



annual report 1998

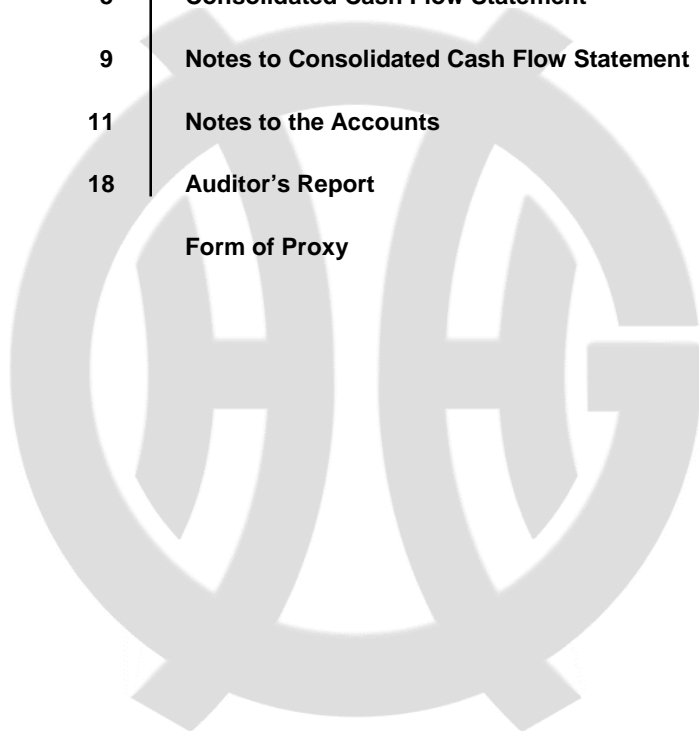
 **Genting International**

Genting International P.L.C.

(Incorporated in the Isle of Man with Limited Liability No. 24706)

CONTENTS

1	Notice of Annual General Meeting
2	Board of Directors & Corporate Information
3	Chairman's Statement
5	Report of the Directors
6	Consolidated Profit and Loss Account
7	Balance Sheets
8	Consolidated Cash Flow Statement
9	Notes to Consolidated Cash Flow Statement
11	Notes to the Accounts
18	Auditor's Report
	Form of Proxy



COVER RATIONALE

The cover depicts an artist impression of the Regent Theatre Site Development in Sydney, Australia, against the illustrated backdrop of Sydney's skyline.

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Suite 1503, Ocean Centre, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong SAR, on Monday, 24 May 1999 at 9.30 a.m.

BUSINESS

1. To receive and adopt the Accounts for the year ended 31 December 1998 and the Directors' and Auditors' Reports thereon. **(Resolution 1)**
2. To approve Directors' fees of US\$36,000 for the year ended 31 December 1998. **(Resolution 2)**
3. To re-elect Mr Justin Tan Wah Joo as a Director of the Company. **(Resolution 3)**
4. To appoint Auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 13(1) of the Companies Act, 1982, has been received by the Company for the nomination of Messrs PricewaterhouseCoopers who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:

"That Messrs PricewaterhouseCoopers be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Price Waterhouse to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." **(Resolution 4)**

5. To transact any other business of which due notice shall have been given.

By Order of the Board

Raymond E. Befroy, F.C.C.A., F.C.I.S.

Secretary

30 April 1999

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or to attend and vote instead of him. A proxy need not be a member of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
5. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office, International House, Castle Hill, Victoria Road, Douglas, Isle of Man, IM2 4RB, British Isles, not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

BOARD OF DIRECTORS

Dato' Lim Kok Thay
Chairman

Colin Au Fook Yew
Managing Director

Robert David Eavestaff Bakewell

Justin Tan Wah Joo

Ong Moh Pheng
Alternate to Colin Au Fook Yew

Ng Ko Seng
Alternate to Justin Tan Wah Joo

CORPORATE INFORMATION

SECRETARY

Raymond E. Befroy, F.C.C.A., F.C.I.S.

ASSISTANT SECRETARY

Tan Wooi Meng

REGISTERED OFFICE

International House, Castle Hill, Victoria Road, Douglas,
Isle of Man, IM2 4RB, British Isles

HEAD OFFICE

Suite 1503, Ocean Centre, 5 Canton Road, Tsimshatsui,
Kowloon, Hong Kong SAR

REGISTRARS AND TRANSFER OFFICE

IFG International (Registrars) Limited
International House, Castle Hill, Victoria Road, Douglas,
Isle of Man, IM2 4RB, British Isles

PAYING, LISTING AND SUB-TRANSFER AGENT

Banque Générale du Luxembourg S.A.
50 Avenue J.F.Kennedy, L-2951 Luxembourg

TRANSFER AGENT

M & C Services Private Limited
16 Raffles Quay, #23-01 Hong Leong Building, Singapore 048581

AUDITORS

Messrs Price Waterhouse, Certified Public Accountants,
22nd Floor, Prince's Building, Hong Kong SAR

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Genting International P.L.C Group of Companies ("Group") for the financial year ended 31 December 1998.

REVIEW OF RESULTS

As a result of the demerger of the Star Cruises PLC Group on 5 December 1997, the Group registered a decrease in operating revenue to US\$5.6 million in 1998, compared to US\$290.6 million in 1997.

Consequently, operating profit declined to US\$4.1 million during the year under review, compared to US\$29.0 million in 1997. The weighted average earnings per share registered during the year is 0.3 cent, against 4.1 cents in 1997.

DIVIDEND

No dividend is recommended in respect of the year under review.

REVIEW OF OPERATIONS

Regent Theatre Site Development, Sydney, Australia

The Regent Theatre Site Development is a A\$250 million development and it is one of Sydney's most exciting CBD mixed use development. It combines a unique total entertainment complex with two towers that provides the very best accommodation and the true excitement of inner city living.

The development site is approximately 3943m² and is located opposite Sydney's historic Town Hall, St Andrew's Cathedral and the famous Queen Victoria Building. The development redefines the gateway to the renowned and vibrant George Street cinema entertainment area, that is fast becoming Sydney's Times Square. The site benefits from direct access at lower ground floor to the Town Hall Station, Sydney's busiest railway station. This railway station is the main transport link to the downtown commercial precinct, Sydney's major places of interest and the larger Sydney metropolitan area. It is also the railway station that services the popular Chinatown and Darling Harbour.

The development comprises a 6-level 15,000m² retail entertainment podium, a 42-storey luxury residential apartment tower and a 25-storey all-suite hotel apartment, plus an 8-level carpark basement for over 650 vehicles.

The Australian economy in general has weathered well against the recent Asian economic crisis. However, as Asia has been both a dominant player of CBD apartments market and a major source of tourism market for Australia, the Asian economic crisis has had some adverse effect on both the demand of CBD apartments and hotel accommodation.

The construction activity in Sydney is currently at record high as a result of Sydney Olympics-related projects. The industry is expected to slide towards the end of 1999 to 2000 with the impending introduction of the goods and services tax and the completion of the Olympics-based constructions.

The proposed Regent Theatre Site Development has received development approval for the amended design from the local authority and final approval will be granted subject to some design modifications.

In assessing the appropriate timing for the commencement of construction, the effects of the current Asian economic crisis and the anticipated lower construction cost after the Sydney Olympics will be taken into consideration.

YEAR 2000 (Y2K)

Led by the ultimate holding company's Y2K task force to address the issue, the Group is well on schedule in ensuring that all of its relevant systems and applications are Y2K ready.

APPRECIATION

On behalf of the Board of Directors, I wish to extend my sincere thanks to the management and staff for their continuous support, dedication and commitment during the year under review.

My gratitude and appreciation is also extended to our shareholders, customers and business associates for their continuing support and assistance.

DATO' LIM KOK THAY

Chairman

23 March 1999

Your Directors take pleasure in submitting their report on the activities and accounts of the Group and of the Company for the year ended 31 December 1998 which have been prepared in accordance with the provisions of the Companies Acts, 1931 to 1993.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of an investment holding company.

The principal activities of the subsidiaries during the year included investment holding, property development and management and consultancy services to resort related businesses.

RESULTS

The audited results of the Group for the year are as follows:

	Group US\$'000
Operating profit (after crediting share of associate's profits of US\$227,000 (1997:US\$171,000))	4,089
Taxation	(46)
	<hr/>
Profit after taxation	4,043
	<hr/>

ISSUE OF SHARES

There were no issue of shares during the year.

DIVIDENDS

No dividends were paid by the Company since the end of the previous year.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 1998.

DIRECTORS

The following persons have served on the Board as Directors of the Company since the beginning of the year:

Dato' Lim Kok Thay

Mr Colin Au Fook Yew

Mr Robert David Eavestaff Bakewell

Mr Justin Tan Wah Joo

Mr Ong Moh Pheng (*alternate to Mr Colin Au Fook Yew*)

Mr Ng Ko Seng (*alternate to Mr Justin Tan Wah Joo*)

Mr Justin Tan Wah Joo is due to retire by rotation under Article 102 of the Company's Articles of Association and he, being eligible, has offered himself for re-election.

AUDITORS

Our auditors, Price Waterhouse, have merged with Coopers & Lybrand and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

DATO' LIM KOK THAY

Chairman

23 March 1999

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998
(In United States Dollars)

	Note(s)	1998 \$'000	1997 \$'000
OPERATING REVENUE	3 & 4	5,580	290,617
OPERATING PROFIT (after crediting share of associate's profits of US\$227,000 (1997:US\$171,000))	4 & 5	4,089	29,016
EXCEPTIONAL ITEMS	6	-	(6,994)
PROFIT BEFORE TAXATION		4,089	22,022
TAXATION	7	(46)	(1,283)
PROFIT AFTER TAXATION		4,043	20,739
MINORITY SHAREHOLDERS' INTERESTS		-	42
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		4,043	20,781
(ACCUMULATED LOSS)/UNAPPROPRIATED PROFIT AT BEGINNING OF YEAR		(32,015)	400,803
TRANSFER FROM DISTRIBUTABLE RESERVE		-	376,703
(ACCUMULATED LOSS)/PROFIT AVAILABLE FOR APPROPRIATION		(27,972)	798,287
APPROPRIATION: DIVIDEND	8	-	(830,302)
ACCUMULATED LOSS AT END OF YEAR	20	(27,972)	(32,015)
EARNINGS PER SHARE	22	0.3 cent	4.1 cents
EARNINGS PER SHARE (ADJUSTED TO EXCLUDE EXCEPTIONAL ITEMS)	22	0.3 cent	5.5 cents

The notes set out on pages 11 to 17 form an integral part of these accounts.

BALANCE SHEETS

AS AT 31 DECEMBER 1998
(In United States Dollars)

	Note	Group		Company	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
EMPLOYMENT OF CAPITAL					
FIXED ASSETS	9	137	180	16	21
DEVELOPMENT PROPERTY	10	29,096	28,001	-	-
SUBSIDIARIES	11	-	-	91,856	91,324
ASSOCIATE	12	1,916	3,087	-	-
INVESTMENTS	13	957	1,019	-	-
CURRENT ASSETS					
Debtors	14	12,832	32,920	12,315	31,898
Short-term investments	15	339	28,409	-	27,847
Bank balances and deposits	16	60,663	26,971	58,711	22,642
		73,834	88,300	71,026	82,387
LESS : CURRENT LIABILITIES					
Creditors	17	1,009	2,204	577	1,169
Bank overdrafts and other borrowings	18	25	15,023	-	14,900
Taxation		11	326	-	133
		1,045	17,553	577	16,202
NET CURRENT ASSETS		72,789	70,747	70,449	66,185
		104,895	103,034	162,321	157,530
CAPITAL EMPLOYED					
SHARE CAPITAL	19	141,945	141,945	141,945	141,945
RESERVES	20	(39,382)	(41,421)	20,376	15,585
SHAREHOLDERS' FUNDS		102,563	100,524	162,321	157,530
DEFERRED TAXATION	21	2,332	2,510	-	-
		104,895	103,034	162,321	157,530
NET TANGIBLE ASSETS PER ORDINARY SHARE		\$0.07	\$0.07		

Approved by the Board of Directors on 23 March 1999.

DATO' LIM KOK THAY
Chairman

MR COLIN AU FOOK YEW
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1998

(In United States Dollars)

	Note	1998 \$'000	1997 \$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	50,318	42,271
INVESTING ACTIVITIES			
Distribution received from associate		1,203	261
Proceeds from disposal of fixed assets		1	552
Payment of fixed assets		(39)	(154,328)
Expenditure on development property		(2,812)	(5,099)
Net borrowings of Star Cruises Group at date of demerger	B	-	45,480
Disposal of Lafleur Limited Group	C	-	22,266
Acquisition of remaining interest in an existing subsidiary	D	-	(57)
Purchase of investment		-	(54,998)
Net cash outflow from investing activities		(1,647)	(145,923)
FINANCING ACTIVITIES			
Proceeds from issue of shares		-	92,000
Proceeds from issue of shares to minority shareholders of subsidiaries		-	13,376
Dividend paid		-	(12,275)
Net cash inflow from financing activities		-	93,101
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	E	48,671	(10,551)

The notes set out on pages 11 to 17 form an integral part of these accounts.

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

	1998 \$'000	1997 \$'000
A. NET CASH INFLOW FROM OPERATING ACTIVITIES		
Profit before taxation and exceptional items	4,089	29,016
Adjustments for:		
Provision for diminution in value of short-term investments	223	675
Depreciation of fixed assets	77	26,109
(Gain)/loss on disposal of fixed assets	(1)	77
Share of associate's profits	(227)	(171)
Interest income	(3,285)	(755)
Amortisation of goodwill	-	9,329
Interest expense	-	216
	(3,213)	35,480
Operating profit before working capital changes	876	64,496
Increase in stocks	-	(5,159)
Decrease/(increase) in debtors	19,922	(31,471)
Decrease/(increase) in short-term investments	27,847	(9,435)
(Decrease)/increase in creditors	(1,140)	36,445
	46,629	(9,620)
Interest received	47,505	54,876
Interest paid	3,242	742
Tax paid	(55)	(194)
	(374)	(1,176)
Cash inflow before exceptional items	50,318	54,248
Additional drydocking costs due to the need to comply with prevailing International Safety Management Code	-	(6,083)
Expenses incurred in relation to the start up of a cruise ship	-	(3,849)
Expenses incurred in relation to a proposed cruise infrastructure facilities now written off	-	(2,045)
	50,318	42,271
B. DEMERGER OF STAR CRUISES GROUP		
Net assets demerged		
Fixed assets	-	649,467
Investments	-	54,998
Provision for taxation	-	(1,448)
Provision for deferred taxation	-	(129)
Minority interests	-	(57)
Capital reserve	-	(3)
Reserve on exchange differences	-	3,526
Goodwill arising on consolidation - net of accumulated amortisation	-	191,009
	-	897,363
Net working capital	-	(67,061)
	-	830,302
Dividend in specie	-	(830,302)
	-	-
Net borrowings of Star Cruises Group at date of demerger	-	45,480
	-	45,480

The notes set out on pages 11 to 17 form an integral part of these accounts.

	1998 \$'000	1997 \$'000
C. DISPOSAL OF LAFLEUR LIMITED GROUP		
Net assets sold		
Fixed assets	-	11
Provision for deferred taxation	-	(3)
Minority interests	-	(13,350)
	-	(13,342)
Net working capital	-	30,576
	-	17,234
Surplus on disposal of the Group's investment in Lafleur Limited Group (see Note 6)	-	4,983
Exchange differences realised on sale	-	10,655
Total sale consideration	-	32,872
Receivable	-	(10,598)
Satisfied in cash	-	22,274
Bank balances of disposed subsidiaries	-	(8)
	-	22,266
D. ACQUISITION OF REMAINING INTEREST IN AN EXISTING SUBSIDIARY		
Net assets acquired		
Share of net assets	-	(283)
Reserve arising on consolidation	-	226
Satisfied in cash	-	(57)
E. ANALYSIS OF CASH AND CASH EQUIVALENTS		
At beginning of year	11,948	26,729
Net inflow/(outflow) before adjustments for the effect of exchange rate changes	48,671	(10,551)
Effect of currency translation	19	(4,230)
At end of year	60,638	11,948
Bank balances and deposits	60,663	26,971
Bank overdrafts and other borrowings	(25)	(15,023)
	60,638	11,948

The notes set out on pages 11 to 17 form an integral part of these accounts.

NOTES TO THE ACCOUNTS

31 DECEMBER 1998

(In United States Dollars)

1. PRINCIPAL ACTIVITIES

The Company's principal activity is that of an investment holding company.

The principal activities of the subsidiaries during the year included investment holding, property development and management and consultancy services to resort related businesses.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

The accounts have been prepared under the historical cost convention and comply with International Accounting Standards.

Basis of Consolidation

The consolidated accounts are based on the audited accounts of the Company and all its subsidiaries made up to 31 December 1998.

The results of subsidiaries acquired or disposed of are included in the consolidated accounts from the effective date of acquisition or to the date of disposal.

Goodwill

On the acquisition of a subsidiary, fair values are attributed to the Group's share of the net assets acquired. Consolidation goodwill arises where the consideration paid exceeds the values attributable to such assets acquired. Such goodwill is recognised in the balance sheet as an intangible asset and is amortised using the straight-line method over its estimated useful life. Goodwill arising on major strategic acquisitions of the Group is amortised over a maximum period of 20 years. For all other acquisitions, goodwill is amortised over a shorter period not exceeding 5 years.

Associate

An associate is an enterprise in which the Group has a long term interest of between 20% and 50% and where the Group is in a position to exercise significant influence.

The Group's share of the results of the associate is included in the consolidated profit and loss account and the Group's interest in the associate is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associate.

Investments

Investments in subsidiaries and other long-term investments are stated at cost. Such investments are only written down when the Directors consider that there is a permanent diminution in the value of the investments. Short-term investments are stated at the lower of cost and market value.

Fixed Assets and Depreciation

Fixed assets are stated at cost and are depreciated over their estimated useful lives using the straight-line method. The annual rates of depreciation used for plant, equipment and vehicles are from 5% to 33 1/3%.

Development Property

Development property is stated at cost. Cost includes land cost and development expenditure.

Deferred taxation

Deferred tax accounting using the "liability" method is adopted by the Group. Deferred taxation provides for the tax effects of all temporary differences arising between the tax bases of assets or liabilities and their carrying value for financial reporting purposes.

Foreign Currencies

The accounts are stated in United States Dollars ("US\$").

Transactions in other currencies during the year have been translated into US\$ at the rates ruling on the dates of the transactions or, if covered by forward foreign exchange contracts, at contracted rates. Monetary assets and liabilities in other currencies at the year end have been translated into US\$ at approximately the rates ruling on that date or, if covered by forward exchange contracts, at contracted rates. Gains and losses arising from translation are included in the profit and loss account.

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

3. OPERATING REVENUE

Operating revenue represents interest income, management and consultancy fees on resort related businesses, income from investments, proceeds from sale of short-term investments and the invoiced value receivable for goods and services supplied.

4. SEGMENT ANALYSIS

	Operating Revenue		Operating Profit/(Loss)		Assets Employed	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
By Activity						
Continuing operations:						
Investments	3,349	980	2,674	(2,134)	71,216	81,242
Resorts	2,231	2,999	1,579	2,310	2,398	4,957
Properties	-	-	(164)	(160)	32,326	34,388
	5,580	3,979	4,089	16	105,940	120,587
Discontinued operations:						
Cruise	-	286,638	-	29,000	-	-
	5,580	290,617	4,089	29,016	105,940	120,587

The 1997 operating profit for the cruise activity is stated after deducting interest expense of US\$216,000.

By Geographical Location

Continuing operations:						
Asia Pacific	5,580	3,979	4,090	16	105,939	120,585
North America	-	-	(1)	-	1	2
	5,580	3,979	4,089	16	105,940	120,587
Discontinued operations:						
Asia Pacific	-	286,638	-	29,000	-	-
	5,580	290,617	4,089	29,016	105,940	120,587

5. OPERATING PROFIT

Operating profit is stated after the following:

	Group	
	1998 \$'000	1997 \$'000
Operating expenses	1,263	166,226
Marketing, selling and administrative expenses	378	69,437
Depreciation of fixed assets	77	26,109
	1,718	261,772

Included in the operating profit are the following charges and credits:

	Group	
	1998 \$'000	1997 \$'000
Charges:		
Diminution in value of short-term investments	223	675
Director's remuneration:		
- fees	73	117
- other emoluments	201	1,647
Rental of office premises	50	3,089
Auditor's remuneration	37	296
Amortisation of goodwill	-	9,329
Exchange losses	-	5,204
Interest on bank overdrafts and other borrowings	-	216
Loss on disposal of fixed assets	-	77
Credits:		
Interest income	3,285	755
Exchange gains	218	-
Dividends from short-term investments	1	-
Gain on disposal of fixed assets	1	-

6. EXCEPTIONAL ITEMS

	Group	
	1998 \$'000	1997 \$'000
Surplus on disposal of the Group's investment in Lafleur Limited Group	-	4,983
Additional drydocking costs due to the need to comply with prevailing International Safety Management Code	-	(6,083)
Expenses incurred in relation to the start up of a cruise ship	-	(3,849)
Expenses incurred in relation to a proposed cruise infrastructure facilities now written off	-	(2,045)
	-	(6,994)

7. TAXATION

	Group	
	1998 \$'000	1997 \$'000
Foreign taxation		
Current taxation	71	1,515
Deferred taxation	(25)	(232)
	46	1,283

All the Group's profits are in respect of activities undertaken outside the Isle of Man and are not subject to taxation in the Isle of Man.

8. DIVIDEND

	Group	
	1998 \$'000	1997 \$'000
Special interim dividend – demerger	-	830,302

The demerger dividend in specie of US\$830,301,632 at Group level in 1997 represents the net assets of Star Cruises Group and the unamortised goodwill arising from the acquisition of Star Cruises Group at the date of demerger.

9. FIXED ASSETS

	Group	Company	
	1998 \$'000	1998 \$'000	1997 \$'000
Plant, equipment and vehicles			
Cost			
At beginning of year	848	105	96
Exchange differences	(17)	-	-
Additions	39	10	9
Disposals	(37)	(11)	-
At end of year	833	104	105
Less: Accumulated depreciation			
At beginning of year	668	84	69
Exchange differences	(12)	-	-
Charge for the year	77	15	15
Disposals	(37)	(11)	-
At end of year	696	88	84
Net book value at end of year	137	16	21

9. FIXED ASSETS (cont'd)

Group 1997 Cost	Cruise ships \$'000	Land, buildings and improvements \$'000	Plant, equipment and vehicles \$'000	Cruise ships under construction \$'000	Total \$'000
At beginning of year	463,372	775	61,066	52,089	577,302
Exchange differences	-	(70)	(1,198)	-	(1,268)
Additions	86,847	487	12,418	54,576	154,328
Disposals	-	-	(1,091)	-	(1,091)
Disposal of subsidiaries	-	-	(51)	-	(51)
Demerger of Star Cruises Group	(550,219)	(1,192)	(70,296)	(106,665)	(728,372)
At end of year	-	-	848	-	848
Less: Accumulated depreciation					
At beginning of year	32,122	315	22,224	-	54,661
Exchange differences	-	(20)	(676)	-	(696)
Charge for the year	15,748	319	10,042	-	26,109
Disposals	-	-	(461)	-	(461)
Disposal of subsidiaries	-	-	(40)	-	(40)
Demerger of Star Cruises Group	(47,870)	(614)	(30,421)	-	(78,905)
At end of year	-	-	668	-	668
Net book value at end of year	-	-	180	-	180

10. DEVELOPMENT PROPERTY

	Group	
	1998 \$'000	1997 \$'000
Freehold land – at cost	19,240	19,240
Development expenditure	9,856	8,761
	29,096	28,001

11. SUBSIDIARIES

	Company	
	1998 \$'000	1997 \$'000
Unquoted – at cost	91,748	91,748
Amounts due from subsidiaries	1,909	1,471
Amounts due to subsidiaries	(1,801)	(1,895)
	91,856	91,324

The amounts due from/(to) subsidiaries are interest-free, unsecured and have no fixed repayment terms.

The principal subsidiaries are listed in Note 27 to the accounts.

12. ASSOCIATE

	Group	
	1998 \$'000	1997 \$'000
Interest in associate – at cost	2,160	2,160
Exchange differences	(244)	(119)
Group's share of post-acquisition retained profits	-	1,046
	1,916	3,087

The associate is listed in Note 27 to the accounts.

13. INVESTMENTS

	Group	
	1998	1997
	\$'000	\$'000
Units in unquoted overseas trust – at cost	957	1,019

14. DEBTORS

	Group		Company	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Trade debtors	57	191	57	8
Non-trade debtors	519	22,065	93	21,226
Amounts due from fellow subsidiaries	12,256	10,664	12,165	10,664
	12,832	32,920	12,315	31,898

The amounts due from fellow subsidiaries are interest-free, unsecured and have no fixed repayment terms.

15. SHORT-TERM INVESTMENTS

	Group		Company	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Shares in quoted overseas corporations – at cost	339	562	-	-
Investment in unquoted securities – at cost	-	27,847	-	27,847
	339	28,409	-	27,847
Market value of quoted investments	339	562	-	-

16. BANK BALANCES AND DEPOSITS

	Group		Company	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Deposits with banks – maturing within 3 months	59,568	25,046	57,983	21,683
Cash and bank balances	1,095	1,925	728	959
	60,663	26,971	58,711	22,642

17. CREDITORS

	Group		Company	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Trade creditors	86	85	-	-
Non-trade creditors and accruals	888	981	542	683
Amounts due to fellow subsidiaries	6	1,080	6	428
Amount due to immediate holding company	29	-	29	-
Amount due to ultimate holding company	-	58	-	58
	1,009	2,204	577	1,169

The amounts due to fellow subsidiaries, immediate holding company and ultimate holding company are interest-free, unsecured and have no fixed repayment terms.

18. BANK OVERDRAFTS AND OTHER BORROWINGS – UNSECURED

	Group		Company	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Bank overdrafts	25	123	-	-
Revolving short-term bank loans	-	14,900	-	14,900
	25	15,023	-	14,900

The bank overdrafts carry interest rates which vary according to the bank's cost of funds.

19. SHARE CAPITAL

	1998 \$'000	1997 \$'000
Authorised:		
Ordinary shares of US\$0.10 each		
At beginning of year	200,000	100,000
Creation of 1,000,000,000 new ordinary shares	-	100,000
At end of year	200,000	200,000
Issued and fully paid:		
Ordinary shares of US\$0.10 each		
At beginning of year	141,945	49,945
Issued to Genting Berhad Group after the completion of the demerger of Star Cruises Group	-	92,000
At end of year	141,945	141,945

During the year, all share option holders of the Company have relinquished their unexpired share options. As such, there are no outstanding options under the Genting International Employee's Share Option Scheme For Executives as at the year end.

20. RESERVES

	Group		Company	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
PROFIT AND LOSS ACCOUNT				
At beginning of year	(32,015)	400,803	15,424	327,801
Transfer from distributable reserve	-	376,703	-	376,703
Profit for the year	4,043	20,781	4,791	49,255
Special interim dividend	-	(830,302)	-	(738,335)
At end of year	(27,972)	(32,015)	20,215	15,424
EXCHANGE DIFFERENCES				
At beginning of year	(9,406)	(4,253)	161	160
Movement during the year	(2,004)	(5,153)	-	1
At end of year	(11,410)	(9,406)	161	161
	(39,382)	(41,421)	20,376	15,585

21. DEFERRED TAXATION

	31 December 1997 \$'000	Charged/(credited) to profit & loss account \$'000	Exchange differences \$'000	31 December 1998 \$'000
	Group			
Deferred tax liabilities				
Interest expenses capitalised in subsidiary deducted when paid	2,495	-	(153)	2,342
Share of associate's profit taxable only upon receipt	47	(27)	(2)	18
	2,542	(27)	(155)	2,360
Deferred tax assets				
Provisions	(32)	2	2	(28)
Net deferred tax liabilities	2,510	(25)	(153)	2,332

21. EARNINGS PER SHARE

Earnings per share is calculated based on the Group's profit attributable to shareholders of US\$4,043,000 (1997: US\$20,781,000) and the weighted average number of ordinary shares in issue during the year of 1,419,447,243 shares (1997: 501,967,791 shares).

The adjusted earnings per share of 0.3 cent (1997: 5.5 cents) excludes exceptional items. It is calculated on the earnings for the year before exceptional items but after charging taxation and minority interests, of US\$4,043,000 (1997: US\$27,775,000) and on the weighted average number of ordinary shares in issue during the year.

22. FINANCIAL INSTRUMENTS

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of debtors, bank balances and deposits. The Group's cash equivalents and short-term deposits are placed with high creditworthy financial institutions. Debtors are presented net of the allowance for doubtful receivables. Credit risk with respect to trade debtors is limited as the Group does not have any significant exposure to any individual customer or counterparty.

Interest rate risk

The Group's short-term deposits are placed at prevailing interest rates.

Fair values

At 31 December 1998, the carrying amounts of debtors, short-term investments, bank balances and deposits, creditors, bank overdrafts and other borrowings approximated their fair values due to the short-term maturities of these assets and liabilities.

23. CONTINGENT LIABILITIES

As at the end of the year, a subsidiary has given guarantees of US\$1,120,000 (1997 : US\$1,193,000) in relation to its property development project. These guarantees are secured by a charge over the subsidiary's bank deposits. The Directors do not expect any loss to arise in respect of these guarantees.

24. CAPITAL COMMITMENTS

	Group	
	1998	1997
	\$'000	\$'000
Authorised capital expenditure contracted but not provided for in the accounts	-	935

25. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) The immediate holding company is Genting Overseas Holdings Limited, a company incorporated in the Isle of Man. The ultimate holding company is Genting Berhad, a company incorporated in Malaysia whose shares are listed on the Kuala Lumpur Stock Exchange.
- (b) Marketing fees and sales commission amounting to US\$2,066,000 (1997: US\$2,858,000) receivable from Resorts World Bhd, a fellow subsidiary in which a director of the Company is also a director and shareholder. As at the year end, an amount of US\$543,000 (1997 : US\$751,000) is outstanding.

26. PRINCIPAL SUBSIDIARIES AND ASSOCIATE

	Country of Incorporation	Class of Shares Held	Effective Percentage of Ownership		Principal Activities
			1998	1997	
DIRECT SUBSIDIARIES					
Genting International Properties Limited	Isle of Man	Ordinary	100	100	Investment holding
Genting International Management Limited	Isle of Man	Ordinary	100	100	investment holding
Palomino Limited	Isle of Man	Ordinary	100	100	Investment
Powerstock Limited	Isle of Man	Ordinary	100	100	Investment
Genting International Resort Limited	Hong Kong	Ordinary	100	100	Pre-operating
Genting International (Singapore) Pte Ltd	Singapore	Ordinary	100	100	Tour promotion
INDIRECT SUBSIDIARIES					
Genting Australia Pty Ltd	Australia	Ordinary	100	100	Management services
Genting (Western Australia) Pty Ltd	Australia	Ordinary	100	100	Investment
Genting Australia Investments Holding Pty Ltd	Australia	Ordinary	100	100	Property development
ASSOCIATE					
Earthtex Pty Ltd and Genting International Properties Limited building development project	Established under agreement in Australia	-	50	50	Property development

REPORT OF THE AUDITORS TO THE MEMBERS OF GENTING INTERNATIONAL P.L.C.

(Incorporated in the Isle of Man with limited liability No. 24706)

We have audited the accounts set out on pages 6 to 17 which have been prepared in accordance with International Accounting Standards. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

Our audit was conducted in accordance with International Standards on Auditing. Those Standards require that the audit is planned and performed to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounts give a true and fair view of the financial position of the Company and the Group as at 31 December 1998 and of the profit and cash flows of the Group for the year then ended in accordance with International Accounting Standards and the Isle of Man Companies Acts, 1931 to 1993.

PRICE WATERHOUSE

Certified Public Accountants
Hong Kong

23 March 1999

FORM OF PROXY

(Before completing the form please refer to the notes below)

I/We _____
 (FULL NAME IN BLOCK CAPITALS)

of _____
 (ADDRESS)

being a member/members of GENTING INTERNATIONAL P.L.C. hereby appoint *the CHAIRMAN OF THE MEETING

or _____
 (FULL NAME)

of _____
 (ADDRESS)

or failing him _____
 (FULL NAME)

of _____
 (ADDRESS)

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 24 May 1999 at 9.30 a.m. and at any adjournment thereof.

Where it is desired to appoint more than one proxy, application should be made to the registered office or to IFG International (Registrars) Limited, International House, Castle Hill, Victoria Road, Douglas, Isle of Man, IM2 4RB, British Isles for additional Proxy Forms. In this case, each Proxy Form must state the percentage of the total shareholding which each proxy is entitled to represent.

My/our proxies shall vote as follows:

ORDINARY RESOLUTION		First Proxy	
		For	Against
To receive and adopt the Audited Accounts	Resolution 1		
To approve Directors' fees of US\$36,000	Resolution 2		
To re-elect Mr Justin Tan Wah Joo as a Director	Resolution 3		
To appoint Messrs PricewaterhouseCoopers as auditors in place of the retiring Auditors, Messrs Price Waterhouse	Resolution 4		

(Please indicate with an "X" in the spaces provided as to how you wish your votes to be cast. If you do not do so, the proxy/ proxies will vote or abstain from voting at his/their discretion.)

Signed this _____ day of _____ 1999

No. of Shares held	
--------------------	--

Signature of Member(s)

*Delete if inapplicable

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.
5. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office, International House, Castle Hill, Victoria Road, Douglas, Isle of Man, IM2 4RB, British Isles, not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.