	Effective Date of Commencement	Maturity Dates
30,000	13 August 2001	25 October 2001	25/04/2003 to 25/04/2006
30,000	16 August 2001	25 October 2001	25/04/2003 to 25/04/2006
20,000	22 August 2001	25 October 2001	25/04/2003 to 25/04/2006
20,000	30 August 2001	25 October 2001	25/04/2003 to 25/04/2006
10,000	08 May 2002	25 July 2002	25/04/2005
10,000	08 May 2002	25 July 2002	25/04/2006

The above swaps effectively fix the interest rate payable on that tranche of the loan from the respective effective dates of commencement of contracts and up to their respective maturity dates as set out above. The Group intends to enter into further interest rate swaps to convert the remaining portion of the loan of USD80 million from a floating rate to a fixed rate of interest.

These instruments are executed with creditworthy financial institutions and the Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Derivative financial instruments, which include interest rate swap and currency swap agreements, are used in the Group's risk management of foreign currency and interest rate risk exposures of its financial liabilities.

The Group uses interest rate swap and currency swap agreements in order to limit the Group's exposure in relation to underlying debt instruments resulting from adverse fluctuations in interest rates or foreign currency exchange rates and to diversify sources of funding. The related interest differentials paid or received under the swap agreements are recognised over the terms of the agreements in interest expense. The underlying foreign currency liabilities, which have been effectively hedged by currency swap agreements, and designated as a hedge, are translated in the respective hedged currencies, at their prevailing rates as at the reporting date.

11. Changes in Material Litigation

On 30 October 2002, Asiatic Development Berhad (“ADB”), a 54.9% owned subsidiary of the Company, announced that it had been named as one of the defendants together with Tanjung Bahagia Sdn Bhd (“TBSB”), a wholly owned subsidiary of ADB and three other parties in the Writ of Summons dated 11 October 2002 in the High Court of Sabah and Sarawak at Kota Kinabalu (“the Suit”). The Suit was instituted by natives claiming Native Customary Rights over the land acquired by TBSB from Hap Seng Consolidated Berhad, as announced on 20 June 2001, (“the Tongod land”) or part thereof.

Subsequently, the plaintiffs had also applied for an injunction to restrain ADB and TBSB from entering, trespassing, clearing, using or occupying the Tongod land or part thereof. The Court has yet to fix the date for the hearing of this application. However, ADB's solicitors are of the opinion that the plaintiffs' action is unsustainable and misconceived and it is unlikely for the plaintiffs to succeed.

Other than the above, there are no other changes in material litigation since the last financial year ended 31 December 2001 and up to 20 November 2002.

12. **Dividend Proposed or Declared**

- (a) No dividend has been proposed or declared for the current quarter ended 30 September 2002.
- (b) Total dividend declared for the current financial year-to-date was an interim dividend of 7.0 sen per ordinary share of 50 sen each less 28% tax and which was paid on 31 October 2002.

13. **Earnings Per Share**

- (a) The earnings used as the numerator in calculating basic and diluted earnings per share for the current quarter and financial year-to-date are RM202,180,000 and RM588,738,000 respectively.
- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share for the current quarter and financial year-to-date is 704,339,000.

As at 30 September 2002, the Company has 679,000 and 6,992,000 unissued ordinary shares outstanding under the previous executive share option scheme (“Previous ESOS”) and the new executive share option scheme (“New ESOS”) respectively. The Previous ESOS became effective on 16 December 1994 and the outstanding options are due to expire on 15 December 2004. The New ESOS became effective on 12 August 2002 and is for a duration of ten years expiring on 11 August 2012. The eligible executives of the Group who hold the outstanding options of the Previous ESOS are allowed to participate in the New ESOS provided that they surrender their outstanding options under the Previous ESOS before participating in the New ESOS.

In accordance with the provision laid down by the Malaysian Accounting Standards Board (“MASB”) No. 13 on Earnings Per Share, share options are dilutive when they are issued for no consideration or where a portion of the outstanding share options are deemed dilutive in situations where the exercise price of the options is below its fair value.

Since the exercise prices of the Previous ESOS and New ESOS are above the fair value of the Company’s shares for the current quarter and the current financial year-to-date, the options are deemed non dilutive.

By order of the Board

TAN SRI LIM GOH TONG
Chairman and Chief Executive
27 November 2002