



GENTING BERHAD

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SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the second quarter ended 30 June 2004. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR-	YEAR
	QUARTER	CORRES-	TO-DATE	CORRES-
	30/06/2004	PONDING	30/06/2004	PONDING
	RM'000	QUARTER	30/06/2003	PERIOD
		30/06/2003	RM'000	30/06/2003
		RM'000		RM'000
Revenue	1,187,777	1,016,715	2,310,961	1,997,770
Cost of sales	(621,598)	(568,515)	(1,211,186)	(1,052,727)
Gross profit	566,179	448,200	1,099,775	945,043
Other income	33,370	35,964	58,332	55,915
Write-off of net goodwill arising on acquisition of additional interest in subsidiary companies/controlling stake in an associated company	-	(56,548)	-	(93,484)
Other expenses	(86,686)	(84,304)	(150,292)	(175,766)
Profit from operations	512,863	343,312	1,007,815	731,708
Finance cost	(23,184)	(19,942)	(46,491)	(37,626)
Share of results of associated companies	(4,134)	(35,521)	(4,291)	(7,900)

GENTING BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004 (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/06/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2003 RM'000	CURRENT YEAR-TO-DATE 30/06/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2003 RM'000
Profit from ordinary activities before taxation	485,545	287,849	957,033	686,182
Taxation	(137,897)	(107,088)	(276,268)	(226,636)
Profit from ordinary activities after taxation	347,648	180,761	680,765	459,546
Minority shareholders' interests	(123,173)	(69,132)	(233,336)	(152,321)
Net profit for the period	224,475	111,629	447,429	307,225
Basic earnings per share (sen)	31.87	15.85	63.52	43.62
Diluted earnings per share (sen)	31.77	15.83	63.31	43.60

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003).

GENTING BERHAD
CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2004

	(UNAUDITED) AS AT 30 JUNE 2004 RM'000	(AUDITED) AS AT 31 DEC 2003 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	6,398,819	6,221,984
Land held for development	514,852	513,729
Associated companies	2,155,269	2,159,072
Other long term assets	35,873	32,413
Deferred taxation	5,856	3,810
Goodwill	9,774	-
CURRENT ASSETS		
Property development	98,959	94,741
Inventories	324,301	283,879
Trade and other receivables	557,800	512,442
Amount due from associated companies	1,163	735
Short term investments	1,710,510	1,329,145
Bank balances and deposits	2,908,109	3,055,515
	5,600,842	5,276,457
LESS: CURRENT LIABILITIES		
Trade and other payables	671,825	816,883
Amount due to associated companies	1,057	-
Short term borrowings	487,699	249,311
Taxation	312,730	257,977
Dividend payable	73,533	-
	1,546,844	1,324,171
NET CURRENT ASSETS	4,053,998	3,952,286
	13,174,441	12,883,294
FINANCED BY		
SHARE CAPITAL	352,169	352,169
RESERVES	7,063,463	6,692,678
SHAREHOLDERS' EQUITY	7,415,632	7,044,847
MINORITY INTERESTS	3,232,233	3,035,919
NON-CURRENT LIABILITIES		
Long term borrowings	1,939,661	2,215,077
Other long term liabilities	96,867	95,710
Deferred taxation	490,048	491,741
Total non-current liabilities	2,526,576	2,802,528
	13,174,441	12,883,294
NET TANGIBLE ASSETS PER SHARE (RM)	10.51	10.00

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003).

GENTING BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004

	Non-Distributable				Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Exchange Differences RM'000	Unappropriated Profit RM'000	
Balance at 1 January 2003	352,169	97,803	310,649	57,406	5,608,193	6,426,220
Net profit/(loss) not recognised in the income statement	-	-	(1,854)	6,368	1,854	6,368
Net profit for the financial period	-	-	-	-	307,225	307,225
Appropriation:						
- Final dividend payable for financial year ended 31 December 2002 (13.5 sen less 28% income tax)	-	-	-	-	(68,462)	(68,462)
Balance at 30 June 2003	352,169	97,803	308,795	63,774	5,848,810	6,671,351
Balance at 1 January 2004	352,169	97,803	308,524	66,183	6,220,168	7,044,847
Net profit/(loss) not recognised in the income statement	-	-	(199)	(3,111)	199	(3,111)
Net profit for the financial period	-	-	-	-	447,429	447,429
Appropriation:						
- Final dividend payable for financial year ended 31 December 2003 (14.5 sen less 28% income tax)	-	-	-	-	(73,533)	(73,533)
Balance at 30 June 2004	352,169	97,803	308,325	63,072	6,594,263	7,415,632

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003).

GENTING BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004

	CURRENT YEAR-TO-DATE RM'000	PRECEDING YEAR CORRES- PONDING PERIOD RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from ordinary activities before taxation	957,033	686,182
Adjustments for:		
Depreciation of property, plant and equipment ("PPE")	180,367	157,418
Finance cost	46,491	37,626
Share of results of associated companies	4,291	7,900
Interest income	(35,774)	(34,764)
Gain on disposal of PPE, real property assets and property development	(4,187)	(77,074)
Write-off of net goodwill arising on acquisition of additional interest in subsidiary companies/controllers stake in an associated company	-	93,484
Other non-cash items	(3,545)	3,187
	187,643	187,777
Operating profit before changes in working capital	1,144,676	873,959
Net change in current assets	(84,481)	30,759
Net change in current liabilities	23,323	(86,685)
	(61,158)	(55,926)
Cash generated from operations	1,083,518	818,033
Taxation paid	(226,924)	(198,501)
Retirement gratuities paid	(141,459)	(577)
Other net operating receipts	4,142	9,810
	(364,241)	(189,268)
NET CASH INFLOW FROM OPERATING ACTIVITIES	719,277	628,765
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE	(277,829)	(232,723)
Increase in investments and other long term assets	(135,491)	(631)
Acquisition of subsidiary companies *	(103,822)	-
Investment in associated company	(14,311)	(37,857)
Purchase of additional shares from minority shareholders	(13,412)	(146,291)
Interest received	35,655	30,788
Acquisition of a subsidiary company/controllers stake in an associated company	-	226,609
Acquisition of an associated company	-	(11,743)
Other net receipts from investing activities	18,529	42,377
NET CASH USED IN INVESTING ACTIVITIES	(490,681)	(129,471)

GENTING BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2004 (Cont'd)

	CURRENT YEAR-TO- DATE RM'000	PRECEDING YEAR CORRES- PONDING PERIOD RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(190,475)	(543,699)
Finance cost paid	(33,626)	(38,010)
Proceeds from bank borrowings	136,259	325,974
Other net payments for financing activities	(32,308)	(5)
NET CASH USED IN FINANCING ACTIVITIES	(120,150)	(255,740)
NET INCREASE IN CASH AND CASH EQUIVALENTS	108,446	243,554
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	4,136,984	2,766,755
EFFECT OF CURRENCY TRANSLATION	(1,252)	1,914
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	4,244,178	3,012,223
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and deposits	2,908,109	2,142,501
Money market instruments (included in Short term investments)	1,336,069	869,758
	4,244,178	3,012,259
Bank overdrafts (included in Short term borrowings)	-	(36)
	4,244,178	3,012,223

*** ANALYSIS OF THE ACQUISITION OF SUBSIDIARY COMPANIES**

	CURRENT YEAR-TO-DATE RM'000
Net assets acquired and net cash outflow on acquisition of subsidiary companies are analysed as follows:	
Property, plant and equipment	104,321
Inventories	60
Trade and other receivables	5,444
Bank balances and deposits	3,130
Trade and other payables	(1,165)
Taxation	(715)
Long term loan	(2,559)
Minority interests	(216)
Total purchase consideration	108,300
Bank balances and deposits of subsidiary companies acquired	(3,130)
Balance of purchase consideration not paid	(1,348)
Net cash outflow on acquisition of subsidiary companies	103,822

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2003).

GENTING BERHAD

NOTES TO THE INTERIM FINANCIAL REPORT – 2ND QUARTER ENDED 30 JUNE 2004

(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 Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2003. 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 financial year ended 31 December 2003 except for a change in the Group’s accounting policy on 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 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 is applied prospectively with effect from the current financial year as the resulting adjustment that relates to prior periods is not reasonably determinable. The comparative figures are therefore not restated. This change in the accounting policy does not have a material impact on the results for the current quarter and half year ended 30 June 2003.

In addition, the Group has complied with new approved accounting standards that are effective and applicable in the current financial year.

MASB 32, “Property Development Activities” 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 development”. Further, the comparatives in respect of property development 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. 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 the Standard. Whilst there is no impact on the income statement, the effects of the reclassification on the balance sheet are summarised as follows:

Balances as at 31 December 2003:	As previously reported RM'000	Prior period adjustments RM'000	As restated RM'000
<u>Current assets:</u>			
Property development	99,321	(4,580)	94,741
Trade & other receivables	507,862	4,580	512,442

As the Group was already in compliance with the recognition and measurement principles set forth by the Standard, the above reclassifications do not have any impact on the Net Tangible Assets per share of the Group.

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

The audit report of the Group's annual financial statements for the financial year ended 31 December 2003 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 Plantations 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 ("FFB") 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 unusual items included in the interim financial statements for the half-year ended 30 June 2004 are as follows:

- i) The completion of the acquisition of the entire issued and fully paid-up capital of Trushidup Plantations Sdn Bhd, Wawasan Land Progress Sdn Bhd, Dianti Plantations Sdn Bhd, Cengkeh Emas Sdn Bhd and Kituva Plantations Sdn Bhd on 28 May 2004 by Asiatic Development Berhad ("ADB"), a 54.8% owned subsidiary of the Company for a total cash consideration of RM108.3 million is computed as follows:

	RM' Million
Original purchase consideration pursuant to the various Sale and Purchase Agreements	101.79
Adjustments upon completion of the due diligence exercise	(0.84)
Revised purchase consideration	100.95
Adjustments to unaudited net assets as at 28 May 2004	7.35
Adjusted purchase consideration subject to audit	108.30
Less: Outstanding purchase consideration to be paid	(1.35)
	106.95
Less: Bank balances and deposits of subsidiary companies acquired	(3.13)
Cash outflow on acquisition	<u>103.82</u>

The original purchase consideration which was arrived at after taking into account, amongst others, the unaudited Net Tangible Assets of the acquired companies as at 30 November 2003, is subject to an audit to be undertaken by the independent auditors. The audit will determine the difference between the net assets value of the acquired companies as at 30 November 2003 and the Completion Date and any difference will be settled by the Vendor or Purchaser as the case may be, upon the completion of the said audit; and

- ii) Along with the completion of the acquisition of the above companies, ADB Group has also completed on the same day, the interdependent acquisitions of the following assets for a total cash consideration of RM103.2 million:
- Approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah for a total cash consideration of RM50.3 million from Syarikat Trushidup Sdn Bhd (“STSB”).
 - Other plantation assets for a total cash consideration of RM1.0 million from Trushidup Resources Sdn Bhd.
 - Approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah for a total cash consideration of RM51.9 million from STSB.

The above cash consideration of RM103.2 million has been paid and included as part of cash outflow on purchase of property, plant and equipment in the condensed consolidated cash flow statement for the half year ended 30 June 2004.

(e) Material Changes in Estimates

There have been no significant changes made in estimates of amounts reported in prior interim periods of the current half year ended 30 June 2004 or changes in estimates of amounts reported in prior financial years.

(f) Changes in Debt and Equity Securities

There was a repayment of redeemable fixed rate unsecured bonds of RM80.0 million by an indirect subsidiary company and an issuance of 684,000 new ordinary shares of 50 sen each, for cash, by Asiatic Development Berhad, a 54.8% owned subsidiary of the Company, arising from the exercise of options granted under the Asiatic Executive Share Option Scheme at an exercise price of 92 sen per ordinary share. Other than these, there were no issuance, resale and repayment of debt and equity securities, shares cancellation and shares repurchased for the half year ended 30 June 2004.

(g) Dividends Paid

No dividend has been paid during the current quarter.

(h) **Segment Information**

Segment analysis for the half year ended 30 June 2004 is set out below:

	Leisure & Hospitality RM'000	Plantations RM'000	Properties RM'000	Paper RM'000	Oil & Gas RM'000	Power RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>Operating Revenue</u>									
External	1,457,856	181,859	33,488	233,681	30,973	357,894	15,210	-	2,310,961
Inter segment	882	-	7,553	964	-	5,250	37,532	(52,181)	-
	<u>1,458,738</u>	<u>181,859</u>	<u>41,041</u>	<u>234,645</u>	<u>30,973</u>	<u>363,144</u>	<u>52,742</u>	<u>(52,181)</u>	<u>2,310,961</u>
<u>Results</u>									
Segment profit	688,515	79,422	8,155	30,500	16,016	140,339	9,894	(800)	972,041
Interest income									35,774
Finance cost									(46,491)
Share of results of associated companies	(14,724)	1,962	99	-	-	8,372	-	-	(4,291)
Profit from ordinary activities before taxation									957,033
Taxation									(276,268)
Profit from ordinary activities after taxation									680,765
Minority shareholders' interests									(233,336)
Net profit for the period									<u>447,429</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**

Other than the corporate proposals as reported in Note 8 of part II of this interim financial report, there were no other material events subsequent to the end of the current half year ended 30 June 2004 that have not been reflected in this interim financial report.

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

On 19 January 2004, the Company announced that Calidone Limited (“CL”), a wholly owned subsidiary of Genting International PLC (“GIPLC”), which in turn is an indirect 64.1% owned subsidiary of the Company, had entered into a Shareholders’ Agreement with Star Cruises (C) Limited (“SCCL”), a wholly owned subsidiary of Star Cruises Limited (“SCL”), which in turn is a 20.7% owned indirect associate of the Company, for the subscription of 499,998 and 500,000 ordinary shares of USD1 each in WorldCard International Limited (“WCIL”) by CL and SCCL respectively for cash at par.

Under the Shareholders’ Agreement, CL will subscribe for 499,998 new ordinary shares of USD1 each in WCIL in addition to the 2 new ordinary shares of USD1 each it currently owns in WCIL. With the subscriptions at par value, WCIL has ceased to be an indirect subsidiary of GIPLC and is rendered an indirect 50% associate of the GIPLC Group and the balance 50% equity being owned by the SCL Group.

The GIPLC and SCL Groups will jointly use the “WorldCard” trade name and technology platform to build an international customers’ data base which shares common values and benefits. The completion of the Shareholders’ Agreement does not have any material effect on the Net Tangible Assets per share and Earnings per share respectively of the Group.

Other than the above and the transactions disclosed in Note (d) (i) above, there were no other material changes in the composition of the Group for the half year ended 30 June 2004.

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

As at 31 December 2003, unsecured bank guarantees of RM2.4 million were given by an indirect subsidiary company in relation to a property development project that was previously undertaken by the subsidiary until the disposal of the development property in the year 2002. The subsidiary company has discharged itself from the guarantees during the current quarter.

There were no other significant changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2003, other than the above and the disclosure made in Note 11 of Part II of this interim financial report.

(m) **Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 30 June 2004 are as follows:

	<u>RM’000</u>
Contracted	398,335
Not contracted	344,386
	<u>742,721</u>
Analysed as follows:	
- Property, plant and equipment	683,578
- Investments	59,143
	<u>742,721</u>

GENTING BERHAD

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA – 2ND QUARTER ENDED 30 JUNE 2004

(II) Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

1. Review of Performance

The comparison of the quarterly results are tabulated below:

	Current Quarter			Preceding Quarter		First half		
	2004	2003	%	1Q 2004	%	2004	2003	%
	RM'million	RM'million	+/-	RM'million	+/-	RM'million	RM'million	+/-
Revenue								
Leisure								
& Hospitality	742.7	575.2	+29	715.1	+4	1,457.8	1,262.3	+15
Plantations	100.6	90.7	+11	81.3	+24	181.9	172.2	+6
Properties	17.3	8.8	+97	16.2	+7	33.5	18.5	+81
Paper	119.7	113.0	+6	114.0	+5	233.7	217.5	+7
Power	189.1	176.5	+7	168.8	+12	357.9	176.5	>100
Oil & Gas	13.9	13.9	-	17.1	-19	31.0	26.9	+15
Proceeds from disposal of quoted securities	0.8	30.7	-97	0.9	-11	1.7	30.7	-94
Others	3.7	7.9	-53	9.8	-62	13.5	10.5	+29
	1,187.8	1,016.7	+17	1,123.2	+6	2,311.0	1,915.1	+21
Proceeds from disposal of land	-	-	-	-	-	-	82.7	-100
	1,187.8	1,016.7	+17	1,123.2	+6	2,311.0	1,997.8	+16
Profit before tax and unusual items								
Leisure								
& Hospitality	350.4	221.3	+58	338.1	+4	688.5	507.8	+36
Plantations	41.6	37.7	+10	37.8	+10	79.4	77.3	+3
Properties	3.7	4.1	-10	4.5	-18	8.2	7.4	+11
Paper	16.8	13.7	+23	13.7	+23	30.5	25.4	+20
Power	67.5	74.2	-9	72.8	-7	140.3	67.5	>100
Oil & Gas	6.6	7.3	-10	9.4	-30	16.0	14.9	+7
Others	7.6	22.9	-67	1.5	>100	9.1	21.0	-57
	494.2	381.2	+30	477.8	+3	972.0	721.3	+35
Interest income	18.6	18.5	+1	17.2	+8	35.8	34.8	+3
Finance cost	(23.2)	(19.9)	+17	(23.3)	-	(46.5)	(37.6)	+24
Gain of disposal of land	-	-	-	-	-	-	69.1	-100
Write-off of net goodwill arising on acquisition of additional interest in subsidiary companies/controlling stake in an associated company	-	(56.5)	-100	-	-	-	(93.5)	-100
Share of results of associated companies	(4.1)	(35.5)	-88	(0.2)	>100	(4.3)	(7.9)	-46
Profit before tax	485.5	287.8	+69	471.5	+3	957.0	686.2	+39

Quarter ended 30 June 2004 compared to Quarter ended 30 June 2003

The Group registered a revenue of RM1,187.8 million in the current quarter compared to RM1,016.7 million in the previous year's corresponding quarter, which is an increase of 17%.

Increased revenue from the Leisure & Hospitality Division is mainly attributable to its better underlying performance resulting from higher visitor arrivals. The previous year's corresponding quarter's revenue was adversely affected by the Severe Acute Respiratory Syndrome ("SARS") outbreak in the region.

The Plantations Division's revenue increased on the back of higher selling prices achieved for palm products.

Revenue from the Properties Division increased by almost 2-fold due to higher progress billings.

The revenue from the Paper Division increased due to higher average selling prices of paper offset by the lower volume of sales.

The increase in revenue from the Power Division is attributable to the full three months revenue earned by an indirect subsidiary company which operates the Lanco Kondapalli power plant, as compared to only one month's revenue for the previous year's corresponding quarter as the acquisition was completed on 1 June 2003.

The Group profit before tax for the current quarter is RM485.5 million, an increase of 69% compared to the previous year's corresponding quarter's profit before tax of RM287.8 million.

The higher profit in the Leisure & Hospitality Division is mainly the result of the higher revenue generated in the current quarter. The higher profit from the Plantations and Paper Divisions is also in line with the higher revenue generated. The lower profit from the Properties Division and the Oil & Gas Division is mainly due to higher overheads incurred. The lower profit from the Power Division is due to expenses incurred during the current quarter to evaluate and bid for potential power projects overseas.

The share of results of associated companies in the current quarter included a share of loss of RM7.7 million from Star Cruises Limited ("SCL") compared to a share of loss of RM37.3 million in the previous year's corresponding quarter.

In addition, the previous year's corresponding quarter was affected by the write-off of net goodwill arising on acquisition of additional interest in subsidiary companies/controllers stake in an associated company amounting to RM56.5 million.

Half year ended 30 June 2004 compared to half year ended 30 June 2003

The Group registered a revenue of RM2,311.0 million for the half year ended 30 June 2004 compared to RM1,997.8 million for last year's corresponding period, which is an increase of 16%.

The increase in the revenue from the Leisure & Hospitality Division is mainly attributable to its better underlying performance arising from the higher visitor arrivals.

The increase in the revenue from the Plantations Division is due to higher selling prices achieved for palm products whilst increased revenue from the Properties Division is due to higher progress billings.

Higher average selling prices of paper achieved during the half year ended 30 June 2004 contributed to the higher revenue of the Paper Division.

The revenue of the Power Division for the half year ended 30 June 2004 is not comparable to that of the previous year's corresponding period as the latter included the revenue of Genting Sanyen Power Sdn Bhd ("GSP") only after 31 March 2003, when the acquisition by the Group of the additional controlling stake of 20% in GSP was completed.

The revenue from the Oil & Gas Division increased due to higher average oil prices and increased production.

The Group profit before tax for the half year ended 30 June 2004 is RM957.0 million, an increase of 39% compared to previous year's corresponding period's profit before tax of RM686.2 million.

The higher profit from the Leisure & Hospitality Division is mainly due to the adverse effects of the SARS outbreak in the region in the second quarter of 2003 and the higher donations of RM22.5 million made in the first quarter of 2003.

The increased profit from the Plantations Division is due to higher revenue which more than offset the 11% decline in fresh fruit bunches ("FFB") production and higher ex-estate costs.

The profit of the Power Division for the half year ended 30 June 2004 is not comparable to that of the previous year's corresponding period due to the aforementioned factor.

The higher profit from the Properties, Paper and Oil & Gas Divisions is due to increased revenue.

The share of results of associated companies for the half year ended 30 June 2004 included a share of loss of RM13.5 million from SCL compared to a share of loss of RM39.7 million in the previous year's corresponding period. The share of results of associated companies for the previous year's corresponding period had included the share of profit of GSP for the first quarter of 2003 for the reason as aforementioned.

In addition, the previous year's corresponding period was affected by the write-off of net goodwill arising on acquisition of additional interest in subsidiary companies/controlling stake in an associated company amounting to RM93.5 million.

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 RM485.5 million in the current quarter as compared to RM471.5 million in the preceding quarter, which is an increase of 3%.

The underlying performance of the Leisure & Hospitality Division has improved in this current quarter due mainly to higher visitor arrivals.

The Plantations Division's performance has improved due to a 27% increase in FFB production as compared to the preceding quarter. FFB production for the current quarter included some 5% from the newly acquired plantations.

Profit from the Paper Division has increased due to higher average selling prices of paper this quarter.

However, the Power Division's profit is lower than the preceding quarter due to expenses incurred in the current quarter to evaluate and bid for potential power projects overseas.

The lower profit from the Oil & Gas Division is mainly due to lower production in the current quarter.

3. Prospects

In line with the government's continual policy to promote Malaysia as an international tourist destination and barring unforeseen circumstances, the Leisure & Hospitality Division's performance is expected to be satisfactory for the remaining period of the year.

Barring any unforeseen circumstances, the performance of the other Divisions in the Group is also 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 half year ended 30 June 2004 are as set out below:

	Current Quarter RM'000	Current financial year-to-date RM'000
Current taxation		
Malaysian income tax charge	136,697	270,996
Foreign income tax charge	3,251	6,822
	<u>139,948</u>	<u>277,818</u>
Deferred tax charge	(3,716)	(3,354)
Share of tax of associated companies	1,748	2,789
	<u>137,980</u>	<u>277,253</u>
Prior period taxation		
Income tax over provided	(55)	(635)
Deferred tax over provided	(28)	(350)
	<u>137,897</u>	<u>276,268</u>

The effective tax rate of the Group for the current quarter and half year ended 30 June 2004 is marginally higher than the statutory tax rate due mainly to 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 half year ended 30 June 2004 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 for the current quarter and half year ended 30 June 2004 are as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Total purchases at cost	54,734	127,781
Total disposal proceeds	2,112	3,205
Total gain on disposal	696	1,375

- (b) The details of the investments in quoted shares, excluding subsidiary companies and associated companies, as at 30 June 2004 are as set out below:

	RM'000
Total investments at cost	376,610
Total investments at book value	374,441
Total investments at market value	549,851

8. Status of Corporate Proposals Announced

- (a) On 22 May 2002, the Company announced that Mastika Lagenda Sdn Bhd, an indirect 97.7% owned subsidiary of the Company, had entered into a Share Sale Agreement (“SSA”) with Tenaga Nasional Bhd (“TNB”) on 21 May 2002 for the acquisition of TNB’s 40% stake in Sepang Power Sdn Bhd (“SPSB”) 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 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 18 August 2004, the completion of the Proposed Share Acquisition is still outstanding pending the execution of the shareholder’s agreement.

- (b) On 17 February 2004, Asiatic Development Berhad (“ADB”), a 54.8% owned subsidiary of the Company, announced the following interdependent proposed acquisitions by two of its subsidiary companies (“the Proposed Acquisitions”):

- i) acquisition of the entire issued and fully paid-up capital of Trushidup Plantations Sdn Bhd (“TPSB”), Wawasan Land Progress Sdn Bhd (“WLPSB”) and Dianti Plantations Sdn Bhd (“DPSB”) from several individuals for a total cash consideration of RM81.8 million. TPSB, WLPSB and DPSB are principally engaged in the cultivation and sale of fresh fruit bunches and own approximately 4,989 acres, 2,635 acres and 491 acres of plantation land respectively all located in the District of Kinabatangan, Sabah;
- ii) acquisition of the entire issued and fully paid-up share capital of Cengkeh Emas Sdn Bhd (“CESB”) and Kituva Plantations Sdn Bhd (“KPSB”) for a total cash consideration of RM20.0 million from Syarikat Trushidup Sdn Bhd (“STSB”) and several individuals. CESB and KPSB are principally engaged in the cultivation and sale of FFB and own approximately 505 acres and 1,208 acres of plantation land respectively all located in the District of Kinabatangan, Sabah;
- iii) acquisition of approximately 1,749 acres of plantation land together with a palm oil mill and other plantation assets located in the District of Kinabatangan, Sabah for a total cash consideration of RM50.3 million from STSB;
- iv) acquisition of other plantation assets for a total cash consideration of RM1.0 million from Trushidup Resources Sdn Bhd; and
- v) acquisition of approximately 5,110 acres of plantation land located in the District of Kinabatangan, Sabah for a total consideration of RM51.9 million from STSB.

The Proposed Acquisitions were completed on 28 May 2004 as mentioned in Notes (d) (i) and (ii) of Part 1 of this interim financial report.

- (c) At the Annual General Meeting of the Company held on 23 June 2004, the shareholders of the Company approved the resolution pertaining to the renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company.

Other than the above, there were no other corporate proposals announced but not completed as at 18 August 2004.

9. Group Borrowings and Debt Securities

The details of the Group's borrowings and debt securities as at 30 June 2004 are as set out below:

	Secured/ Unsecured	Foreign Currency '000	RM Equivalent '000
Short term borrowings	Unsecured	USD 98,766 -	375,311 112,388
Long term borrowings	Unsecured	USD 498,451 -	1,894,116 45,545

10. Off Balance Sheet Financial Instruments

As at 18 August 2004, the Group had the following off balance sheet financial instruments:

- (a) Foreign Currency Contracts

Currency	Contract Amounts '000	Transaction Dates	Expiry Dates
US Dollars	2,414	24/02/2004 to 09/08/2004	24/08/2004 to 25/10/2004
Swiss Francs	2,433	05/03/2004 to 30/07/2004	30/08/2004 to 10/11/2004
Euro	1,659	01/06/2004 to 30/06/2004	29/10/2004 to 31/12/2004
Singapore Dollars	263	30/06/2004	27/08/2004 to 29/10/2004

As the above 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 licenced banks.

- (b) USD Interest Rate Swap ("IRS") and Hedging Transactions

- i) 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. On 25 April 2003, USD40 million was repaid. The balance outstanding on this loan amounts to USD160 million.

The outstanding IRS agreements entered into by the Group in respect of the loan are as follows:

Transaction Date	Effective Date of Commencement	Maturity Dates	Outstanding Contract Amounts USD'000
13 August 2001	25 October 2001	25/04/2005 to 25/04/2006	24,000
16 August 2001	25 October 2001	25/04/2005 to 25/04/2006	24,000
22 August 2001	25 October 2001	25/04/2005 to 25/04/2006	16,000
30 August 2001	25 October 2001	25/04/2005 to 25/04/2006	16,000
08 May 2002	25 July 2002	25/04/2005	10,000
08 May 2002	25 July 2002	25/04/2006	10,000
24 July 2003	25 October 2003	24/04/2005	30,000
24 July 2003	25 October 2003	25/04/2006	30,000
Total			160,000

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.

- ii) On 27 November 2002, the Group had drawdown a loan amounting to USD53 million which was subjected to a floating interest rate based on LIBOR.

Subsequently, the Group entered into IRS agreements as follows:

Transaction Date	Effective Date of Commencement	Maturity Dates	Outstanding Contract Amounts USD'000
11 June 2003	27 May 2003	29/11/2004 to 27/11/2007	25,468
16 January 2004	28 May 2004	29/11/2004 to 27/11/2007	27,532
Total			53,000

The above IRS effectively swap the interest rate payable from floating rate to floating rate in arrears subjected to a cap on the LIBOR of 5% per annum from the respective effective dates of commencement of contracts and up to their respective maturity dates.

- iii) On 29 May 2003, 24 November 2003 and 11 December 2003, the Group had drawdown loans amounting to a total of USD73.93 million which were subjected to floating interest rates based on LIBOR. Of these loans, USD2.76 million was repaid on 28 November 2003 and a further USD2.76 million was repaid on 28 May 2004.

Subsequently, the Group entered into IRS agreements as follows:

Transaction Date	Effective Date of Commencement	Maturity Dates	Outstanding Contract Amounts USD'000
28 November 2003	28 November 2003	29/11/2004 to 29/05/2008	22,064
12 April 2004	24 May 2004	25/11/2005 to 24/11/2008	18,000
12 April 2004	11 June 2004	12/12/2005 to 11/12/2008	5,175
13 April 2004	24 May 2004	25/11/2005 to 24/11/2008	18,000
07 May 2004	11 June 2004	12/12/2005 to 11/12/2008	5,175
Total			68,414

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.

- iv) On 15, 16 and 19 July 2004, the Group entered into transactions to fix the underlying interest rate to hedge the Group's interest rate exposure on future USD borrowings. The interest rate was fixed based on the 10-year USD treasury note for amounts of USD 100 million each, totalling USD 300 million. The contracts are due to mature and be settled on 17 September 2004. On settlement, the Group will receive/pay cash based on the difference between the settlement rate on maturity and the contracted rate. As these contracts are entered into to hedge the Group's future commitments, the differential amount received or paid by the Group will be amortised over the duration of the intended borrowing. Effectively, the underlying USD treasury rate for the intended borrowing is fixed based on the contracted rate.

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.

The Group uses derivative financial instruments including interest rate swap and currency swap agreements in order to limit the Group's exposure in relation to its 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 under the swap agreements are recognised over the terms of the agreements in interest expense.

11. Changes in Material Litigation

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 provided previous announcements informing 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 First Defendant of the Suit (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").

A preliminary objection raised by ADB, ATBSB and HSCB in respect of the Injunction was heard on 5 July 2004 and the decision in respect of the preliminary objection will be delivered on 15 October 2004.

In addition, the hearing on the appeal to the Judge in Chambers against the decision of the Court in dismissing with cost the application made by ADB and ATBSB to strike out the Plaintiffs' Writ of Summons and Statement of Claims which was fixed for hearing on 10 August 2004 has now been adjourned to 15 April 2005.

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

Other than the above, there are no other changes in material litigation since the last financial year ended 31 December 2003 and up to 24 August 2004.

12. Dividend Proposed or Declared

- (a) i) An interim dividend for the half year ended 30 June 2004 has been declared by the Directors.
- ii) The interim dividend for the half year ended 30 June 2004 is 8.0 sen per ordinary share of 50 sen each, less 28% tax.
- iii) The interim dividend declared and paid for the previous year's corresponding period was 7.0 sen per ordinary share of 50 sen each, less 28% tax.
- iv) The interim dividend shall be payable on 29 October 2004.
- v) Entitlement to the interim dividend:
- A Depositor shall qualify for entitlement to the interim dividend only in respect of:
- Shares transferred into the Depositor's Securities Account before 4.00 pm on 7 October 2004 in respect of ordinary transfers; and
 - Shares bought on Bursa Malaysia on a cum entitlement basis according to the rules of Bursa Malaysia.
- (b) The total dividend payable for the half year ended 30 June 2004 is 8.0 sen per ordinary share of 50 sen each, less 28% tax.

13. Earnings Per Share ("EPS")

- (a) The earnings used as the numerator in calculating basic and diluted earnings per share for the current quarter and half year ended 30 June 2004 is as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Net profit for the period (used as numerator for the computation of Basic EPS)	224,475	447,429
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	(438)	(821)
Dilution of earnings on potential exercise of ESOS awarded to executives of Resorts World Bhd, a 56.8% owned subsidiary of the Company	(21)	(41)
Net profit for the period (used as numerator for the computation of Diluted EPS)	<u>224,016</u>	<u>446,567</u>

- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share for the current quarter is and half year ended 30 June 2004 is as follows:

	Current quarter No. of shares	Current financial year-to-date No. of shares
Weighted average number of ordinary shares in issue (used as denominator for the computation of Basic EPS)	704,338,954	704,338,954
Adjustment for share options granted under the ESOS to executives of Genting Berhad	<u>673,486</u>	<u>1,006,251</u>
Weighted average number of ordinary shares in issue (used as denominator for the computation of Diluted EPS)	<u>705,012,440</u>	<u>705,345,205</u>

TAN SRI LIM KOK THAY
Chairman, President and Chief Executive
GENTING BERHAD

25 August 2004