

review of operations

LEISURE & HOSPITALITY

GENTING HIGHLANDS RESORT

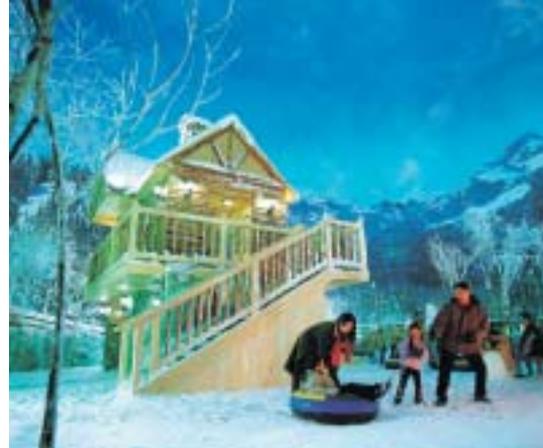
www.genting.com.my

The overall tourism and travel industries in Malaysia and within the region were adversely affected during the Severe Acute Respiratory Syndrome ("SARS") outbreak and the Iraq war in the first half of 2003. These challenges affected the performance of the Group's Leisure and Hospitality Division, which registered a lower profit before tax of RM1,131.0 million in 2003, compared to the previous year of RM1,195.5 million.

Nevertheless, the Division concentrated on improving visitor arrivals during this difficult period and expanded its facilities to offer the best in show and entertainment attractions at Genting Highlands Resort ("Resort"). Numerous marketing initiatives such as innovative value-for-money packages were undertaken to improve visitor arrivals during the year under review. As a result, the visitor traffic to the Resort grew to 15.6 million in 2003 compared to 15.4 million in 2002.

The Resort, popularly known as Genting - City of Entertainment is an ideal getaway for leisure, business and fun seekers. Located on a cool and refreshing hilltop, the Resort stands as one of the best leisure and entertainment destinations in Asia.

The Resort has consistently been recognised for its excellent products and services every year. During the year under review, the Division was honoured with three Awards of Excellence namely, for Malaysia's **Best Deluxe Family Resort/Theme Park**, **Outstanding Achievements in Hotel/Resort Development** and the **Best New Hotel** for First World Hotel at the prestigious Hospitality Asia Platinum Awards 2003-2004. First World Plaza, the highest shopping paradise in Malaysia was also acknowledged as the **Most Supportive Shopping Complex** by Malaysia Tourism Awards 2003.



Snow World, the largest indoor snow house attraction in Malaysia.

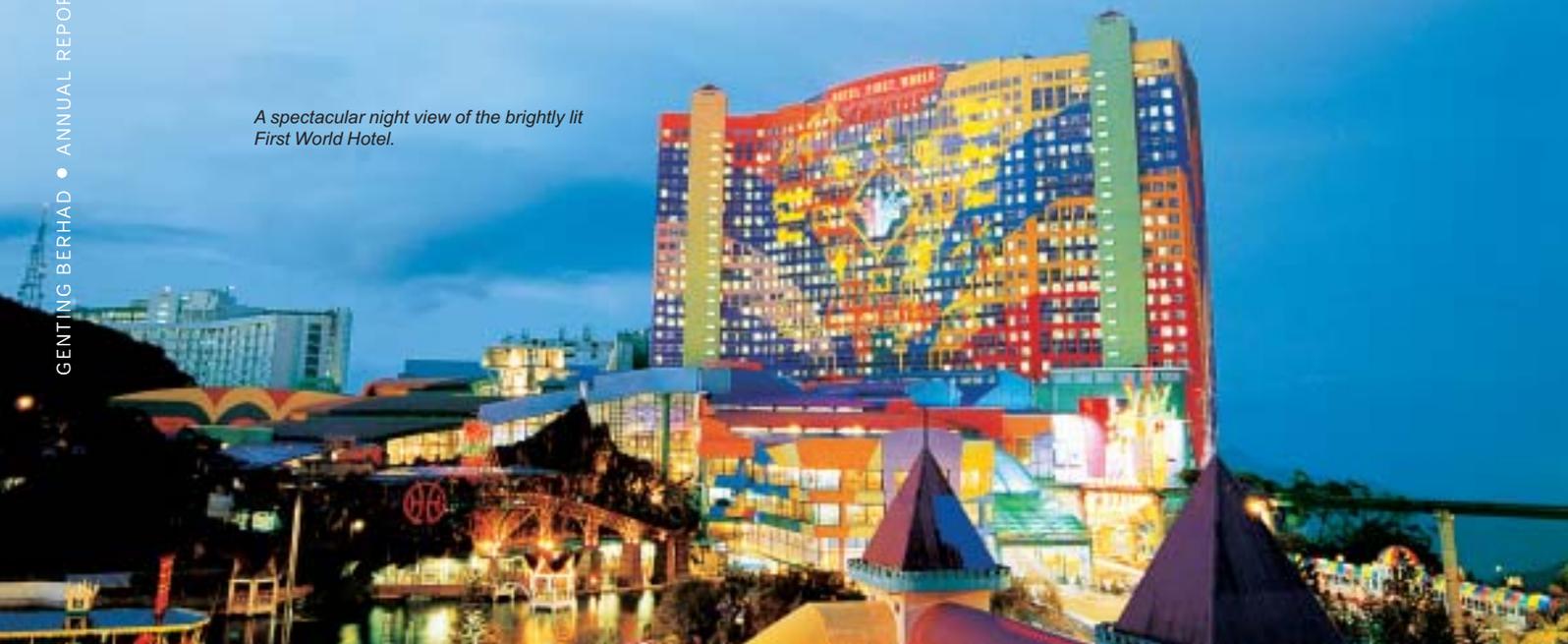


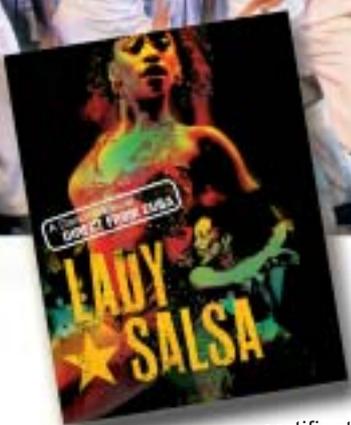
Daily decorated Universal Walk at Times Square, First World Plaza.



Enjoy fun-filled activities at First World Plaza.

A spectacular night view of the brightly lit First World Hotel.





Lady Salsa, a dynamic and stunning dance musical!

In September 2003, both Resort Hotel and Theme Park Hotel obtained the SIRIM ISO 9001: 2000 certification while Genting Hotel and Highlands Hotel obtained continued certification for quality management systems in December 2003.

The five hotels at the hilltop of the Resort comprising Genting Hotel, Highlands Hotel, Resort Hotel, Theme Park Hotel and First World Hotel offer over 6,100 hotel rooms in total. Due to the adverse effect of SARS, these hotels attained a lower overall average occupancy rate of 77% in 2003, compared to 79% in 2002. Over 1.7 million rooms were sold in 2003, similar to the previous year.

During the year, the Group continued with the development of Phase Two of the First World Complex. Phase One of the First World Complex, which comprises First World Hotel Tower 1 with about 3,300 rooms, First World Plaza and Genting International Convention Centre ("GICC"), was officially opened in 2002. Once fully completed, First World Hotel will have about 6,200 rooms and will be the largest hotel in the world.

In 2003, the Group continued to enhance the facilities and services at the Resort to serve the discerning needs of our valued guests. During the year under review, selected hotel rooms at the Resort Hotel were upgraded and stylishly refurbished. In the third quarter of 2003, the Group began extensive renovation works on Genting Hotel, to convert two of its hotel floors into luxury suite rooms to cater to the needs of the elite premium market.

The Group also began the construction works of a new two-lane road between the hilltop and Chin Swee Caves temple area of the Resort. This new road when completed will serve to ease traffic flow at the Resort and to cope with the additional traffic when Tower 2 of First World Complex is completed.

During the year under review, many local and internationally acclaimed concerts and events were held at the Resort's three key popular venues namely, Genting International Showroom, the Arena of Stars and the Pavillion. International entertainers who performed in 2003 included renowned artistes such as Sir Cliff Richard, Jim Brickman, Ronan Keating, Air Supply, Herman's Hermit, Bryan Hyland and Johnny Tillotson. Top Hong Kong and other Asian superstars such as Emil

Chau, Chyi Chin, and Arab's Kadim Al performed to packed audience at the Resort.

The Resort offered many exciting show productions during the year, including the enchanting "1001 Nights: Sinbad" and the dynamic dance musical "Lady Salsa". The latest in-house show production "Fantastica! The New Age Circus" features a unique fusion of gymnastics, acrobatics dance and music and artistes from various countries.



Fantastica! Malaysia's first new age circus.

The Resort is also a preferred venue for third parties to host their shows, such as the Anugerah Era 2003, 3rd Golden Melody Award, Miss Malaysia Chinese International Pageant 2003, Astro Kids Talent Quest 2003 and Russian Ballet. Sporting events such as the 18th National Wushu Championship, the 11th Malaysian Lion Dance Championship and the World Junior Table Tennis Competition were also held at the Resort.

The Resort offers great entertainment for the whole family with over 50 exciting rides and over 500 video games simulators at the Genting Indoor and Outdoor Theme Parks and at the lively First World Plaza, which offers a variety of vibrant entertainment, shopping and dining experiences, ideal for the leisure seekers. First World Plaza celebrated its 1st Anniversary with the theme "A Celebration of Many Firsts" on 13 July 2003 and the official opening of *Snow World*, the largest indoor snow house attraction in Malaysia.



Sir Cliff Richard

Ronan Keating



Awana Kijal, Terengganu.



Awana Porto Malai, Langkawi.



Awana Genting Highlands.

AWANA HOTELS & RESORTS

www.awana.com.my

The Awana brand represents three unique resort hotels, namely Awana Genting Highlands Golf & Country Resort ("Awana Genting"), Awana Kijal Golf, Beach & Spa Resort ("Awana Kijal") and Awana Porto Malai, Langkawi ("Awana Porto Malai").

Awana Genting, located at mid-hill level of the Resort is a perfect holiday get-away. The resort hotel offers a world class 18-hole championship golf course amidst the cool and scenic surrounds of the highlands. Awana Genting is an excellent choice for business conventions, teambuilding exercises and eco-tourism activities. During the year under review, Awana Genting organised many corporate teambuilding programmes, including outdoor activities and exciting eco-sports events such as the popular Awana Tri-Terrain Run.

Awana Kijal is a popular 5-star beach resort in the state of Terengganu. The tropical beach resort has a 7.6-kilometre pristine sandy beach which is the longest in the east coast of Peninsular Malaysia. Awana Kijal offers a challenging 18-hole championship golf course with panoramic views of the South China Sea and also offers a comprehensive array of banquet, recreational and conventional facilities, numerous water sports activities and a traditional Javanese-inspired spa, the Taman Sari Royal Heritage Spa Awana Kijal.

Awana Porto Malai is a seafront resort with an enchanting boardwalk that offers a panoramic view of surrounding islands in Langkawi, Kedah. During the year under review, the Mediterranean-inspired resort renovated and upgraded its resort facilities to cater to larger international and local events as well as promote the charming hotel as one of the most exciting leading holiday resorts in Langkawi. The Awana Porto Malai now offers another 42 new hotel rooms including a luxurious penthouse unit and 3 junior suites, a newly constructed column-free grand ballroom, 8 meeting rooms, a multi-purpose hall, a swimming pool, a beautifully landscaped car park with additional car park bays, the grand porte cochere and a new reception area cum waiting lounge.

AWANA VACATION RESORTS

www.awanavacation.com

The timeshare business of the Group is operated by Awana Vacation Resorts Development Berhad ("AVRD"). The Awana Vacation Resorts has 4,739 timeshare members as at 31 December 2003. The timeshare members have the choice to stay at the many hotels at the Resort and the Awana hotel resorts as well with the affiliated Resorts Condominium International (RCI) which have access to over 3,800 affiliated resorts in over 80 countries.

Under the "Gold Ownership" plan, AVRD has a total of 34 units of apartments at Awana Kijal and 66 units of condominiums at Awana Genting while the "Silver Ownership" plan, launched in July 2001, has 10 units at the Ria Apartments giving a total of 110 timeshare accommodation units. Another 20 units at the Ria Apartments were added in the last quarter of 2003 for the "Gold Ownership" plan. The "Gold Ownership" plan provides accommodation for up to 6 people while the "Silver Ownership" plan provides accommodation for up to 4 people.

AVRD members are also allowed to stay at the numerous hotels at the Resort and the Awana Hotels & Resorts, subject to booking conditions, and also with the affiliated Resorts Condominium International (RCI) that provides the timeshare members access to over 3,800 affiliated resorts in over 80 countries. AVRD has six sales centres at First World Hotel, Genting Hotel, Awana Genting, Kuala Lumpur, Penang and Johor Bahru.

STAR CRUISES LIMITED

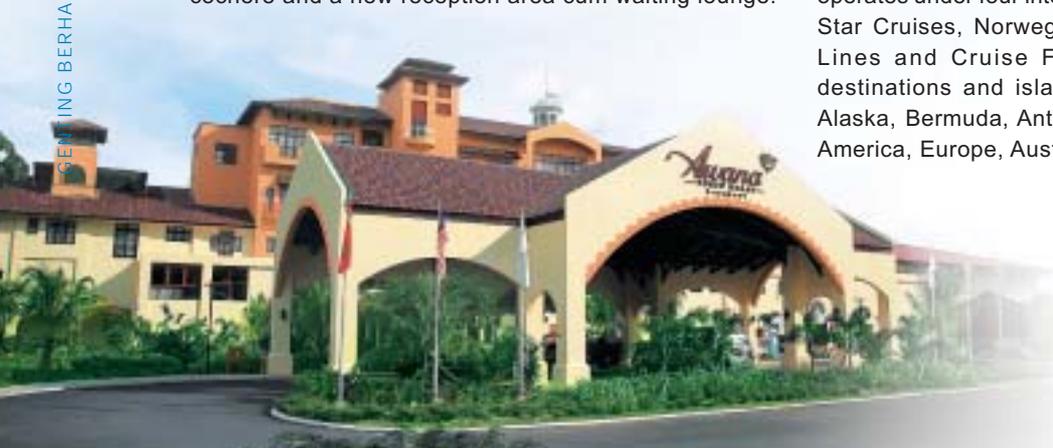
www.starcruiases.com

www.ncl.com

www.orientlines.com



Star Cruises Limited ("SCL"), an indirect associate of the Group, is the third largest cruise line in the world and the leading cruise line in Asia-Pacific, with a current fleet of 17 ships and over 22,000 lower berths. SCL operates under four internationally known brands, namely Star Cruises, Norwegian Cruise Line ("NCL"), Orient Lines and Cruise Ferries and calls at over 200 destinations and islands in Asia-Pacific, Caribbean, Alaska, Bermuda, Antarctica, Hawaii, North and South America, Europe, Australia and the Mediterranean.



The new porte cochere of Awana Porto Malai, Langkawi.



SuperStar Leo (renamed Norwegian Spirit) sails pass the Sydney Opera House, Australia.

During the year under review, SCL undertook a rights issue of 7 new shares for every existing 100 shares. The rights issue raised about US\$100 million and was completed on 11 December 2003. SCL also issued US\$180 million of convertible bonds due in 2008 and this was completed on 20 October 2003. These funds raised will be used for the acquisition or construction of vessels, as general working capital and/or to reduce SCL's outstanding bank loans.

In April 2003, SuperStar Leo and SuperStar Virgo were redeployed to Sydney and Perth, Australia where they offered cruises along the western, southern and eastern seaboard of Australia as well as the South Pacific islands of Fiji, Vanuatu and New Caledonia. This move was made due to the difficult operating conditions in the wake of the SARS outbreak in Asia. This brief three-month stint in Australia was well received by the Australian market with SuperStar Leo being the largest cruise ship to have ever entered Sydney Harbour and sailed under the Harbour Bridge. The ships were subsequently redeployed back to Hong Kong and Singapore respectively when the SARS outbreak was declared over. This Australian stint paved the way for similar redeployments in the future as part of SCL's efforts to develop new markets and itineraries.

In compliance with the newly adopted International Ship and Port Facility Security Code or ISPS code, SCL became the first cruise company in the world to be issued

an International Ship Security certificate for one of its ships, SuperStar Aries.

In October 2003, SCL celebrated its 10th Anniversary with the theme "Celebrating the Stars". A multitude of celebrations were held onboard its ships to highlight a decade of great cruising.

Intensified marketing efforts in China and operations out of Hong Kong have seen the meeting and incentives market grow with large convention groups cruising on SuperStar Leo and SuperStar Virgo. There were special cruise itineraries from Hong Kong to Shanghai on SuperStar Leo as well as a maiden call to the port of Ningbo in 2003.

Fleet rejuvenation plans for Star Cruises and NCL fleets are underway and will continue in 2004 and beyond. This strategy would see the redeployment of ships within the Group from time to time to maximise growth and revenue opportunities in various markets. This would involve the transfer of medium capacity NCL ships to replace older Star Cruises vessels in high growth markets in Asia, as NCL's newbuilds are introduced into the North American market. Towards this, SuperStar Capricorn and SuperStar Aries have been sold.



STAR CRUISES & ITS FLEET IN OPERATION (As at 31 May 2004)

Star Cruises	Norwegian Cruise Line	Orient Lines
SuperStar Virgo SuperStar Gemini Star Pisces MegaStar Aries MegaStar Taurus SuperStar Express *	Norwegian Dawn Norwegian Star Norwegian Sun Norwegian Wind Norwegian Dream Norwegian Sea Norwegian Majesty Norwegian Crown Norwegian Sky # Norwegian Spirit +	Marco Polo Cruise Ferries Wasa Queen

* Chartered out
Norwegian Sky to be renamed "Pride of Aloha"
+ Formerly known as SuperStar Leo





Fresh fruit bunches.



Mechanised fertiliser application.



Double-storey terrace houses (Ruby 1)
ASIATIC Indahpura, Johor.

PLANTATIONS

www.asiatic.com.my

The Group's Plantations Division is led by its 54.8%-owned subsidiary Asiatic Development Berhad. The Division recorded another year of sterling performance in 2003 with a 48% increase in revenue to RM380.0 million and a 61% increase in profit before tax to RM167.5 million.

The good performance is mainly attributable to higher crude palm oil ("CPO") prices that remained firm throughout the year. In 2003, the average selling price for CPO increased by 16% to RM1,568 per tonne while the average selling price for palm kernel ("PK") increased by 12% to RM748 per tonne.

The production of fresh fruit bunches ("FFB") surged to 864,603 tonnes in 2003, registering an increase of 22% over the previous year. The CPO production in 2003 increased by 27% to 195,322 tonnes while the PK production rose by 20% to 48,497 tonnes. The Division achieved a higher oil extraction rate of 20.7% in 2003 compared to 20.2% in 2002.

During the year, the Plantations Division increased its total titled land area to 63,229 hectares from 57,113 hectares in 2002 via a series of acquisitions in Sabah and Sarawak. Asiatic Agroview Estate was acquired for its high yielding potential and its strategic location which provides a bridging connection to the Jeroco Road for the Asiatic Tenegang Group of Estates. Another 850 hectares of vacant agricultural land in Pulau Jambongan, Sabah, were also acquired. In addition, the take-over of Kenyalang Borneo Sdn Bhd, which owns 5,059 hectares of jungle land in Sarawak were also completed during the year under review.

Serian Palm Oil Mill, the joint-venture oil mill between the Plantations Division and Sarawak Land Consolidated and Rehabilitation Authority processed 195,858 tonnes of FFB in 2003, an increase of 22% compared to the previous year.

PLANTATIONS STATISTICS FOR 2003

Area (Hectares)	Oil Palm		Durian & Others		Titled Area	
	2003	2002	2003	2002	2003	2002
Mature	38,816	37,145	-	10	38,816	37,155
Immature	9,894	9,139	-	-	9,894	9,139
Total Planted Area	48,710	46,284	-	10	48,710	46,294
As a percentage (%)	100.0	100.0	-	0.0	100.0	100.0
Planting in progress / Unplanted Jungle Area	-	-	12,276	8,394	12,276	8,394
Labour Lines, Buildings & Infrastructure, etc	-	-	2,243	2,425	2,243	2,425
Total Area	48,710	46,284	14,519	10,829	63,229	57,113
Percentage Over Titled Area (%)	77.0	81.0	23.0	19.0	100.0	100.0
Production (mt)	864,603	707,863	-	-	-	-
Yield Per Mature Hectare (mt/kg)	22.5	20.9	-	-	-	-
Average Selling Price						
CPO (RM/mt)	1,568	1,352	-	-	-	-
Palm Kernel (RM/mt)	748	665	-	-	-	-

PROPERTIES

www.asiatic.com.my

The property market ex-Klang Valley region was generally lacklustre due to the slower economic growth in the first half of 2003 but property demand improved after the government's economic stimulus packages were introduced in May 2003. The Properties Division posted a profit before tax of RM16.5 million (excluding RM69.1 million profit arising from disposal of land) in 2003 compared to RM37.6 million in 2002.

The Asiatic Indahpura project which is located in Johor continued to spearhead the Group's property development with sales of RM37.7 million in 2003. The sales were mainly from new launches of medium-low cost houses, double-storey terrace houses and shop offices. During the year under review, the Division introduced an innovative "Rental with an Option to Purchase" scheme for the four-storey shop offices of Asiatic Indahpura project. The scheme was well received with 45 commercial strata units rented out.

No new sales launch was undertaken in 2003 in Asiatic Permaipura, Kedah and in Asiatic Cheng Perdana, Melaka due to the weak market conditions.

The Permaipura Golf & Country Club is one of the leading and popular golf clubs in Kedah. The club registered improved performance in 2003 as a result of aggressive marketing programmes and continuous efforts to maintain and beautify the golf course.

During the year under review, about 27 hectares of estate land in various locations were compulsorily acquired for the Government's infrastructure and public projects.

The Kijal Beach Resort Apartments, conveniently located beside Awana Kijal Golf, Beach & Spa Resort in the east coast state of Terengganu, experienced an average rental occupancy of 72% in 2003. The 89 units of apartments offer scenic views of Awana Kijal's 18-hole championship golf course that overlooks the South China Sea.



Central Box Plant, Kuala Langat.



Waste-to-Energy Plant, Kuala Langat.



368MW Lanco Kondapalli Power Plant, India.

PAPER & PACKAGING

www.gsanyen.com

The Paper & Packaging Division, the industrial and manufacturing arm of the Group, posted significantly higher earnings with profit before tax almost doubling to RM43.2 million in 2003 from RM22.0 million in 2002. This is mainly attributed to higher market prices for industrial brown grade paper and the improvement in paper demand.

The two paper mills are located in the Genting Sanyen Industrial Complex, which is strategically located just 10 minutes away from the Kuala Lumpur International Airport. The paper mills continued to achieve production of over 260,000 tonnes in 2003 and maintained a high average production efficiency of 97%. Turnover increased by 14% to RM350.0 million in 2003.

The Packaging Division operates two box plants. The Northern box plant in Prai, Penang, and the Central box plant located at the Genting Sanyen Industrial Complex continued to improve their respective market shares in 2003.

The Packaging Division successfully increased sales tonnage by 21% to 83,271 tonnes in 2003. The strategic partnership with OTOR France has provided value added packaging innovations to the Packaging division's customers. Such innovations have enabled Nestle, one of the Central box plant's major customers, to win the Malaysia Star Packaging Awards 2003, organised by Federation of Malaysian Manufacturers (FMM) Packaging Council of Malaysia, for its MILO® Inno-box design.

The Central box plant has also successfully established its seamless B2B integration with Sony Malaysia via RosettaNet, the global leader in e-business standards. The continuous striving for innovation and customer service has won the Central box plant awards for best performance and best supplier from Panasonic and Sony Malaysia respectively.

Official opening of the Waste-to-Energy Plant, Kuala Langat.



During the year, the Northern box plant was awarded the Best Quality Award 2003 by Sharp-Roxy Corporation. The Northern box plant has also achieved triple ISO accreditation for quality management systems in 2003 - the ISO 14001:1996 Environmental Management System certification, the ISO 9001:2000 Quality Management System certification by SGS United Kingdom Ltd and the OHSAS 18001 Occupational, Health & Safety Management System certification by SGS (M) Sdn Bhd. The Northern Box Plant is the first box plant in Malaysia to achieve triple accreditation.

Both the Central and Northern box plants were awarded the "Certificate of Green Partner" from Sony Corporation as their certified supplier under the Sony Green Partner Programme in the year under review.

The Paper and Packaging Division continues to be environmentally conscious. The Division collects and recycles waste paper into international standard industrial brown grade paper and then into high quality packaging boxes. The "Waste-to-Energy" plant, which was awarded to the Division by New Energy And Industrial Technology Development Organisation (NEDO) of Japan, began commercial operations in April 2003. The Waste-to-Energy plant is used to dispose paper sludge from paper production, and heat generated from this process is consumed within the industrial complex.

POWER

www.gsanyen.com

The Power Division contributed a profit before tax of RM203.5 million to the Group in 2003. During the year in review, the Group completed the acquisition of an additional 20% equity stake in Genting Sanyen Power Sdn Bhd ("GSP") from Tenaga Nasional Berhad ("TNB") on 24 March 2003. Following this acquisition, GSP became a subsidiary of the Group and the Group has a 58.6% effective interest in GSP.

GSP is an Independent Power Producer in Malaysia and operates the 720 MW Kuala Langat Power Plant. The gas-fired combined cycle power plant is conveniently located in the Genting Sanyen Industrial Complex, Selangor, which is near the Kuala Lumpur International Airport. The plant, in its eighth year of full commercial operation in 2003, continued to be highly ranked in TNB's merit order dispatch schedule.

The Division acquired a 30% equity stake in Lanco Kondapalli Power Plant ("Lanco Kondapalli") and a 74% stake in Eastern Generation Services (India) Private Ltd, the O&M company that operates and maintains Lanco Kondapalli in May 2003. Lanco Kondapalli is a gas fired combined cycle power plant with a capacity of 368MW and is located about 265km from Hyderabad, Andhra Pradesh, India. All electricity generated is contracted to APTRANSCO, the state electricity distributor, under a power purchase agreement.

The Oil and Gas Division is managed by Genting Oil and Gas Limited. The Division recorded a profit before tax of RM28.8 million in 2003.

In **China**, Genting Oil and Gas (China) Limited continued with its oil production from Zhuangxi Buried Hill Oilfield, located in the Shandong Province. The oilfield performed well in 2003, producing 142,008 tonnes (equivalent to 974,160 barrels) of wellhead oil. The oil price was above expectations at an average of US\$27.45 per barrel during the year under review.

About one third of the production came from the successful working over of two wells (ZG14 and ZG21), completed in the beginning of 2003. These wells utilised high-temperature electrical submersible pumps that were placed at nearly 3,800 metres depth. The Division has focused on reducing operating costs and implementing risk reduction techniques. The Division has now repaid its initial investment in China and was profitable in 2003.

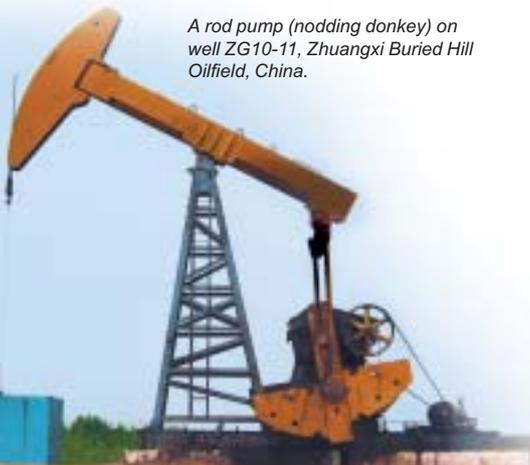
In **Indonesia**, the Division continued to monitor the developments on the Muturi Production Sharing Contract ("PSC") in Papua and the proposed Tangguh Liquefied Natural Gas ("LNG") Project, in the light of its retained rights to long-term future cash flows from the Muturi PSC. This Deferred Consideration has not been recognised in the financial statements, as the amount cannot be quantified at this time.

On 25 April 2003, BP announced that a consortium headed by Kellogg, Brown and Root had won the bid for the engineering, procurement and construction of the Tangguh LNG facilities in order to start the gas production and liquefaction operations in 2007.

During the year, BP announced arrangements to supply gas from the Tangguh LNG Project to Mexico (3.7 million tonnes per year from 2007) and to South Korea (1.3 million tonnes per year). These amounts are in addition to the 2.7 million tonnes of LNG per year to be supplied to Fujian, China from 2007 that was announced in 2002. Therefore, a 2-train Tangguh LNG facility is expected to begin operation in 2007, with the gas to be supplied from the Vorwata Gas Field and the Muturi PSC.

In **Australia**, the Division disposed its entire shareholding interest in Coveyork Pty Limited to Santos Limited for a total cash consideration of US\$300,000 on 18 July 2003.

A rod pump (nodding donkey) on well ZG10-11, Zhuangxi Buried Hill Oilfield, China.



E-COMMERCE AND IT DEVELOPMENT

The twin concepts of Business Process Outsourcing ("BPO") and Shared Services continue to gain acceptance worldwide. The Genting Group was among the earliest organisations to recognise this trend. This led to the creation of E-Genting Holdings Sdn Bhd ("eGENTING") back in 1999. Today, even as businesses worldwide start outsourcing initiatives, the Genting Group is already benefiting from concentrating, aggregating and consolidating the Group's resources on common IT processes in order to service multiple internal business units at lower cost and higher service levels. The Group has also started providing E-Commerce and IT Services to external parties, capitalising on its know-how and to further increase the efficiency of its operations.

eGENTING continued to play the role of a Shared Service Centre for the Group, freeing up its business divisions to focus on high value-added and core tasks. The Genting Hospitality Property Management System ("GhpMS") was completed and successfully rolled out at the Theme Park Hotel in August 2003. GhpMS will progressively be rolled out to the rest of the hotels at the Resort. It will eventually manage over 9,000 rooms to become one of the largest property management systems of its kind in the world.

The Group's website - www.genting.com.my - recorded 3.6 million unique visitors and 22.7 million page views in 2003. A successful one-year "Buy Online & Win" campaign was launched in February 2003 to drive online transactions. As a result, online sales increased significantly by 85% to surpass RM8 million in 2003, making it the highest-grossing hospitality website in Malaysia. The online channel continues to play an important role in servicing the customers conveniently and effectively while streamlining internal processes and reducing cost. A new application on the Web was introduced in 2003 to better serve travel agents by enabling transactions over the Internet. The room booking system on the Web was also enhanced to integrate with the GhpMS.

WorldCard, the Group's loyalty card programme continued to go from strength to strength. As at 31 December 2003, it had a membership base of 949,000. A month later, in January 2004, it surpassed one million members to become the largest regional loyalty programme in the hospitality industry in Malaysia.

In 2003, an extensive range of *WorldCard* products was launched in collaboration with selected *WorldCard* merchant partners such as Suntec City Mall, The Coffee Bean & Tea Leaf, Ah Yat Abalone Forum Restaurant, Poney Garments and SEC Electricare. *WorldCard* members are now able to enjoy cross-border recognition and benefits at over 120 merchants with 1,300 outlets in Malaysia, Singapore and Hong Kong. They range from leisure, dining and entertainment destinations to retail outlets, including international brands like BP, Haagen Dazs, StarBucks Coffee and Giordano.



The WorldReservations Centre ("WRC") continued to enhance its user-friendly interactive voice response system to further improve customer self-service. During the year under review, WRC extended its telemarketing services to Awana Vacation Resorts Development Berhad. The Customer Relationship Management System call flow system was also upgraded to the latest Avaya Interactive Centre system to handle the surge in call volume. The total number of calls received by the call center hit a record 1.2 million in 2003, representing a 26% increase over 2002.

WRC's outsourced business unit was established in 2002 to market call center services to the banking and financial sectors. WRC currently provides direct marketing services, both inbound and outbound for American Insurance Assurance and the American Home Assurance.

The Group embarked on a "Digital Boardroom" project under which the Board of Directors and executive management were able to gain access to meeting documents anytime and anywhere via secured Internet access. This has reduced the usage of paper documents and improved the speed of information flow. Executive Committee meetings are now conducted electronically, paving the way for paper-less meetings.

The Group also introduced Code-Division Multiple Access, a wireless telephony solution from Telekom Malaysia, to improve communications between Asiatic Development Berhad headquarters in Kuala Lumpur with plantation estates and palm oil mills located across the country.

During the year under review, Citrix, a server-based computing solution was also introduced to the Group to better manage corporate desktops, reduce bandwidth requirements for wide area network and enabled remote access to corporate applications.

In 2003, the SAP financial system was implemented at all of the Group's overseas operations to improve timeliness and reporting efficiency. There was also increased usage of the Siebel CRM system, enabling the Group to compete more effectively by automating manual processes, improving communications within operational teams and standardising key business processes in an effort to increase customer satisfaction.

HUMAN RESOURCES

The development of the human resources of the Group is instrumental for future performance. The Group has a strong workforce of 15,500 as at 31 December 2003. During the year, a total of 1,159 employees were honoured with Long Service Awards in recognition of their loyalty and dedicated services to the Group.

Throughout the year, the key business divisions of the Group held their regular management conferences to reinforce and to enhance the skills and competencies of the employees.

The Resorts World Group, which represents the Genting Group's Leisure & Hospitality division, held its "15th RWB Senior Managers' Conference" in September 2003. The conference was held at Awana Porto Malai, Langkawi with the theme "Managing Uncertainty In The Globalised Environment" to review on the needs and strategies to overcome these business challenges. About 300 employees from the Leisure & Hospitality division with their spouses and children participated in the Family Day at the Genting Highlands Resort with the theme on "Family Values: The Thrust Of Our Corporate Culture".

During the year under review, the employees from the Leisure & Hospitality Division participated in the National Productivity Corporation's National Quality Control Circles Convention and became first runner-up in the service sector. Resort Hotel and Theme Park Hotel both attained the ISO 9002 certification, which brings together a total of four hotels having attaining the ISO 9002 certification at the Resort. These awards affirmed the Group's commitment towards continuous quality improvement.

The Group's training and education arm, Genting Centre of Excellence Sdn Bhd ("GCE"), continues to provide technical skills and management development training programmes to train employees of the Group. In August 2003, Kolej Antarabangsa Genting ("KAG") which is owned and managed by GCE, held its inaugural convocation for eleven students from the first and second batch who received their diplomas in hotel management. KAG is academically supported by the world's oldest and foremost hospitality institute, Ecole Hoteliere de Lausanne in Switzerland.



The Asiatic Group, which represents the Genting Group's Plantations and Properties divisions, held their 23rd Management Conference with the theme "Effective Management: Self-Assessment, Work Discipline & Execution" at Genting Highlands Resort in August 2003. This was followed by the Assistant Managers' Conference in October 2003 at Kota Kinabalu, Sabah to review the existing operational processes and to improve on quality and productivity.

The Genting Sanyen Group which represents the Power, Paper & Packaging and Oil & Gas divisions of the Genting Group, held an Executive Conference on 16 August 2003 for more than 200 executives as part of its ongoing strategic organisational development efforts. The Genting Sanyen Group also used the Scorecard approach to align divisional strategies with departmental and individual Key Performance Indicators. In-house education tracks were also designed and held to implement this change initiative.

COMMUNITY SERVICES

The Group is a caring and responsible corporation and continued to support various sports associations, charitable bodies, non-governmental organisations and other worthy causes in Malaysia.

During the year under review, the Group supported some major sports events and associations such as *Le Tour de Langkawi 2003*, Football Association of Malaysia, Pahang Football Association, Malaysian Hockey Federation, SportExcel and Professional Golfers Associations of Malaysia.

Among the non-profit organisations which received the Group's contributions were Alzheimer Disease Foundation, Thalassaemia Association Malaysia, Malaysian AIDS Foundation, Malaysian Liver Foundation,

Persatuan Kebajikan untuk Kanak-Kanak Istimewa Pahang Barat, Yayasan Sultan Idris Shah, Yayasan Pembangunan Kubang Pasu, PEMADAM Kebangsaan, Yayasan Wanita Cemerlang, National Council of Women's Organisation, Malaysian Crime Prevention Foundation, St. John Ambulance and Malaysian Nature Society.

For the advancement of education and research, the Group contributed RM0.5 million each to Malaysian Institute of Economic Research (MIER) and Cancer Research Initiatives Foundation (CARIF). The Group had also pledged to contribute RM20 million to University Tunku Abdul Rahman of which RM10 million was paid in 2003.

During the year, a total of 34 welfare homes received cash cheques during the festive season. As in the past, the Group hosted underprivileged children and old folks from various homes at the Resort and continued to support various charitable bodies, non-governmental organisations and other deserving causes. The Group also played host to the children from the Thalassaemia Society of University Hospital (THASUH) for their annual tea party at the Resort. The Group joined in the nation's 46th Independence Day celebration in distributing RM1 million worth of flags.

Three boats were donated by the Group to the Sungai Lembing Community in Pahang to assist in the event of an evacuation of flood victims around the Lembing River, which is a flood prone area.

The year 2003 saw the graduation of GSP's third batch of sponsored UNITEN undergraduates, with four undergraduates gaining employment in the Group. In the same year, GSP continued with its contribution to the community by awarding five more scholarships to its seventh batch of sponsored undergraduates.



The inaugural convocation at Kolej Antarabangsa Genting on 1 August 2003.



Hosting a tea party for children from THASUH at the Resort.

RECOGNITION

The commitment of the Genting Group to achieve high quality standards and continued excellence is recognised with the awards and accolades received from leading institutions and bodies.

Among the many major awards of excellence received in 2003 are as follows:

- Genting Berhad is the **No. 1 Leader in the Service Industry 2003** by Malaysia 1000, Directory of Top Malaysian Companies
- Genting Berhad was awarded the **National Creativity and Innovation Award 2004** by the Malaysia Design Technology Centre
- Overall ranked **No. 4 for Best Managed Company in Malaysia** and **No. 1 in Best at Investor Relations Category** by Finance Asia 2003
- Genting Berhad was awarded the **KLSE Corporate Awards 2003 Merit Award** for Trading/Services Category
- The **No. 4 leading company in Malaysia 2003** in Review 200: Asia's Leading Companies by Far Eastern Economic Review which included being ranked No. 1 in Financial Soundness, No. 2 in Companies That Others Try To Emulate and No. 3 in High Quality Services/Products
- Resorts World Bhd - **Outstanding Achievements in Hotel/Resort Development** by World Asia Publishing at Hospitality Asia Platinum Awards 2003-2004 (Malaysia Series)
- Genting Highlands Resort - **Best Deluxe Family Resort/Theme Park** by World Asia Publishing at Hospitality Asia Platinum Awards 2003-2004 (Malaysia Series)
- First World Hotel - **Best New Hotel** by World Asia Publishing at Hospitality Asia Platinum Awards 2003-2004 (Malaysia Series)
- First World Plaza - **Most Supportive Shopping Outlet: Shopping Complex** category by Malaysia Tourism Awards 2003
- Genting Highlands Resort was awarded a highly commended certificate by the FIABCI International Prix d'Excellence 2003.
- Resort Hotel and Theme Park Hotel were awarded the prestigious **ISO 9001: 2000** certification
- Resorts World Bhd was awarded the certificate of appreciation for being the **Best Tax Assessment Payer** by the District Council of Hulu Selangor.
- Genting Sanyen Industrial Paper Sdn Bhd (Central Box Plant) awarded **Best Performance for the Year 2003** by Panasonic.
- Genting Sanyen Industrial Paper Sdn Bhd (Central Box Plant) awarded **Best Supplier 2003** by Sony Malaysia.
- Genting Sanyen Industrial Paper Sdn Bhd (Central Box Plant) awarded the **Bronze Award** for Sony DIRTF (Do-it-right-first-time) Procurement 2003
- Genting Sanyen Industrial Paper Sdn Bhd (Central and Northern Box Plants) were awarded the **Certificate of Green Partner** from Sony Corporation on 1 July 2003 as their certified supplier on Sony Green Partner Programme.
- Genting Sanyen Industrial Paper Sdn Bhd (Northern Box Plant) awarded **Best Quality Award 2003** by Sharp-Roxy Corporation
- Genting Sanyen Industrial Paper Sdn Bhd (Northern Box Plant) obtained the **ISO 14001:1996 Environmental Management System** certification by SGS United Kingdom Ltd.
- Genting Sanyen Industrial Paper Sdn Bhd (Northern Box Plant) obtained the **ISO 9001:2000 Quality Management System** certification by SGS United Kingdom Ltd.
- Genting Sanyen Industrial Paper Sdn Bhd (Northern Box Plant) obtained the **OHSAS 18001 Occupational, Health & Safety Management System** certification by SGS (M) Sdn Bhd.
- Ayer Item Oil Mill has successfully converted its ISO 9002:1994 quality management system to the new **ISO 9001:2000 Quality Management System** certification in March 2003.



corporate governance

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Set out below is a statement on how the Company has applied the principles and complied with the best practices as set out in the Malaysian Code on Corporate Governance ("the Code").

A. DIRECTORS

(i) The Board

The Board has overall responsibility for the proper conduct of the Company's business. The Board meets on a quarterly basis and additionally as required. The Board has a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, acquisitions and disposals, major capital projects and the monitoring of the Group's operating and financial performance.

Formal Board Committees established by the Board in accordance with the Code namely the Audit Committee, Nomination Committee and Remuneration Committee assist the Board in the discharge of its duties.

During the year under review, five meetings of the Board were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association.

The details of Directors' attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Lim Goh Tong (retired on 31 December 2003)	3
Tan Sri Lim Kok Thay	5
Tun Mohammed Hanif bin Omar	5
Tan Sri Mohd Amin bin Osman	5
Dr. R. Thillainathan	5
Mr Quah Chek Tin	5
Dato' Paduka Nik Hashim bin Nik Yusoff	4
Tan Sri (Dr.) Gunn Chit Tuan	5
Tan Sri Dr. Lin See Yan	5

(ii) Board Balance

During the financial year, the Board had nine members, six executive Directors and three non-executive Directors. Following the retirement of Tan Sri Lim Goh Tong on 31 December 2003, the number of executive Directors on the Board was reduced to five. All of the three non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or currently occupy senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Tan Sri (Dr.) Gunn Chit Tuan as the senior independent non-executive Director to whom concerns may be

conveyed. The independent non-executive Directors also participate in the Audit, Remuneration and Nomination Committees as members of these Committees.

The President & Chief Executive, Tan Sri Lim Kok Thay assumed the role of Chairman of the Company upon the retirement of Tan Sri Lim Goh Tong, the founder of the Group. The Board is mindful of the dual roles held but is of the view that there are sufficient experienced and independent - minded Directors on the Board to provide the assurance that there is sufficient check and balance. Also, the dual roles has to a certain extent been balanced by the presence of Tun Mohammed Hanif bin Omar as Deputy Chairman.

A brief profile of each of the Directors is presented on pages 9 to 10 of this Annual Report.

(iii) Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors in sufficient time to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.

As a Group practice, any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Company and also the advice and services of the Group Company Secretary.

(iv) Appointments to the Board

The Nomination Committee comprising entirely of independent non-executive Directors is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees.

On appointment, Directors are provided with information about the Group and are encouraged to visit the sites of the Group's operating units and meet with key senior executives.

All the Directors have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis. The Directors are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

The Nomination Committee met once during the financial year.

(v) Re-election

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring Director is eligible for re-election. The

Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. DIRECTORS' REMUNERATION

The Remuneration Committee comprising three independent non-executive Directors and one executive Director is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration. The Board as a whole, determines the level of fees of non-executive Directors and executive Directors. Directors' fees are approved at the Annual General Meeting by the shareholders. Directors do not participate in decisions regarding their own remuneration packages.

The Remuneration Committee met twice during the financial year.

Details of the Directors' remuneration are set out in the Audited Financial Statements on pages 67 to 68 of this Annual Report. In the interest of security, additional information have not been provided other than the details stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).

C. SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Company's Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a website at www.genting.com.my which provides information relating to annual reports, press releases, quarterly results, announcements and corporate developments.

The Group also participates in investor forums held locally and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group.

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board aims to ensure that the quarterly reports, annual financial statements as well as the annual review of operations in the annual report are presented in a

manner which provides a balanced and understandable assessment of the Company's performance and prospect.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 100 of this Annual Report.

(ii) Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

(iii) Relationship with Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's operations, the external auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. All Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

E. OTHER INFORMATION

Material Contracts

Material Contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 37 to the financial statements under "Significant Related Party Transactions and Balances" on pages 92 to 93 of this Annual Report.

audit committee report

AUDIT COMMITTEE

The Audit Committee ("Committee") was established on 26 July 1994 to serve as a Committee of the Board.

MEMBERSHIP

The present members of the Committee comprise:

Tan Sri (Dr.) Gunn Chit Tuan	Chairman/Independent Non-Executive Director
Dato' Paduka Nik Hashim bin Nik Yusoff	Member/Independent Non-Executive Director
Tan Sri Lim Kok Thay	Member/Executive Director
Tan Sri Dr. Lin See Yan	Member/Independent Non-Executive Director
Mr Quah Chek Tin	Member/ Executive Director

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2003

The Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended
Tan Sri (Dr.) Gunn Chit Tuan	5
Dato' Paduka Nik Hashim bin Nik Yusoff	5
Tan Sri Lim Kok Thay	1
Tan Sri Dr. Lin See Yan	5
Mr Quah Chek Tin	4

The total number of meetings is inclusive of the special meeting held between members of the Committee who are independent non-executive Directors of the Company and representatives of the external auditors, PricewaterhouseCoopers without the presence of any Executive Director.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2003

The Committee carried out its duties in accordance with its Terms of Reference.

The main activities carried out by the Committee were as follows:

- i) considered and approved the internal audit plan for the Company and the Group and authorised resources to address risk areas that have been identified;
- ii) reviewed the internal audit reports for the Company and the Group;
- iii) reviewed the external audit plan for the Company and the Group with the external auditors;
- iv) reviewed the external audit reports for the Company and the Group with the external auditors;
- v) reviewed the quarterly and annual reports of the Company and of the Group, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events; and

- (c) compliance with accounting standards and other legal requirements;
- vi) reviewed related party transactions of the Company and of the Group;
- vii) reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year ended 31 December 2003;
- viii) considered the reappointment of the external auditors for recommendation to the shareholders for their approval;
- ix) reviewed the Financial Statements of the Group and of the Company for the financial year ended 31 December 2002; and
- x) reviewed the reports submitted by the risk management task force.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

The Group has an adequately resourced internal audit department to assist the Board in maintaining a sound system of internal control. The internal audit department reports to the Committee and is independent of the activities they audit. The primary role of the department is to undertake regular and systematic review of the systems of internal control so as to provide sufficient assurance that the Group has sound systems of internal control and that established policies and procedures are adhered to and continue to be effective and satisfactory.

As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

- (i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, a majority of whom are independent non-executive Directors; and at least one member of the audit committee:
 - (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

- (ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.
- (iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ["Bursa Malaysia"] Listing Requirements, the Committee shall promptly report such matter to Bursa Malaysia.

4. Functions

The functions of the Committee are as follows:

- i) review with the external auditors, their audit plan;
- ii) review with the external auditors, their evaluation of the system of internal accounting controls;
- iii) review with the external auditors, their audit report;
- iv) review the assistance given by the Company's officers to the external auditors;
- v) review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

- vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events; and
 - (c) compliance with accounting standards and other legal requirements;
- viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation and dismissal.

5. Meetings

- i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.
- ii) In order to form a quorum for any meeting of the Committee, the majority of members present must be independent.
- iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.
- iv) The Director of Finance and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.
- v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or Shareholders of the Company.
- vi) At least once a year, the Committee shall meet with the external auditors without the presence of any executive Director.

6. Secretary and Minutes

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

statement on internal control

THE BOARD'S RESPONSIBILITIES

In relation to internal control, pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ["Bursa Malaysia"], the Board of Directors ("the Board") acknowledges their responsibility under the Bursa Malaysia Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage the risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Genting Group of companies' ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment.

THE RISK MANAGEMENT PROCESS

The Group has implemented the Control Self-Assessment ("CSA") to formalise the risk management process. With the CSA, departments/business areas of the Group are required to identify and evaluate controls within key functions/activities of their business processes. The risks to the Group's strategic objectives are assessed at the group and company level.

The oversight of the Group's risk management process is the responsibility of the Executive Director and Chief Operating Officer of Genting Berhad, assisted by the Chief Financial Officers/Heads of Finance of the respective companies, the Business/Operations Heads of the Group's operating companies and relevant senior management staff of the holding company. Periodic meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and controls and to ensure that any shortcomings identified are addressed on a timely basis.

The key aspects of the risk management process are:

- Business/Operations Heads undertake to update the risk profiles on a half yearly basis and monitor the implementation of action plans to improve the internal control system.
- Reviews of the risk profiles, the control procedures and status of the action plans are carried out on a regular basis by the Group Risk Manager and the Business/ Operations Heads.
- Management of the respective companies are provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
- On a quarterly basis, the relevant senior management of the Group's operating companies review the progress of the implementation of their respective action plans and a consolidated risk management report summarising the significant risks and /or status of action plans of the respective companies are presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board of Directors.

THE INTERNAL CONTROL PROCESSES

The other key aspects of the internal control process are:

- The Board and the Audit Committee meet every quarter to discuss matters raised by Management on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to various committees established by the Board and Management of the holding company and subsidiaries to implement and monitor the Board's policies on controls.
- Delegation of authority including authorisation limits at various levels of Management and those requiring the Board's approval are documented and designed to ensure accountability and responsibility.
- Internal procedures and policies are documented in manuals which are reviewed and revised periodically to meet changing business, operational and statutory reporting needs.
- Performance and cash flow reports are provided to Management and the Finance Committee to review and monitor the financial performance and cash flow position.
- Business/operating units present their annual budget which includes the financial and operating targets, capital expenditure proposals and performance indicators for approval by Finance Committee and the Board.
- A half yearly review of the annual budget is undertaken by Management to identify and where appropriate, to address significant variances from the budget.

Some weaknesses in internal control were identified for the year under review but these are not deemed significant and hence have not been included in this statement, as these weaknesses have not materially impacted the business or operations of the Group. Nevertheless, measures have been or are being taken to address these weaknesses.

Business continuity management is regarded an integral part of the Group's risk management process. In this regard, the Group has commenced implementation of business continuity plans to minimise business disruptions in the event of potential failure of critical IT systems and operational processes.

The Board in issuing this statement has taken into consideration the state of internal control of its associated company, Serian Palm Oil Mill Sdn Bhd and the representations made by its associated companies, Star Cruises Limited and Lanco Kondapalli Power Private Limited in respect of their state of internal control.

THE INTERNAL AUDIT FUNCTION

The Group Internal Audit Division ("Group Internal Audit") is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified.

On a quarterly basis, Group Internal Audit submits audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by Management.

directors' report and statement pursuant to section 169(15) of the Companies Act, 1965

The Directors of **GENTING BERHAD** have pleasure in submitting their report together with their statement pursuant to Section 169(15) of the Companies Act, 1965 therein and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company.

The principal activities of the subsidiary companies 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 associated companies include cruise and cruise related operations and the generation and supply of electric power.

Details of the principal activities of the subsidiary and associated companies are set out in Note 40 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.

FINANCIAL RESULTS

	Group RM Million	Company RM Million
Profit from ordinary activities before taxation	1,562.3	404.9
Taxation	(480.7)	(121.4)
Profit from ordinary activities after taxation	1,081.6	283.5
Minority shareholders' interests	(367.8)	-
Net profit for the financial year	<u>713.8</u>	<u>283.5</u>

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year were:

- (i) a final dividend of 13.5 sen less 28% tax per ordinary share of 50 sen each amounting to RM68,461,746.33 in respect of the financial year ended 31 December 2002 was paid on 5 August 2003; and
- (ii) an interim dividend of 7.0 sen less 28% tax per ordinary share of 50 sen each amounting to RM35,498,683.28 in respect of the financial year ended 31 December 2003 was paid on 31 October 2003.

The Directors recommend payment of a final dividend of 14.5 sen less 28% tax per ordinary share of 50 sen each in respect of the current financial year to be paid to shareholders registered in the Register of Members on a date to be determined later by the Directors. Based on the issued and paid-up share capital of the Company as at the date of this report, the final dividend would amount to RM73,532,986.80.

RESERVES AND PROVISIONS

There were no other material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES, DEBENTURES AND SHARE OPTIONS

There were no issue of shares or debentures during the financial year.

The following Option to take up unissued ordinary shares of the Company previously granted to executive employees of the Group under The Genting Employees' Share Option Scheme for Executives ("Previous ESOS") was outstanding as at 31 December 2003:

Option Expiry Date	Subscription Price Per Share	No. of Unissued Shares
15 December 2004	RM19.80	<u>675,000</u>

The shares under the aforesaid Option may be exercised in full or in respect of 1,000 shares or a multiple thereof on the payment of the requisite subscription price at any time before the Option expiry date. The persons to whom the Option has been issued have no right to participate by virtue of the Option in any share issue of any other company.

The Executive Share Option Scheme For Eligible Executives of Genting Berhad and its subsidiaries ("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.

Under the New ESOS, the following Options to take up unissued ordinary shares in the Company, which have been granted to executive employees of the Group as specified in the Scheme, were outstanding as at 31 December 2003:

Option Number	Option Expiry Date	Subscription Price Per Share RM	No. of Unissued Shares
1/2002	11 August 2012	14.34	6,890,000
2/2002	11 August 2012	13.08	61,000
			<u>6,951,000</u>

(a) The expiry date of the Option on 11 August 2012 shall apply unless the Option has ceased by reason of non compliance by the grantee with the terms and conditions under which the Option was granted pursuant to the Scheme.

(b) (i) The Option 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 exercisable each year from the Date of Offer

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% or balance of all options allotted			

(ii) Any new Shares comprised in an Option which is exercisable in a particular year but has not been exercised in that year, can be exercised in subsequent years within the Option Period, subject to the Scheme remaining in force.

(iii) In the event that an Eligible Executive becomes a Grantee after the first year of the Scheme, the Grantee shall always observe the two-year incubation period and the Option granted can only be exercised in the third year from the Date of Offer subject to the maximum percentage of new Shares comprised in the Options exercisable as stipulated above.

(c) The persons to whom the Option has been issued have no right to participate by virtue of the Option in any share issue of any other company.

DIRECTORATE

The Directors who served since the date of the last report are:

Tan Sri Lim Goh Tong (Retired on 31 December 2003)
 Tan Sri Lim Kok Thay*
 Tun Mohammed Hanif bin Omar
 Tan Sri Mohd Amin bin Osman
 Dr. R. Thillainathan
 Mr Quah Chek Tin
 Dato' Paduka Nik Hashim bin Nik Yusoff*
 Tan Sri (Dr.) Gunn Chit Tuan*
 Tan Sri Dr. Lin See Yan*

* Also members of the Remuneration Committee

According to the Register of Directors' Shareholdings, the following persons who were Directors of the Company at the end of the financial year have interests in shares of the Company, Resorts World Bhd, Asiatic Development Berhad and Genting International PLC, all of which are subsidiary companies of the Company as set out below:

INTEREST IN THE COMPANY

Shareholdings in the names of Directors	1.1.2003	Acquired/(Disposed)	31.12.2003
	(Number of ordinary shares of 50 sen each)		
Tan Sri Lim Goh Tong*	6,681,000	(6,681,000)	-
Tun Mohammed Hanif bin Omar	200	-	200
Tan Sri Lim Kok Thay	3,433,800	-	3,433,800
Tan Sri Mohd Amin bin Osman	8,000	-	8,000
Mr Quah Chek Tin	1,000	-	1,000
Shareholdings in which the Director is deemed to have an interest	1.1.2003	Acquired/(Disposed)	31.12.2003
	(Number of ordinary shares of 50 sen each)		
Tan Sri Lim Kok Thay	11,523,996	-	11,523,996
Share Option in the names of Directors	1.1.2003	Offered/(Exercised)	31.12.2003
	(Number of unissued ordinary shares of 50 sen each)		
Tan Sri Lim Goh Tong*	1,500,000	-	1,500,000
Tun Mohammed Hanif bin Omar	500,000	-	500,000
Tan Sri Lim Kok Thay	1,000,000	-	1,000,000
Tan Sri Mohd Amin bin Osman	500,000	-	500,000
Dr. R. Thillainathan	250,000#	-	250,000
Mr Quah Chek Tin	500,000	-	500,000

INTEREST IN RESORTS WORLD BHD

Shareholdings in the names of Directors	1.1.2003	Acquired/(Disposed) (Number of ordinary shares of 50 sen each)	31.12.2003
Tan Sri Lim Kok Thay	50,000	-	50,000
Tun Mohammed Hanif bin Omar	1,000	-	1,000
Mr Quah Chek Tin	1,000	-	1,000
Tan Sri Mohd Amin bin Osman	122,000	-	122,000

Share Option in the names of Directors	1.1.2003	Offered/(Exercised) (Number of unissued ordinary shares of 50 sen each)	31.12.2003
Tan Sri Lim Goh Tong*	1,000,000	-	1,000,000
Tun Mohammed Hanif bin Omar	500,000	-	500,000
Tan Sri Lim Kok Thay	750,000	-	750,000

INTEREST IN ASIATIC DEVELOPMENT BERHAD

Shareholdings in the names of Directors	1.1.2003	Acquired/(Disposed) (Number of ordinary shares of 50 sen each)	31.12.2003
Tan Sri Lim Goh Tong*	437,500	(437,500)	-
Tan Sri Lim Kok Thay	144,000	-	144,000
Tan Sri Mohd Amin bin Osman	164,000	-	164,000

Share Options in the names of Directors	1.1.2003	Offered/(Exercised) (Number of unissued ordinary shares of 50 sen each)	31.12.2003
Tan Sri Lim Goh Tong*	577,000	248,000	825,000
Tan Sri Lim Kok Thay	577,000	248,000	825,000
Tan Sri Mohd Amin bin Osman	577,000	248,000	825,000

INTEREST IN GENTING INTERNATIONAL PLC

Shareholdings in the name of Director	1.1.2003	Acquired/(Disposed) (Number of ordinary shares of US\$0.10 each)	31.12.2003
Tan Sri Lim Goh Tong*	1,832,468	(1,832,468)	-

* Retired on 31 December 2003.

Balance as at 15 January 2003, being the date of appointment of Dr. R. Thillainathan as a Director of the Company.

Apart from the above disclosures:

- the Directors of the Company do not have any other interests in shares in the Company and in shares in other related corporations of the Company either at the beginning or end of the financial year; and
- neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors and the provision for Directors' retirement gratuities shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the following transactions:

- (i) A company in which a past Director of the Company, Tan Sri Lim Goh Tong (who retired on 31 December 2003) is a director and was a substantial shareholder until 5 September 2003 has rented:
 - (a) approximately 5.87 hectares of land in the Mukim of Batang Kali, District of Ulu Selangor, Selangor to Genting Utilities & Services Sdn Bhd, a wholly-owned subsidiary of Resorts World Bhd ("RWB"), which in turn is a 56.8% owned subsidiary of the Company; and
 - (b) a premise measuring approximately 5,191 sq.m. located at Gohtong Jaya, Bentung, Pahang to Genting Centre of Excellence Sdn Bhd, a 70% owned subsidiary of RWB.
- (ii) A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed Sing Mah Plantation Sdn Bhd, a wholly-owned subsidiary of Asiatic Development Berhad, which in turn is a 54.8% owned subsidiary of the Company to provide plantation advisory services.
- (iii) A corporation in which Tan Sri Lim Kok Thay and his spouse are directors and which is wholly-owned indirectly by them has rented its property to Genting International PLC, a 63.2% owned subsidiary of the Company.
- (iv) Tan Sri Mohd Amin bin Osman has been retained as a consultant to provide management and ancillary services to the Company until 30 April 2003 and retained by RWB to provide advisory services.
- (v) Oakwood Sdn Bhd, a wholly-owned subsidiary of the Company has previously extended a housing loan to Dr. R. Thillainathan to enable him to acquire a home.

Tan Sri Lim Kok Thay and Mr Quah Chek Tin are due to retire by rotation at the forthcoming Annual General Meeting ("AGM") in accordance with Article 99 of the Articles of Association of the Company and they, being eligible, have offered themselves for re-election.

Tan Sri Mohd Amin bin Osman and Tan Sri (Dr.) Gunn Chit Tuan will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and that separate resolutions will be proposed for their re-appointment as Directors at the AGM under the provision of Section 129 (6) of the said Act to hold office until the next AGM of the Company.

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowances for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records, were written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent;
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading;

- (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

At the date of this report there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for those disclosed in the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than as disclosed in Note 39 in the financial statements.

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 48 to 99 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board,

TAN SRI LIM KOK THAY
Chairman, President & Chief Executive

TUN MOHAMMED HANIF BIN OMAR
Deputy Chairman

Kuala Lumpur
26 February 2004