THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Guoco Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

國浩集團有限公司

Guoco Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00053)

MAJOR TRANSACTION

Mandatory Conditional Cash Offer
by
CIMB-GK Securities Pte. Ltd.
for and on behalf of
High Glory Investments Limited
for
BIL International Limited

A letter from the Board is set out on pages 5 to 15 of this circular.

Hong Kong, 4 November 2005

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Acquisitions"	the First Acquisition, the Second Acquisitions and the Third Acquisitions
"BIL"	BIL International Limited, a company incorporated in Bermuda with limited liability and whose shares are primarily listed on the SGX-ST (with secondary listings on the New Zealand Stock Exchange and the London Stock Exchange)
"BIL Annual Reports"	the annual reports of BIL for the financial years ended 30 June 2004 and 2005
"BIL Group"	BIL and its subsidiaries
"BIL Plan"	the BIL International Share Option Plan
"BIL Shares"	ordinary shares of US$0.20 each in the capital of BIL
"Board"	the board of Directors
"Capital Notes"	certain capital notes which were issued by BIL Finance Limited, a wholly-owned subsidiary of BIL, and which are convertible in whole or in part into BIL Shares
"Capital Notes Offer"	the offer, in compliance with the provisions of the Takeovers Code, which has been made for the Capital Notes
"Circular"	this circular issued by Guoco to the Shareholders in respect of the Transaction
"Closing Date"	21 October 2005, being the closing date of the Offers
"Concert Group"	the Offeror and its Concert Parties
"Concert Parties"	in respect of a person, means parties acting in concert (within the meaning as ascribed to that term under the Takeovers Code) with such person in relation to voting of BIL Shares
"Directors"	the directors of Guoco
"Enlarged Group"	the Guoco Group as enlarged by the consolidation of the BIL Group
"Extension Announcement"	the announcement made by Guoco on 30 September 2005 in connection with the revisions of the Share Offer Price and the Capital Notes Offer Prices and the extension of the Offers

"Financial Adviser"	CIMB-GK Securities Pte. Ltd. (formerly known as G. K. Goh Stockbrokers Pte Ltd)
"First Acquisition"	the acquisition of the Sale Shares by the Offeror at S$1.20 per BIL Share as disclosed in the First Announcement
"First Announcement"	the announcement made by Guoco on 14 July 2005 in connection with the First Acquisition and the Share Offer
"GOL"	GuoLine Overseas Limited, a Shareholder which owned 215,579,447 Guoco Shares (representing approximately 65.52% of the issued share capital of Guoco) as at the Latest Practicable Date
"Guoco"	Guoco Group Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
"Guoco Group"	Guoco and its subsidiaries
"Guoco Shares"	ordinary shares of US$0.50 each in the issued share capital of Guoco
"HK$"	Hong Kong dollar, the legal currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	31 October 2005, being the latest practicable date before the printing of this Circular for ascertaining certain information for the purpose of inclusion in this Circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"NZ$"	New Zealand dollar, the lawful currency of New Zealand
"Offer Document"	the formal offer document dated 3 August 2005, setting out the terms and conditions of the Offers and enclosing the appropriate form(s) of acceptance
"Offer Shares"	all the BIL Shares in issue (and to be issued pursuant to the BIL Plan) which were not already owned, controlled or agreed to be acquired by the Concert Group as at the date of the Share Offer (and, for the purpose of the Share Offer, the expression "Offer Shares" included any new BIL Shares issued pursuant to any exercise of Options or conversion of the Capital Notes)

"Offeror"	High Glory Investments Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of Guoco
"Offers"	the Share Offer and the Capital Notes Offer, as revised
"Options"	any options to subscribe for new BIL Shares granted under the BIL Plan
"PRC"	the People's Republic of China
"Revised Share Offer Price"	S$1.25 in cash per BIL Share, as revised by the Offeror on 30 September 2005
"Sale Shares"	138,475,000 BIL Shares (representing approximately 10.12% of the then issued share capital of BIL)
"Second Acquisitions"	the acquisition of 54,603,000 BIL Shares by the Offeror at S$1.20 per BIL Share as disclosed in the Second Announcement
"Second Announcement"	the announcement made by Guoco on 22 July 2005 as supplemental to the First Announcement
"Seller"	the selling shareholder of BIL in respect of the Sale Shares, who is an Unconnected Person
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"Share Offer"	the mandatory conditional cash offer for the Offer Shares in accordance with the Takeovers Code
"Share Offer Price"	S$1.20 in cash per BIL Share, as announced by the Offeror on 14 July 2005, which was subsequently revised on 30 September 2005
"Shareholders"	the shareholders of Guoco
"S$"	Singapore dollar, the legal currency of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Circular"	the supplemental circular to be issued by Guoco on or before 30 November 2005 for the purpose of providing the Shareholders with further information concerning the BIL Group and the Enlarged Group

"Takeovers Code"	the Singapore Code on Take-overs and Mergers as revised with effect from 1 January 2002
"Third Acquisitions"	the acquisitions of 30,000,000 BIL Shares at S$1.25 per BIL Share on the SGX-ST and 1,506 BIL Shares at NZ$1.02 per BIL Share on the New Zealand Stock Exchange
"Transaction"	the Acquisitions and the Offers
"Unconnected Person"	person who was (at the relevant time), to the best knowledge, information and belief of the Directors, independent third parties not connected with the Directors, chief executive, substantial shareholders of Guoco or its subsidiaries or any of their respective associates
"US"	the United States of America
"US$"	United States dollar, the legal currency of the US
"%"	per cent.

For reference only, the figures in Singapore dollars referred to in the Letter from the Board have been translated into Hong Kong dollars on the basis of an assumed exchange rate of S$1.00 = HK$4.6097, the figures in New Zealand dollars referred to in the Letter from the Board have been translated into Hong Kong dollars on the basis of an assumed exchange rate of NZ$1.00=HK$5.2638 and the figures in United States dollars referred to in the Letter from the Board have been translated into Hong Kong dollars on the basis of an assumed exchange rate of US$1.00 = HK$7.78.

國浩集團有限公司
Guoco Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 00053)

Directors:	*Registered office:*
Quek Leng Chan *(Executive Chairman)*	Canon's Court
Kwek Leng Hai *(President, CEO)*	22 Victoria Street
Sat Pal Khattar**	Hamilton HM 12
Kwek Leng San*	Bermuda
Tan Lim Heng	
James Eng, Jr.	*Principal office:*
Harry Richard Wilkinson**	50th Floor, The Center
Volker Stoeckel**	99 Queen's Road Central
	Hong Kong

** Non-executive Director*
*** Independent Non-executive Directors*

4 November 2005

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

Mandatory Conditional Cash Offer by CIMB-GK Securities Pte. Ltd. for and on behalf of High Glory Investments Limited for BIL International Limited

INTRODUCTION

The purpose of this Circular is to provide the Shareholders with further details of the Transaction.

The First Acquisition

On 13 July 2005, the Offeror acquired 138,475,000 BIL Shares, representing approximately 10.12% of the then issued share capital of BIL from the Seller.

The consideration for the First Acquisition was S$166,170,000 (representing approximately HK$766 million and S$1.20 per BIL Share). The consideration was arrived at after arm's length negotiations between the parties involved with reference to the then prevailing market price of BIL Shares. The highest and lowest closing prices at which BIL Shares were traded in the 1-week period immediately prior to the First Acquisition were S$1.24 and S$1.19 respectively.

The First Acquisition was made by way of an on market transaction after the broker for the Seller approached Guoco. Guoco was not then aware of the actual identity of the Seller. Based on the public filing in Singapore, the Seller should be Southeastern Asset Management, Inc.. Guoco has been informed by its controlling shareholder that the controlling shareholder and its associates are not related to the Seller.

Completion of the First Acquisition occurred on 18 July 2005 by way of settlement through the clearing system of the SGX-ST. Immediately following such completion, the Concert Group owned 545,903,324 BIL Shares (representing approximately 39.90% of the then issued share capital of BIL).

Takeovers Code

In accordance with Rule 14 of the Takeovers Code, the Offeror was required to make a mandatory conditional takeover offer for all the Offer Shares following completion of the First Acquisition.

Aggregate Holding

On 12 July 2005 (being the latest practicable date for ascertaining this shareholding information in the First Announcement), the Concert Group owned or controlled 407,428,324 BIL Shares, representing approximately 29.78% of the then issued share capital of BIL as follows:

	%
Guoco's wholly-owned subsidiary	5.43
Camerlin Group Berhad*	22.26
GuocoLand Limited*	1.83
A director of Guoco	0.01
Other Concert Parties	0.25

** Notes: Guoco's non wholly-owned subsidiary*

The Second Acquisitions

On 19 July 2005, the Offeror acquired another 54,603,000 BIL Shares at S$1.20 per BIL Share by way of market purchases on the SGX-ST (representing approximately 3.99% of the then issued share capital of BIL). Completion of the Second Acquisitions occurred on 22 July 2005 by way of settlement through the clearing system of the SGX-ST.

Accordingly, as at the date of the Second Announcement, the Concert Group owned, controlled or had agreed to acquire an aggregate of 600,506,324 BIL Shares (representing approximately 43.89% of the then issued share capital of BIL).

THE OFFERS

Terms of the Share Offer

On 3 August 2005, the Offeror made the Share Offer for the Offer Shares, in accordance with Section 139 of the Securities and Futures Act (Chapter 289 of Singapore) and the Takeovers Code.

The Share Offer was made on the following basis:

For each Offer Share: S$1.20 in cash (representing approximately HK$5.53 per BIL Share)

The Share Offer was extended to all new BIL Shares unconditionally issued or to be issued pursuant to the valid exercise (prior to the close of the Share Offer) of any Options or Capital Notes.

The Offer Shares were to be acquired: (i) fully paid; (ii) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits and entitlements attached thereto as at the date of the First Announcement and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by BIL on or after the date of the First Announcement.

Acceptance Condition of the Share Offer

The Share Offer was conditional on the Offeror having received, by the close of the Share Offer, valid acceptances in respect of such number of Offer Shares which would result in the Concert Group holding such number of BIL Shares carrying more than 50% of the voting rights attributable to the issued share capital of BIL as at the close of the Share Offer (including any voting rights attributable to BIL Shares issued or to be issued pursuant to the valid exercise of the Options and the valid conversion of the Capital Notes prior to the close of the Share Offer).

The Share Offer was to be unconditional in all other respects.

The Third Acquisitions

On 30 September 2005, the Offeror acquired a total of 30,000,000 BIL Shares at S$1.25 per share on the SGX-ST and 1,506 BIL Shares at NZ$1.02 per share on the New Zealand Stock Exchange, with reference to the then prevailing market price of BIL Shares. The highest and lowest closing prices at which BIL Shares were traded in the 1-week period immediately prior to the Third Acquisitions were S$1.22 and S$1.20 respectively on the SGX-ST and NZ$1.04 and NZ$1.02 respectively on the New Zealand Stock Exchange.

As a result, the Concert Group owned, controlled or agreed to acquire an aggregate of 636,734,000 BIL Shares (representing approximately 46.54% of the then issued share capital of BIL) as at the date of the Extension Announcement.

Revision of Share Offer

Pursuant to the Takeovers Code, the Share Offer Price was revised on 30 September 2005 as follows:

For each Offer Share: S$1.25 in cash (representing approximately HK$5.76 per BIL Share)

All other terms of the Share Offer set out in the Offer Document remained unchanged.

Value of the Share Offer

On the basis of the Revised Share Offer Price, the entire share capital of BIL in issue as at the Closing Date was valued at approximately S$1,710.1 million (representing approximately HK$7,883.1 million) and the Offer Shares in issue as at the Closing Date in aggregate was valued at approximately S$912.0 million (representing approximately HK$4,204.0 million).

Options

Under the rules of the BIL Plan, the Options are not transferable by the holders thereof. In view of this restriction, the Offeror had not made an offer to acquire the Options (although, for the avoidance of doubt, the Share Offer had been extended to all new BIL Shares issued or to be issued pursuant to the valid exercise of the Options on or prior to the close of the Share Offer).

As at the Closing Date, there were no outstanding Options.

Capital Notes

A wholly-owned subsidiary of BIL had issued the Capital Notes with election dates ranging from 15 October 2004 to 15 October 2007. The Capital Notes pay interest at rates between 8% and 9.25% per annum.

Under the terms of the Capital Notes, noteholders may on the relevant election date either accept the new terms offered or convert some or all of the Capital Notes into BIL Shares at a price equal to 98% of the weighted average sale price of the BIL Shares on the New Zealand Stock Exchange on each of the 5 business days prior to the relevant election date (or, where no BIL Shares have been sold on each of those days, the weighted average sale price of BIL Shares on each of the 5 business days having the highest volumes of trading within the last 14 days prior to the relevant election date).

As the Capital Notes fall within the ambit of Rule 19 of the Takeovers Code, an appropriate offer, in compliance with the provisions of the Takeovers Code, was made for the Capital Notes on 3 August 2005.

Terms of the Capital Notes Offer

The Offeror originally made the Capital Notes Offer by offering the following prices (the "Capital Notes Offer Prices") for the respective tranches of the Capital Notes (hereinafter referred to as "2005 Notes", "2006 Notes" and "2007 Notes") validly tendered in acceptance of the Capital Notes Offer:

	Capital Notes Offer Price for every NZ$1,000 principal amount of Capital Notes	Payment Type	Currency of Payment
2005 Notes	1,054.01	Cash	NZ$
2006 Notes	1,055.29	Cash	NZ$
2007 Notes	1,052.10	Cash	NZ$

The Capital Notes Offer Prices for the respective tranches of Capital Notes were based on the implied value ("Implied Value") of the BIL Shares in NZ$ which would have been issued assuming a hypothetical conversion of the Capital Notes into BIL Shares on the date of the First Announcement (with 90 days' interest accrued up to the same date) at the conversion price of NZ$1.0185 per BIL Share, as if it was an election date for the Capital Notes. For this purpose, the Implied Value for each BIL Share assumed issued on such hypothetical conversion is determined by applying the Share Offer Price of S$1.20 to such BIL Share at the exchange rate of NZ$1.00 to S$1.1419, being the mid rate on the date of the First Announcement as quoted by Bloomberg.

The Capital Notes were to be acquired: (i) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (ii) together with all rights, benefits and entitlements attached thereto as at the date of the First Announcement and thereafter attaching thereto, including the right to receive and retain all interests, payments, rights and other distributions (if any) declared, paid or made by BIL and/or the issuer of the Capital Notes on or after the date of the First Announcement.

Acceptance Condition of the Capital Notes Offer

The Capital Notes Offer was to be conditional upon the Share Offer being unconditional in all respects.

Revised Capital Notes Offer Prices

As a consequence of the revision of the Share Offer Price and taking into consideration the interest payments then to be paid to holders of Capital Notes on 17 October 2005 on all three tranches of the Capital Notes (the record date of which fell on 30 September 2005), the Capital Notes Offer Prices were revised on 30 September 2005 as follows:

(a) 2005 Notes: NZ$1,054.18 in cash for every NZ$1,000 principal amount;

(b) 2006 Notes: NZ$1,053.01 in cash for every NZ$1,000 principal amount; and

(c) 2007 Notes: NZ$1,055.94 in cash for every NZ$1,000 principal amount, (together, the "Revised Capital Notes Offer Prices").

All other terms of the Capital Notes Offer set out in the Offer Document remained unchanged.

Value of the Capital Notes Offer

On the basis of the Revised Capital Notes Offer Prices, the entire amount of the Capital Notes in issue as at the date of the Closing Date was valued in aggregate at approximately NZ$37.0 million (representing approximately HK$194.8 million).

Offer Document

The formal offer document, setting out the terms and conditions of the Offers (excluding the terms of the revisions to the Offers) and enclosing the appropriate form(s) of acceptance, was despatched to holders of the Offer Shares and holders of the Capital Notes on 3 August 2005.

The letter setting out the terms of the revisions to the Offers was despatched to holders of the Offer Shares and holders of the Capital Notes on 6 October 2005.

CLOSE OF THE OFFERS

Close of the Offers

The Offers were closed at 3:30 p.m. (Singapore time) on the Closing Date.

Offers Declared Unconditional

The Offers became unconditional on the Closing Date.

Levels of Acceptance of the Offers

As at 3:30 p.m. (Singapore time) on the Closing Date, the Offeror received pursuant to the Offers:

(a) valid acceptances in respect of an aggregate of 55,978,102 BIL Shares (representing approximately 4.09% of the issued share capital of BIL as at the Closing Date); and

(b) valid acceptances in respect of the Capital Notes of:

  (i) NZ$11,185,000 in principal amount of 2005 Notes (representing approximately 55.76% of the outstanding principal amount of the 2005 Notes prior to their redemption on 15 October 2005);

  (ii) NZ$3,498,000 in principal amount of 2006 Notes (representing approximately 48.52% of the outstanding principal amount of the 2006 Notes); and

  (iii) NZ$4,496,000 in principal amount of 2007 Notes (representing approximately 57.77% of the outstanding principal amount of the 2007 Notes).

Shareholdings of the Concert Group as at the Closing Date

As at 3:30 p.m. (Singapore time) on the Closing Date, the number of BIL Shares owned, controlled or agreed to be acquired by the Concert Group (either before or during the Share Offer and pursuant to the Share Offer or otherwise, including valid acceptances of the Share Offer) amount in aggregate to 694,401,918 BIL Shares (representing approximately 50.76% of the issued share capital of BIL as at the Closing Date), the breakdown of which is as follows:

	Number of BIL Shares	Percentage of issued share capital of BIL as at the Closing Date
BIL Shares held by the Concert Group as at 14 July 2005, being the date of the First Announcement	545,853,324	39.90%
BIL Shares acquired or agreed to be acquired by the Offeror after the release of the First Announcement up to 3:30 p.m. (Singapore time) on the Closing Date	92,570,492	6.77%
Valid acceptances of the Share Offer as at 3:30 p.m. (Singapore time) on the Closing Date	55,978,102	4.09%
Total	694,401,918	50.76%

As at 3:30 p.m. (Singapore time) on the Closing Date, the Capital Notes owned, controlled or agreed to be acquired by the Concert Group were equivalent to the valid acceptances of the Capital Notes Offer set out in the paragraph headed "Levels of Acceptance of the Offers" above.

BUSINESS OF THE OFFEROR

The Offeror's principal activities are that of an investment holding company and it was incorporated for the purposes of making the Acquisitions and the Offers.

BUSINESS OF THE GUOCO GROUP

Guoco is an investment holding company and the principal activities of its subsidiaries and associated companies encompass investment and treasury management, property development and investment, stock and commodity broking, investment advisory, banking and finance, insurance, fund management as well as hotel investment and management.

BUSINESS OF BIL

BIL (formerly known as Brierley Investments Ltd) was incorporated in New Zealand in 1961. BIL transferred its domicile to Bermuda in 2000. It is currently listed on the SGX-ST, with secondary listings on the New Zealand Stock Exchange and the London Stock Exchange.

BIL is an international investment company with a global portfolio of investments. The BIL Group's current key investments are in: (i) Thistle Hotels, a hotel chain in the United Kingdom; (ii) development properties on the island of Molokai in Hawaii; (iii) resorts and development properties in Denarau, Fiji; and (iv) the 2.5% royalty on the gross value of all hydrocarbons, liquid or gas produced and recovered in designated areas within Australia's Bass Strait.

The audited consolidated net profit of BIL for the year ended 30 June 2005 and 30 June 2004 were approximately US$86.9 million (representing approximately HK$676.1 million) and approximately US$62.6 million (representing approximately HK$487.0 million), respectively. The audited consolidated net assets of BIL as at 30 June 2005 and 30 June 2004 were approximately US$1,001.7 million (representing approximately HK$7,793.2 million) and US$864.2 million (representing approximately HK$6,723.5 million), respectively.

Thistle Hotels Limited ("Thistle") is BIL's principal investment. Thistle owns, leases or manages 49 hotels (with approximately 10,800 rooms) in the United Kingdom. Among Thistle's 49 United Kingdom hotels are landmark properties like Thistle Tower, Thistle Marble Arch, Thistle Charing Cross, Thistle Victoria, The Royal Horseguards and One Whitehall Place. Thistle's hotels are full service hotels, catering to both the business and the leisure travellers.

BUSINESS PROSPECTS OF THE ENLARGED GROUP

Looking ahead, the investment climate remains uncertain. The high oil prices are exerting more pressure on global markets and Asia is vulnerable given its high dependency on oil imports. In the US, its economy has so far been resilient but a number of its structural issues, such as the twin deficits, remain unresolved. Low nominal interest rates continue to support equity valuation but prices are already fairly valued, with markets such as Australia trading near all time highs and most European markets at 3-year highs. On the other hand, there are opportunities around. Japan presents an interesting case as the economy and its corporate sector are producing more evidence of a turnaround. Exchange rate reforms for China and Malaysia present both threats and opportunities and the Board believes there is potential to explore in various sectors.

In China, economic growth may slow down marginally due to the implementation of macro control policies on the property market earlier this year, impact of a higher currency and problems from recent fuel shortages. However, there should not be any major concern as growth is still expected to be around 8% in both 2005 and 2006. This is positive for Hong Kong given the increasing integration of the two economies. Rising interest rates in the US will also affect the Hong Kong property market but so far property prices have stayed firm, reflecting the revival in the underlying economy and an improved employment market. China and Hong Kong will continue to be a major focus within the Guoco Group's investment universe.

The Board believes it will be a challenge to repeat the good investment results of last year, but the Board remains confident that the Guoco Group is well-positioned to continue to deliver value to Shareholders.

BIL's vision for Thistle is to be a full service 4 and 5 star hotel management company in key gateway locations offering excellent products and services to customers and superior financial returns to hotel owners.

Many steps have been undertaken to achieve BIL's vision, and the process of transformation continues. Management changes, the introduction of new processes and leading edge information technology systems and the refinement of brand values represent some of the initiatives. Others include the definition and implementation of product and service standards, cost reduction, the upgrade of the sales force and the opening of new distribution channels.

REASONS FOR THE TRANSACTION

Prior to the First Acquisition, the Guoco Group already owned approximately 29.52% of the BIL Shares in issue and believed that it can further contribute to BIL's profitable growth. The Seller, which owned a substantial interest in BIL, wished to sell its stake in BIL. Consequently, the Offeror made the First Acquisition to increase the Guoco Group's interests in BIL to approximately 39.64%. Immediately following the First Acquisition, the Concert Group owned or controlled approximately 39.90% interests in BIL, and the Offeror was required under the Takeovers Code to make a mandatory offer for the Offer Shares and the Capital Notes. The Board is of the view that the terms of the Transaction are fair and reasonable and in the best interests of Guoco and the Shareholders. Guoco will provide the Shareholders with the effect of the Transaction on the earnings and assets and liabilities of the Guoco Group in the Supplemental Circular, when the pro forma financial information of the Enlarged Group is available (see paragraph headed "Supplemental Circular" of this Circular).

GENERAL

The First Acquisition did not constitute a notifiable transaction for Guoco under the Listing Rules at the time that it was entered into.

The Offers constitute a major transaction for Guoco under the Listing Rules, which required Shareholders' approval. Written Shareholder's approvals have been obtained from GOL which holds more than 50% in nominal value of the Guoco Shares giving the right to attend and vote at the general meeting to approve the Offers. No Shareholder is required to abstain from voting if Guoco were to convene a general meeting for the approval of the Offers. As a result, no general meeting is required to be convened for the approval of the Offers pursuant to Rule 14.44 of the Listing Rules. The purpose of this Circular is for Shareholders' information only.

Pursuant to Rule 14.38 of the Listing Rules, Guoco is required to despatch this Circular to Shareholders in relation to the Transaction within 21 days after publication of the First Announcement, which is on or before 5 August 2005. The Stock Exchange has granted waivers to extend that period to 4 November 2005.

SUPPLEMENTAL CIRCULAR

As the Offers were made by Guoco on an unsolicited basis and BIL is a company listed on the SGX-ST, BIL has been restricted from providing non-public information concerning the BIL Group to Guoco for preparing this Circular under the Singapore law and relevant rules and regulations (including the Takeovers Code).

Guoco has made efforts in collecting and collating information from BIL in order to fulfill the disclosure requirements for inclusion in this Circular under the Listing Rules. However, not all such information is available as at the Latest Practicable Date. For the purpose of this Circular, Guoco has extracted (from the BIL Annual Reports) the audited financial statements of BIL prepared under the International Financial Reporting Standards (the "BIL IFRS Accounts"). As such, Guoco is unable to comply with the following Listing Rules requirements in respect of the disclosure of information as at the date of this Circular:

(a) a reconciliation statement on the BIL IFRS Accounts in accordance with Rule 4.11(b) of the Listing Rules (Rule 14.67(4)(a) of the Listing Rules);

(b) a pro forma statement of the assets and liabilities of the Enlarged Group in accordance with Rule 4.29 of the Listing Rules (Rule 14.67(4)(a) of the Listing Rules);

(c) a statement on the indebtedness of the Enlarged Group (Appendix 1B(28) and note 2 to Appendix 1B to the Listing Rules);

(d) a statement on the sufficiency of working capital available to the Enlarged Group (Appendix 1B(30) and note 2 to Appendix 1B to the Listing Rules);

(e) a statement on the effect of the Transaction on the earnings and assets and liabilities of the Guoco Group (Rule 14.64(5) of the Listing Rules);

(f) a discussion and analysis of the performance of BIL for the last three financial years ended 30 June 2005 covering the matters set out in paragraph 32 of Appendix 16 to the Listing Rules (paragraph 48(2) of Appendix 16 to the Listing Rules); and

(g) a property valuation report on the BIL Group's properties (the "Property Valuation Report") in accordance with Chapter 5 of the Listing Rules (Rule 14.66(3) of the Listing Rules),

(together, the "Further Information").

It is expected that Guoco will be able to prepare the Further Information (save for the Property Valuation Report) by the end of November 2005. Guoco has applied for a waiver from strict compliance with the Listing Rules mentioned above on the condition that Guoco undertakes to the Stock Exchange that it will despatch the Supplemental Circular, with inclusion of the Further Information (save for the Property Valuation Report), on or before 30 November 2005, for Shareholders' information in compliance with the Listing Rules.

Guoco is seeking information to produce the Property Valuation Report. Further details in that respect will be included in the Supplemental Circular.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the following appendices to this Circular:

(i) financial information of the Guoco Group;

(ii) financial information of the BIL Group; and

(iii) general information.

Yours faithfully,
By Order of the Board
Quek Leng Chan
Executive Chairman

1 THREE YEAR FINANCIAL RESULTS SUMMARY

Set out below is a summary of the audited consolidated results of the Guoco Group for the last three financial years ended 30 June 2005. All figures were extracted from the published financial statements of the Guoco Group for 2005 and 2004.

CONSOLIDATED INCOME STATEMENT

	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*
			(restated)
Turnover	14,790,442	11,962,900	3,252,546
Profit before taxation	3,693,068	2,572,964	1,430,050
Taxation	(246,543)	18,439	(224,707)
Profit after taxation	3,446,525	2,591,403	1,205,343
Minority interests	(215,953)	(151,522)	20,446
Profit attributable to shareholders	3,230,572	2,439,881	1,225,789
Dividends *(Note 1)*	(1,117,149)	(361,915)	(358,316)
	HK$	*HK$*	*HK$*
Earnings per share (basic)	9.82	7.43	3.76
Earnings per share (diluted)	9.82	7.42	3.74

Note:

	HK$'000	*HK$'000*	*HK$'000*
1. Dividend paid			
Final dividend paid for the previous financial year	(853,908)	(230,294)	(227,431)
Interim dividend paid for the current financial year	(263,241)	(131,621)	(130,885)
	(1,117,149)	(361,915)	(358,316)

2 AUDITED FINANCIAL INFORMATION

The following financial information has been extracted from the audited financial statements of the Guoco Group, as published in Guoco's 2005 annual report.

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2005
(Expressed in United States dollars)

	Note	2005 US$'000	2004 US$'000	2005 HK$'000	2004 HK$'000
Turnover	3	1,903,042	1,533,705	14,790,442	11,962,900
Cost of sales		(1,603,612)	(1,307,105)	(12,463,272)	(10,195,419)
Other attributable costs		(18,145)	(19,139)	(141,023)	(149,284)
		281,285	207,461	2,186,147	1,618,197
Other revenue	4 (a)	3,405	3,305	26,464	25,779
Other net income	4 (b)	90,551	52,536	703,762	409,781
Administrative and other operating expenses		(6,299)	(27,803)	(48,956)	(216,863)
Operating profit before finance cost		368,942	235,499	2,867,417	1,836,894
Finance cost	6	(8,841)	(3,901)	(68,712)	(30,428)
Operating profit	13	360,101	231,598	2,798,705	1,806,466
(Impairment loss)/provision write back on properties		(1,408)	10,687	(10,943)	83,359
Impairment loss on investment securities		—	(23,879)	—	(186,256)
Reversal of revaluation deficit of investment properties		10,355	13,074	80,479	101,977
Profit on disposal of a subsidiary		1,133	10,973	8,806	85,589
Profit on disposal of an associate		—	37,579	—	293,116
Provision write back on amount due from a jointly controlled entity		14,897	1,100	115,778	8,580
Net profit on disposal of investment properties		13,662	1,090	106,181	8,502
Operating profit from ordinary activities		398,740	282,222	3,099,006	2,201,333
Share of profits less losses of associates	5	68,792	47,645	534,652	371,631
Share of profits of a jointly controlled entity	5	7,644	—	59,410	—
Profit from ordinary activities before taxation	5	475,176	329,867	3,693,068	2,572,964
Taxation	7 (a)	(31,722)	2,364	(246,543)	18,439
Profit after taxation		443,454	332,231	3,446,525	2,591,403
Minority interests		(27,786)	(19,426)	(215,953)	(151,522)
Profit attributable to shareholders	10	415,668	312,805	3,230,572	2,439,881
Appropriations:					
Final dividend paid	11	(109,836)	(29,679)	(853,908)	(230,294)
Interim dividend paid	11	(33,753)	(16,891)	(263,241)	(131,621)
Retained profit for the year		272,079	266,235	2,113,423	2,077,966

	Note	2005 *US$'000*	2004 *US$'000*	2005 *HK$'000*	2004 *HK$'000*
Retained in:					
The Company and its subsidiaries		207,452	225,697	1,611,141	1,761,770
Associates		56,983	40,538	442,872	316,196
Jointly controlled entities		7,644	—	59,410	—
		272,079	266,235	2,113,423	2,077,966
		US$	*US$*	*HK$*	*HK$*
Earnings per share					
Basic	12	1.26	0.95	9.82	7.43
Diluted	12	1.26	0.95	9.82	7.42
		US$'000	*US$'000*	*HK$'000*	*HK$'000*
Proposed final dividend	11	127,014	109,684	987,154	855,534

CONSOLIDATED BALANCE SHEET
as at 30 June 2005
(Expressed in United States dollars)

	Note	2005 US$'000	2004 US$'000	2005 HK$'000	2004 HK$'000
NON-CURRENT ASSETS					
Fixed assets	14	230,092	246,175	1,788,275	1,920,165
Interest in associates	16	553,422	269,445	4,301,196	2,101,671
Interest in jointly controlled entities	17	12,651	(32)	98,324	(250)
Other non-current financial assets	19	70,184	76,504	545,470	596,731
Deferred tax assets	29	1,207	1,125	9,381	8,775
Goodwill	20	(7,868)	(14,707)	(61,150)	(114,715)
		859,688	578,510	6,681,496	4,512,377
CURRENT ASSETS					
Development properties	21	411,933	443,099	3,201,543	3,456,172
Properties held for sale	22	149,039	59,366	1,158,331	463,055
Other assets	23	131,172	237,479	1,019,469	1,852,336
Other investments in securities	24	606,569	643,349	4,714,254	5,018,122
Cash and short term funds	25	3,032,611	2,896,654	23,569,453	22,593,901
		4,331,324	4,279,947	33,663,050	33,383,586
CURRENT LIABILITIES					
Other payables and provisions	26	125,176	83,300	972,868	649,740
Current portion of bank loans and other borrowings	27	148,120	285,003	1,151,189	2,223,023
Insurance funds		—	3,741	—	29,180
Taxation	7(c)	31,610	17,114	245,673	133,489
		304,906	389,158	2,369,730	3,035,432
NET CURRENT ASSETS		4,026,418	3,890,789	31,293,320	30,348,154
TOTAL ASSETS LESS CURRENT LIABILITIES		4,886,106	4,469,299	37,974,816	34,860,531
NON-CURRENT LIABILITIES					
Non-current portion of bank loans and other borrowings	28	344,639	284,938	2,678,534	2,222,516
Deferred tax liabilities	29	5,737	6,795	44,588	53,001
Irredeemable convertible unsecured loan stocks	30	8,138	—	63,249	—
		358,514	291,733	2,786,371	2,275,517
MINORITY INTERESTS		331,574	243,961	2,576,994	1,902,895
NET ASSETS		4,196,018	3,933,605	32,611,451	30,682,119
CAPITAL AND RESERVES					
Share capital	32	164,526	164,526	1,278,696	1,283,303
Reserves	33	4,031,492	3,769,079	31,332,755	29,398,816
		4,196,018	3,933,605	32,611,451	30,682,119

BALANCE SHEET

as at 30 June 2005

(Expressed in United States dollars)

	Note	2005 US$'000	2004 US$'000	2005 HK$'000	2004 HK$'000
NON-CURRENT ASSETS					
Interest in subsidiaries	15	1,000,831	982,080	7,778,459	7,660,224
Other non-current financial assets	19	203	203	1,578	1,583
		1,001,034	982,283	7,780,037	7,661,807
CURRENT ASSETS					
Other assets	23	7,124	2,429	55,367	18,946
Cash and short term funds	25	2,690,961	2,698,926	20,914,149	21,051,623
		2,698,085	2,701,355	20,969,516	21,070,569
CURRENT LIABILITIES					
Amounts due to subsidiaries		284,902	299,148	2,214,258	2,333,354
Other payables and provisions	26	15,122	11,263	117,529	87,851
Taxation	7(c)	—	27	—	211
		300,024	310,438	2,331,787	2,421,416
NET CURRENT ASSETS		2,398,061	2,390,917	18,637,729	18,649,153
NET ASSETS		3,399,095	3,373,200	26,417,766	26,310,960
CAPITAL AND RESERVES					
Share capital	32	164,526	164,526	1,278,696	1,283,303
Reserves	33	3,234,569	3,208,674	25,139,070	25,027,657
		3,399,095	3,373,200	26,417,766	26,310,960

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2005

(Expressed in United States dollars)

	2005	2004	2005	2004
	US$'000	*US$'000*	*HK$'000*	*HK$'000*
Shareholders' equity at 1 July	3,933,605	3,702,501	30,682,119	28,872,108
Exchange adjustments	—	—	(108,967)	6,069
	3,933,605	3,702,501	30,573,152	28,878,177
Share of subsidiaries' and associates' capital reserves movement	(5,751)	(29,892)	(44,697)	(233,158)
Contributed surplus realised on disposal of a subsidiary	(30)	—	(233)	—
Shares repurchased and cancelled by a subsidiary	(3,441)	—	(26,743)	—
Purchase of own shares for Share Option Plan	(10,132)	—	(78,746)	—
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	9,688	(10,057)	75,295	(78,446)
Net losses not recognised in the consolidated income statement	(9,666)	(39,949)	(75,124)	(311,604)
Profit attributable to shareholders	415,668	312,805	3,230,572	2,439,881
Dividend paid	(143,589)	(46,570)	(1,117,149)	(361,915)
Shares issued under executive share option scheme	—	4,818	—	37,580
Shareholders' equity at 30 June	4,196,018	3,933,605	32,611,451	30,682,119

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2005

(Expressed in United States dollars)

	Note	2005 *US$'000*	2004 *US$'000*
Operating activities			
Operating profit from ordinary activities		475,176	329,867
Adjustments for:			
- Finance cost		8,841	3,901
- Interest income		(68,376)	(40,630)
- Dividend income		(33,378)	(17,084)
- Depreciation		1,569	2,359
- Amortisation of negative goodwill		(8,899)	(6,517)
- Recognition of negative goodwill		(28,251)	—
- Reversal of revaluation deficit of investment properties		(10,355)	(13,074)
- Impairment loss/(provision write back) on properties		1,408	(10,687)
- Provision write back on amount due from a jointly controlled entity		(14,897)	(1,100)
- Profit on disposal of a subsidiary		(1,133)	(10,973)
- Profit on disposal of an associate		—	(37,579)
- Net profit on disposal of investment properties		(13,662)	(1,090)
- Impairment loss on investment securities		—	23,879
- Share of profits less losses of associates		(68,792)	(47,645)
- Share of profits of a jointly controlled entity		(7,644)	—
- Net (profits)/losses on disposal of fixed assets		(59)	69
Operating profit before changes in working capital		231,548	173,696
Decrease in other assets		117,640	20,740
Increase in other investment in securities		(3,848)	(308,220)
Decrease in development properties		76,430	105,173
(Increase)/decrease in properties held for sale		(88,403)	3,029
Increase in other payables and provisions		44,056	25,547
Increase in insurance funds		465	135
Cash generated from operations		377,888	20,100
Interest received		63,852	40,337
Dividend received on equity investment		28,664	17,084
Tax paid			
- Hong Kong Profits Tax paid		(501)	(486)
- Overseas tax paid		(4,328)	(7,128)
Net cash from operating activities		465,575	69,907

	Note	2005 *US$'000*	2004 *US$'000*
Investing activities			
Purchase of interest in associates		(9,664)	(5,087)
Purchase of investment securities		(517)	(9,543)
Purchase of irredeemable convertible unsecured loan stocks		(18,366)	—
Cash acquired from purchase of subsidiaries, net of payment made	34(b)	(64,366)	—
Net repayment from associates		2,797	4,229
Net repayment from/(advance to) jointly controlled entities		9,791	(3,195)
Purchase of fixed assets		(765)	(1,519)
Proceeds from sale of investment securities		121	—
Proceeds from disposal of fixed assets		111	123
Proceeds from disposal of investment properties		39,420	3,580
Proceeds from disposal of interest in subsidiaries	34(d)	6,471	8,768
Dividends received from associates		13,829	10,844
Net cash (used in)/from investing activities		(21,138)	8,200
Financing activities			
New issue of ordinary shares		—	4,818
Share buy back by a subsidiary		(6,538)	—
Purchase of ordinary shares for Executives' Share Option Scheme by a subsidiary		(11,784)	—
Purchase of own shares for Share Option Plan		(10,132)	—
(Repayment to)/contribution from minority shareholders		(4,138)	303
Repayment of bank loans		(107,999)	(75,617)
Drawing of other borrowings		75	32,014
Interest paid		(16,259)	(16,851)
Dividends paid to minority shareholders		(9,427)	(8,314)
Dividends paid		(143,589)	(46,570)
Net cash used in financing activities		(309,791)	(110,217)
Net increase/(decrease) in cash and cash equivalents		134,646	(32,110)
Cash and cash equivalents at 1 July	25	2,896,654	2,932,952
Effect of foreign exchanges rates		1,311	(4,188)
Cash and cash equivalents at 30 June	25	3,032,611	2,896,654

NOTES ON THE FINANCIAL STATEMENTS
for the year ended 30 June 2005
(Expressed in United States dollars)

1 BASIS OF PRESENTATION

(a) Statement of compliance

Although not required to do so under the Bye-Laws of the Company, the financial statements of the Company and the Group are prepared so as to comply with the disclosure requirements of the Hong Kong Companies Ordinance, generally accepted accounting principles in Hong Kong and all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice ("SSAP") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") (collectively known as the "new HKFRSs") which are effective for accounting period beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs. However, HKFRS 3 ("Business Combinations"), HKAS 36 ("Impairment of Assets") and HKAS 38 ("Intangible Assets") (collectively known as "the HKFRS 3 package") are effective for business combinations with the agreement dates on or after 1 January 2005. Accordingly, the Group has complied with the requirements of the HKFRS 3 package for the business combinations with the agreement dates on or after 1 January 2005. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 30 June each year. All material intra-group accounts and transactions are eliminated upon consolidation. The Group's results include, in respect of any subsidiaries acquired during the year, their results attributable to the periods since the dates of acquisition and, in the case of subsidiaries disposed of during the year, their results attributable to the periods up to the dates of disposal.

(c) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and the marking to market of certain financial instruments as explained in the accounting policies set out below.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) *Interest income*

— Interest income from loans and advances and bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

(ii) *Dividends*

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Revenue on the disposal of development properties is recognised in the financial statements using the percentage of completion method based on the stage of completion as certified by the architects or quantity surveyors. Provision for foreseeable loss is made in the year in which such loss is determined.

(iv) Revenue arising from the disposal of other properties is recognised when substantially all the conditions of sales have been met and the risks and rewards of ownership have been transferred to the buyers.

(v) Rental income from operating leases is recognised on a straight line basis over the period of the respective leases.

(vi) Commission and brokerage income in respect of securities trading is recognised on a trade date basis when the relevant transactions are executed.

(vii) *Insurance premiums*

Premiums are accounted for in the year in which the amount is determined, which is generally the year in which the risk commences.

(viii) *Reinsurance treaty inward business*

Premiums and commission on inward treaty reinsurance business are accounted for on the basis of the latest advice from ceding companies or agents.

(b) **Investments**

(i) *Investment in securities*

Investments in equity and debt securities, except investments in subsidiaries, associates or jointly controlled entities, are accounted for as follows:

Investments in securities are classified as investment securities and other investments in securities, and are recognised as assets from the date on which the Group is bound by the contract which gives rise to them.

Transfer of a security between categories of investments is accounted for at fair value. The profit or loss arising from transfers between categories of investments is accounted for as if the investment had been sold and repurchased at the date of transfer.

Investment securities

Equity and debt securities which are intended to be held on a continuing basis for an identified long term purpose at the time of acquisition are stated in the balance sheet at cost less any provisions for diminution in value which is other than temporary.

The carrying amounts of investment securities are reviewed as at the balance sheet date in order to assess whether the fair values have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to the fair value unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the income statement.

Provisions against the carrying value of investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Other investments in securities

Other investments in securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement as they arise.

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(ii) *Interest in subsidiaries*

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

Interest in subsidiaries is stated in the Company's balance sheet at cost less any impairment losses (see note 2(h)).

(iii) *Interest in associates and jointly controlled entities*

An associate is an entity in which the Group has significant influence, but not control or joint controls, over its management, including participation in financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual agreement between the Group and other parties, where the contractual arrangement establishes that the Group and one of the other parties share joint control over the economic activity of the entity.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates and jointly controlled entities for the year. In the consolidated balance sheet, interests in associates and jointly controlled entities are accounted for under the equity method and are stated at cost, less amortised goodwill, and adjusted for the post acquisition change in the Group's share of the associates and jointly controlled entities' net assets.

Interests in associates and jointly controlled entities are stated in the Company's balance sheet at cost less any impairment losses (see note 2(h)).

(c) **Goodwill**

(i) For business combinations with the agreement dates before 1 January 2005:

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 2(h)).

In respect of acquisitions of associates and jointly controlled entities, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 2(h)) is included in the carrying amount of the interest in associates or jointly controlled entities.

Negative goodwill arising on acquisitions of controlled subsidiaries, associates and jointly controlled entities represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

In respect of any negative goodwill not yet recognised in the consolidated income statement:

— for controlled subsidiaries, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill; and

— for associates and jointly controlled entities, such negative goodwill is included in the carrying amount of the interests in associates or jointly controlled entities.

On disposal of a controlled subsidiary, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

(ii) For business combinations with the agreement dates on or after 1 January 2005:

The Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognized when the carrying amount of the cash-generating unit to which the goodwill has been allocated exceeds its recoverable amount. If the fair value of the net assets acquired in a business combination exceeds the consideration paid, the excess is recognized immediately in the income statement as it arises.

(d) **Fixed assets and depreciation**

(i) Premises are stated at cost less accumulated depreciation and impairment loss (see note 2(h)). Depreciation is calculated to write off the assets over their estimated useful lives as follows:

— Freehold land is not depreciated.

— Land held on lease is depreciated over the unexpired terms of the leases on a straight-line basis.

— Buildings and improvements thereto are depreciated at the higher of 2% per annum or over the unexpired terms of the leases on a straight-line basis.

Furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment loss (see note 2(h)). Depreciation is calculated on a straight-line basis to write off the assets over their estimated useful lives, taken as being between 3 to 10 years.

(ii) On disposal of fixed assets, the profit or loss is determined as the difference between the net sale proceeds and the carrying amount.

(e) **Investment properties**

Investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value. An internal valuation is done annually and an independent professional valuation is made at least once every three years. The net surplus or deficit on revaluation is taken to the investment property revaluation reserve except when the total of the reserve is not sufficient to cover a deficit on an aggregate basis, in which case the amount by which the deficit exceeds the amount in the investment property revaluation reserve is charged to the income statement.

No depreciation is provided in respect of investment properties with an unexpired lease term of over 20 years since the valuation takes into account the state of each property at the date of valuation.

On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment property revaluation reserve is transferred to the income statement for the year.

(f) **Properties held for sale**

Properties held for sale are included in the balance sheet as current assets and are stated at the lower of cost and net realisable value. Cost includes land and building cost and other expenses incurred incidental to the acquisition of these properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

(g) **Development properties**

Development properties are stated at cost less any provisions for impairment in value (see note 2(h)) which is other than temporary as determined by the directors, plus, where appropriate, a portion of attributable profit less progress billings. Land, related acquisition expenses, development expenditure, interest and other related expenditure are capitalised as part of the cost of development properties.

(h) **Impairment of assets**

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired:

— furniture, fixtures and equipment;

— properties (other than investment properties);

— investment in subsidiaries, associates and jointly controlled entities; and

— goodwill

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(i) *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, except where the assets are carried at revalued amounts, in which case the reversal of impairment loss is treated as a revaluation movement.

(i) **Leased assets**

(i) *Assets held for use in operating leases*

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 2(d). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(h). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(a)(v).

(ii) *Operating lease charges*

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(j) **Long term notes and bonds**

Long term notes and bonds are stated at amortised cost. The difference between the initial cost and the maturity amount is amortised using the effective interest rate method over the repayment period.

(k) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(l) **Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) **Insurance funds**

Insurance funds represent the estimated proportion of the net written premiums, after reinsurance and acquisition costs where applicable, which relates to periods of risk subsequent to the balance sheet date.

(n) **Translation of foreign currencies**

Foreign currency transactions during the year are translated into United States dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the exchange rates ruling at the balance sheet date. Differences on foreign currency translation are dealt with in the income statement. The results of foreign subsidiaries, associates and jointly controlled entities are translated into United States dollars at the average exchange rates for the year; balance sheet items are translated into United States dollars at the exchange rates ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

(o) **Employee benefits**

(i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as expenses in the income statement as incurred.

(iii) The Group also contributed to retirement schemes of its overseas subsidiaries in accordance with their respective requirements and the contributions thereto are charged to the income statement for the year.

(iv) When the Group grants employees options to acquire shares of the Company at nil or nominal consideration, no employee benefit cost or obligation is recognised at the date of grant.

(p) **Borrowing costs**

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(q) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) **Off-balance sheet financial instruments**

Off-balance sheet financial instruments arise from futures, forward, swap and option transactions undertaken by the Group in the foreign exchange, interest rate and equity markets. The accounting for these instruments is dependent upon whether the transactions are undertaken for dealing purposes or to hedge risk.

Transactions undertaken for dealing purposes are marked to market and the net present value of the gain or loss arising is recognised in the income statement as dealing profits or losses.

Transactions designated as hedges are valued on an equivalent basis to the assets, liabilities or net positions which they are hedging. Any profit or loss is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Interest rate swap transactions undertaken as part of the management of asset and liability portfolios are separately identified and interest income or expenses arising therefrom is netted off against the related interest income or expenses on the on-balance sheet items these transactions are hedged against.

Unrealised gains on transactions which are marked to market are included in “Other assets” in the balance sheet. Unrealised losses on transactions which are marked to market are included in “Other payables and provisions”.

(s) **Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(t) **Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

In accordance with the Group’s internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

(i) *Business segments*

The Group comprises the following main business segments:

Treasury and investment management	:	Conduct treasury and investment management activities
Property development	:	Development of residential and commercial properties
Property investment	:	Holding properties for rental income
Securities, commodities and brokerage	:	Stock and commodity broking
Insurance	:	Insurance and reinsurance of all classes of general insurance risk

(ii) *Geographical segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

3 TURNOVER

The principal activity of the Company is investment holding. The principal activities of the subsidiaries which materially affected the results or assets of the Group during the year include treasury and investment management, property development and investment, stock and commodities broking and investment advisory (Note 15).

An analysis of the amount of each significant category of revenue recognised as turnover during the year is as follows:

	The Group	
	2005	**2004**
	$'000	*$'000*
Proceeds from sale of investments in securities	1,533,760	1,281,020
Proceeds from sale of properties	240,400	164,519
Interest income	67,707	40,084
Dividend income	33,378	17,084
Gross insurance premiums	10,805	13,294
Rental income from properties	11,424	9,882
Security commission and brokerage	5,197	7,262
Other income	371	560
	1,903,042	1,533,705

4 OTHER REVENUE AND NET INCOME

(a) Other revenue

	The Group	
	2005	**2004**
	$'000	*$'000*
Interest income from listed securities	669	549
Interest income from unlisted securities	—	2
Others	2,736	2,754
	3,405	3,305

(b) Other net income

	The Group	
	2005	**2004**
	$'000	*$'000*
Net realised and unrealised gains on other investments	39,242	22,374
Net exchange gains	49,168	34,102
Net profits/(losses) on disposal of fixed assets	59	(69)
Others	2,082	(3,871)
	90,551	52,536

5 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at

	The Group	
	2005	**2004**
	$'000	*$'000*
after charging:		
Staff costs (including retirement scheme contributions of $906,000 (2004: $1,062,000))	19,552	19,973
Depreciation	1,569	2,359
Operating lease charges		
- properties	873	1,269
- others	6	8
Amortisation of goodwill included in share of profits less losses of associates	1,724	1,531
Auditors' remuneration	385	300
Donations	162	73
and crediting:		
Recognition of negative goodwill *(Notes 18, 20, 34(a))*	28,251	—
Amortisation of negative goodwill included in share of profits less losses of associates	13,222	1,075
Amortisation of negative goodwill	8,899	6,517
(Impairment loss)/provision write back on properties	(1,408)	10,687
Gross rental income from investment properties	7,544	9,882
Less: direct outgoings	(2,058)	(1,614)
Net rental income	5,486	8,268
Share of profits less losses of associates:		
- listed	59,776	46,357
- unlisted	9,016	1,288
	68,792	47,645
Share of profits of a jointly controlled entity:		
- unlisted	7,644	—

6 FINANCE COST

	The Group	
	2005	**2004**
	$'000	*$'000*
Interest on bank advances and other borrowings repayable within five years	14,475	16,262
Other borrowing costs	1,286	523
Total borrowing costs	15,761	16,785
Less: borrowing costs capitalised into development properties (Note)	(6,920)	(12,884)
	8,841	3,901

Note: The borrowing costs have been capitalised at rates of 1.989% to 3.565% per annum (2004: 1.786% to 6.125%).

7 TAXATION

(a) **Taxation in the consolidated income statement represents:**

	The Group	
	2005	**2004**
	$'000	*$'000*
Current tax - Provision for Hong Kong Profits Tax		
Tax for the year	5,130	2,990
Overprovision in respect of prior years	(3)	(9,961)
	5,127	(6,971)
Current tax - Overseas		
Tax for the year	16,647	755
Overprovision in respect of prior years	(744)	(848)
	15,903	(93)
Deferred tax		
Origination and reversal of temporary differences	(1,117)	(1,988)
Recognition of deferred tax asset in relation to tax losses	—	(384)
Overprovision in respect of prior years	—	(35)
	(1,117)	(2,407)
Share of associates' taxation	11,809	7,107
	31,722	(2,364)

The provision for Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year ended 30 June 2005. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2005		**2004**	
	$'000	*%*	*$'000*	*%*
Profit before tax	475,176		329,867	
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	94,838	20.0	65,139	19.7
Deferred tax benefit not recognised	—	—	1,479	0.4
Tax effect of non-deductible expenses	6,713	1.4	14,863	4.5
Tax effect of non-taxable revenue	(67,160)	(14.1)	(57,470)	(17.4)
Tax effect of unused tax losses not recognised	2,530	0.5	2,124	0.6
Tax effect of utilisation of tax losses not previously recognised	(3,678)	(0.8)	(2,786)	(0.8)
Reversal of temporary differences not accounted for in previous years	(610)	(0.1)	(8,840)	(2.7)
Effect on opening deferred tax balances resulting from the changes of tax rate during the year	—	—	(384)	(0.1)
Overprovision in prior years	(747)	(0.2)	(10,844)	(3.3)
Overprovision in prior years - associates	(230)	—	(5,418)	(1.6)
Others	66	—	(227)	—
Actual taxation	31,722	6.7	(2,364)	(0.7)

(c) **Taxation in the balance sheet represents:**

	The Group		**The Company**	
	2005	**2004**	**2005**	**2004**
	$'000	*$'000*	*$'000*	*$'000*
Hong Kong Profits Tax	7,709	3,205	—	27
Overseas taxation	23,901	13,909	—	—
Taxation payable	31,610	17,114	—	27
Amount of taxation payable expected to be settled after more than 1 year	8,375	480	—	—

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	The Group	
	2005	**2004**
	$'000	*$'000*
Fees	305	250
Salaries, allowances and benefits in kind	1,691	1,794
Discretionary bonuses	3,924	1,641
Pension contributions	72	71
	5,992	3,756

Included in the above are the following emoluments paid to independent non-executive directors:

	The Group	
	2005	**2004**
	$'000	*$'000*
Fees	127	83
Salaries, allowances and benefits in kind	—	40
	127	123

The number of directors whose remuneration falls within the following bands is:

	The Group	
	2005	**2004**
$	*Number of directors*	*Number of directors*
0 - 150,000	4	7
200,001 - 250,000	1	1
450,001 - 500,000	1	1
650,001 - 700,000	—	1
700,001 - 750,000	1	—
2,200,001 - 2,250,000	—	1
4,400,001 - 4,450,000	1	—
	8	11

Directors' emoluments comprises payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director of the Company for the year ended June 2005 are as below:

		The Group					
Name	*Notes*	**Fees**	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Pension contributions**	**2005 Total emoluments**	**2004 Total emoluments**
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Quek Leng Chan		47	154	—	—	201	234
Kwek Leng Hai		53	683	3,654	48	4,438	2,206
Sat Pal Khattar**		60	—	—	—	60	89
Kwek Leng San*		26	—	—	—	26	19
Tan Lim Heng		26	379	64	22	491	486
James Eng, Jr.		26	475	206	2	709	666
Harry Richard Wilkinson**		39	—	—	—	39	24
Volker Stoeckel**		28	—	—	—	28	2
Jamal Al-Babtain*	1	—	—	—	—	—	16
Tung Hsi Hui, Frank**	2	—	—	—	—	—	7
Peter Anthony Wakefield*	3	—	—	—	—	—	7
		305	1,691	3,924	72	5,992	3,756

Notes:

1. Resigned with effect from 7 May 2004

2. Resigned with effect from 14 November 2003

3. Resigned with effect from 12 November 2003

* Non-executive director

** Independent non-executive director

9 EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Among the five highest paid individuals of the Group, three (2004: three) are directors whose remuneration is disclosed in Note 8. The remuneration of the other two (2004: two) individuals is as follows:

	The Group	
	2005	**2004**
	$'000	*$'000*
Salaries, allowances and benefits in kind	757	760
Discretionary bonuses	337	312
Pension contributions	29	50
	1,123	1,122

The number of individuals whose remuneration falls within the following bands is:

	The Group	
	2005	**2004**
$	*Number of individuals*	*Number of individuals*
250,001 - 300,000	—	—
350,001 - 400,000	—	1
400,001 - 450,000	1	—
700,001 - 750,000	1	—
750,001 - 800,000	—	1
	2	2

10 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The consolidated profit attributable to shareholders includes a profit of $166,117,000 (2004: $66,325,000) which has been dealt with in the financial statements of the Company.

11 DIVIDENDS

	The Group and the Company	
	2005	**2004**
	$'000	*$'000*
2004: Final dividend paid of HK$2.60 per share (2003: HK$0.70 per share)	109,836	29,679
2005: Interim dividend paid of HK$0.80 per share (2004: HK$0.40 per share)	33,753	16,891
	143,589	46,570
2005: Proposed final dividend of HK$3.00 per share (2004: HK$2.60 per share)	127,014	109,684

The proposed final dividend for the year ended 30 June 2005 of $127,014,000 (2004: $109,684,000) is calculated based on 329,051,373 ordinary shares (2004: 329,051,373 ordinary shares) in issue as at 30 June 2005.

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of $415,668,000 (2004: $312,805,000) and the weighted average number of 328,923,149 ordinary shares (2004: 328,365,198 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of $415,552,000 (2004: $312,781,000) and the weighted average number of 328,923,149 ordinary shares (2004: 328,808,118 ordinary shares) in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

(c) Reconciliations

	2005	**2004**
	Number of shares	*Number of shares*
Weighted average number of ordinary shares used in calculating basic earnings per share	328,923,149	328,365,198
Deemed issue of ordinary shares under executive share option scheme	—	442,920
Weighted average number of ordinary shares used in calculating diluted earnings per share	328,923,149	328,808,118

13 SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because that is more relevant to the Group's internal financial reporting.

Business Segments

Revenue and Expenses

For the year ended 30 June 2005

	Treasury and investment management	Property development	Property investment	Securities, commodities and brokerage	Insurance	Inter-segment elimination	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Turnover	1,633,319	240,400	12,034	6,267	11,022	—	1,903,042
Inter-segment turnover	19,063	—	491	204	17	(19,775)	—
	1,652,382	240,400	12,525	6,471	11,039	(19,775)	1,903,042
Contribution from operations	299,640	42,216	5,118	910	275	—	348,159
Unallocated income							35,560
Unallocated expenses							(14,777)
Operating profit before finance cost							368,942
Finance cost							(8,841)
Operating profit							360,101
Impairment loss on properties	—	(1,408)	—	—	—	—	(1,408)
Reversal of revaluation deficit of investment properties	—	—	10,355	—	—	—	10,355
Profit on disposal of a subsidiary							1,133
Provision write back on amount due from a jointly controlled entity	—	14,897	—	—	—	—	14,897
Net profit on disposal of investment properties	—	—	13,662	—	—	—	13,662
Operating profit from ordinary activities							398,740
Share of profits less losses of associates	47,886	20,906	—	—	—	—	68,792
Share of profits of a jointly controlled entity	—	7,644	—	—	—	—	7,644
Profit from ordinary activities before taxation							475,176
Taxation							(31,722)
Profit after taxation							443,454
Minority interests							(27,786)
Profit attributable to shareholders							415,668

For the year ended 30 June 2004

	Treasury and investment management	Property development	Property investment	Securities, commodities and brokerage	Insurance	Inter-segment elimination	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Turnover	1,337,095	164,519	10,545	8,048	13,498	—	1,533,705
Inter-segment turnover	17,449	—	587	104	134	(18,274)	—
	1,354,544	164,519	11,132	8,152	13,632	(18,274)	1,533,705
Contribution from operations	224,036	10,898	6,744	1,296	31	—	243,005
Unallocated income							8,454
Unallocated expenses							(15,960)
Operating profit before finance cost							235,499
Finance cost							(3,901)
Operating profit							231,598
Provision write back on properties	—	10,687	—	—	—	—	10,687
Impairment loss on investment securities	(23,879)	—	—	—	—	—	(23,879)
Reversal of revaluation deficit of investment properties	—	—	13,074	—	—	—	13,074
Profit on disposal of a subsidiary							10,973
Profit on disposal of an associate							37,579
Provision write back on amount due from a jointly controlled entity	—	1,100	—	—	—	—	1,100
Net profit on disposal of investment properties	—	—	1,090	—	—	—	1,090
Operating profit from ordinary activities							282,222
Share of profits less losses of associates	32,225	2,587	12,833	—	—	—	47,645
Profit from ordinary activities before taxation							329,867
Taxation							2,364
Profit after taxation							332,231
Minority interests							(19,426)
Profit attributable to shareholders							312,805

Assets and liabilities

	Treasury and investment management $'000	Property development $'000	Property investment $'000	Securities, commodities and brokerage $'000	(Note) Insurance $'000	Total $'000
As at 30 June 2005						
Segment assets	3,551,923	734,259	261,369	24,391	—	4,571,942
Interest in associates	466,972	86,450	—	—	—	553,422
Interest in jointly controlled entities	—	12,651	—	—	—	12,651
Unallocated assets						52,997
Total assets						5,191,012
Segment liabilities	32,145	363,342	5,148	9,001	—	409,636
Unallocated liabilities						253,784
Total liabilities						663,420
As at 30 June 2004						
Segment assets	3,625,430	608,041	249,732	22,025	25,793	4,531,021
Interest in associates	198,797	72,139	—	—	—	270,936
Interest in jointly controlled entities	245	(277)	—	—	—	(32)
Unallocated assets						56,532
Total assets						4,858,457
Segment liabilities	1,122	256,615	5,573	7,887	7,585	278,782
Unallocated liabilities						402,109
Total liabilities						680,891

Note: The Group has disposed of the entire interest in Dao Heng Insurance Co., Limited during the year (Note 39(c)(i)).

Other information

	Treasury and investment management	Property development	Property investment	Securities, commodities and brokerage	Insurance	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
2005						
Capital expenditure incurred during the year	304	288	—	82	91	765
Depreciation and amortisation for the year	(6,233)	(13,010)	—	177	238	(18,828)
2004						
Capital expenditure incurred during the year	311	301	—	14	893	1,519
Depreciation and amortisation for the year	(3,628)	(868)	—	312	482	(3,702)

Geographical Segments

	Turnover		Operating profit	
	2005	**2004**	**2005**	**2004**
	$'000	*$'000*	*$'000*	*$'000*
Hong Kong	1,644,942	1,357,606	267,450	190,387
Singapore	120,940	160,402	32,407	25,166
The People's Republic of China ("PRC")	136,845	13,998	40,660	9,763
Asia (excluding Hong Kong, Singapore and PRC)	309	439	19,584	4,186
Others	6	1,260	—	2,096
	1,903,042	1,533,705	360,101	231,598

	Segment assets		Capital expenditure	
	2005	**2004**	**2005**	**2004**
	$'000	*$'000*	*$'000*	*$'000*
Hong Kong	3,489,957	3,528,498	229	948
Singapore	662,384	668,226	326	455
The People's Republic of China ("PRC")	224,595	148,831	210	116
Asia (excluding Hong Kong, Singapore and PRC)	814,076	318,230	—	—
Others	—	194,672	—	—
	5,191,012	4,858,457	765	1,519

14 FIXED ASSETS

	The Group			
	Investment properties	Leasehold premises	Furniture, fixtures and equipment	Total
	$'000	*$'000*	*$'000*	*$'000*
Cost or valuation:				
As at 1 July 2004	229,909	24,093	9,730	263,732
Additions	—	6	759	765
Disposals	(25,602)	(5,508)	(3,697)	(34,807)
Surplus on revaluation	10,355	—	—	10,355
Exchange adjustments	4,018	28	85	4,131
As at 30 June 2005	218,680	18,619	6,877	244,176
Representing:				
Cost	—	18,619	6,877	25,496
Valuation - 30 June 2005	218,680	—	—	218,680
	218,680	18,619	6,877	244,176
Accumulated depreciation:				
As at 1 July 2004	—	10,252	7,305	17,557
Charge for the year	—	439	1,130	1,569
Written back on disposal	—	(2,001)	(3,116)	(5,117)
Exchange adjustments	—	15	60	75
As at 30 June 2005	—	8,705	5,379	14,084
Net book value:				
As at 30 June 2005	218,680	9,914	1,498	230,092
As at 30 June 2004	229,909	13,841	2,425	246,175

(a) The analysis of net book value of properties is as follows:

	The Group	
	2005	**2004**
	$'000	*$'000*
In Hong Kong:		
- Leasehold with over 50 years unexpired	16,733	18,385
- Leasehold with between 10 to 50 years unexpired	29,009	46,163
- Leasehold with less than 10 years unexpired	10	190
Outside Hong Kong:		
- Leasehold with over 50 years unexpired	182,842	179,012
	228,594	243,750

(b) The Group's investment properties are located in Hong Kong and Singapore. The properties which are located in Singapore were valued on an open market basis as at 30 June 2005 by DTZ Debenham Tie Leung (SEA) Pte Ltd, an independent firm of professional valuers, who are members of the Singapore Institute of Surveyors and Valuers. The properties in Hong Kong were revalued on an open market basis as at 30 June 2005 by Mr. Terry Chui, an officer employed by the Group, who is an associate member of the Hong Kong Institute of Surveyors.

(c) Certain of the Group's investment properties with a book value of $74 million (2004:$71 million) were pledged to banks to secure banking facilities granted to the Group.

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to three years. None of the leases includes contingent rentals. The gross carrying amounts of investment properties of the Group held for use in operating leases were $218,680,000 (2004: $229,909,000).

15 INTEREST IN SUBSIDIARIES

	The Company	
	2005	**2004**
	$'000	*$'000*
Unlisted shares	22,502	22,502
Amounts due from subsidiaries	978,329	959,578
	1,000,831	982,080

(a) Details of the principal subsidiaries incorporated and operating in Hong Kong are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asia Fountain Investment Company Limited	2 shares of HK$10 each	—	100	Investment trading
Dao Heng Commodities Limited	100,000 shares of HK$100 each	—	100	Commodities broking
Dao Heng Enterprises Limited	23,000,000 shares of HK$1 each	100	100	Investment holding
Dao Heng Securities Limited	120,000 shares of HK$100 each	—	100	Stockbroking and securities trading
Guoco Management Company Limited	2 shares of HK$1 each	100	100	Provision of general management services
Guoco Investments (China) Limited	10,000,000 shares of HK$1 each	100	100	Investment holding
Guo Xiang Property Co., Limited	10,000 shares of HK$1 each	—	62	Investment holding and agency services

(b) Details of the principal subsidiaries incorporated and operating in Singapore are as follows:

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Alphington Pte. Ltd.	1 share of S$1 each	—	62	Investment holding
A-Z Holdings Pte Ltd	27,000,000 shares of S$1 each	—	62	Investment holding and property investment
Branmil Holdings Pte Ltd	2 shares of S$1 each	—	62	Investment holding
Century Square Development Ltd	97,060,000 shares of S$1 each	—	62	Property investment
Chelford Pte Ltd	2 shares of S$1 each	—	62	Investment holding
Cheltenham Investments Pte Ltd	500,000 shares of S$1 each	—	62	Investment holding
Chiltern Park Development Pte Ltd	28,300,000 shares of S$1 each	—	62	Property development
Da Zhong Investment Pte Ltd	4,000,000 shares of S$1 each	—	62	Investment holding

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Elias Development Pte Ltd	7,500,000 shares of S$1 each	—	62	Property development
Everian Holdings Pte Ltd	32,000,000 shares of S$1 each	—	62	Property development
Fasidon Holdings Pte Ltd	77,112,700 shares of S$1 each	—	62	Property development
FCC Equities Pte Ltd	4,500,000 shares of S$1 each	—	62	Investment holding and trading
FCC Holdings Pte Ltd	2 shares of S$1 each	—	62	Investment holding
FCC Net Pte Ltd	2 shares of S$1 each	—	62	Investment holding
Fica Nominees Pte Ltd	2 shares of S$1 each	—	62	Investment holding and provision of nominee services
First Bedok Land Pte Ltd	101,000,000 shares of S$1 each	—	62	Property development
First Bukit Panjang Land Pte Ltd	71,190,000 shares of S$1 each	—	62	Property development
First Capital Asia Land Pte Ltd	88,000,000 shares of S$1 each	—	62	Property Investment
First Capital Asia Pte Ltd	19,000,000 shares of S$1 each	—	62	Investment holding
First Capital Assets Pte Ltd	15,000,000 shares of S$1 each	—	62	Investment holding
First Capital Corporation Realty Pte. Ltd	2 shares of S$1 each	—	62	Investment holding
First Capital Development Pte Ltd	1,000,000 shares of S$1 each	—	62	Property investment
First Capital Holdings (HK) Pte Ltd	4,500,000 shares of S$1 each	—	62	Investment holding
First Capital Holdings Pte Ltd	2 shares of S$1 each	—	62	Investment holding and trading
First Capital Hotels Pte Ltd	2 shares of S$1 each	—	62	Investment holding
First Capital Properties Pte Ltd	10,000,000 shares of S$1 each	—	62	Property investment
First Capital Realty Pte Ltd	30,000,000 shares of S$1 each	—	62	Property development
First Cavendish Development Pte Ltd	23,400,000 shares of S$1 each	—	62	Property development

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
First Changi Development Pte Ltd	44,446,750 shares of S$1 each	—	56	Property development
First Coventry Development Pte Ltd	17,830,000 shares of S$1 each	—	62	Property development
First Garden Development Pte Ltd	80,000,000 shares of S$1 each	—	56	Property development
First Mayer Development Pte Ltd	118,930,000 shares of S$1 each	—	62	Property development
First Loyang Land Pte Ltd	55,834,697 shares of S$1 each	—	62	Property development
First Tanglin Land Pte Ltd	25,628,700 shares of S$1 each	—	62	Property development
GLL Holdings (UK) Pte. Ltd.	9,000,000 shares of S$1 each	—	62	Investment holding
GLL Investment Ltd. (formerly known as First Capital Investment Ltd)	10,000,000 shares of S$1 each	—	62	Investment trading
GLL Land Pte. Ltd.	70,000,000 shares of S$1 each	—	62	Property investment
GLL (Malaysia) Pte. Ltd.	58,000,000 shares of S$1 each	—	62	Investment holding and trading
GLL Ventures Pte. Ltd. (formerly known as First Capital Holdings (Thailand) Pte Ltd)	2 shares of S$1 each	—	62	Investment holding
Guoco Assets Pte Ltd	2 shares of S$1 each	100	100	Investment holding
Guoco Investment Pte Ltd	20,000,000 shares of S$1 each	100	100	Investment holding
Guoco Investment Services Pte Ltd	50,000 shares of S$1 each	100	100	Provision of investment advisory services
Guoco Property Management Pte Ltd	2 shares of S$1 each	—	62	Property management
GuocoLand Limited	665,539,153 shares of S$1 each	—	62	Investment holding
GuocoLand Management Pte. Ltd.	500,000 shares of S$1 each	—	62	Provision of management services
GuocoLand Property Management Pte. Ltd.	2 shares of S$1 each	—	62	Property management, marketing and maintenance services

Name of Company	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
GuocoLand (Singapore) Pte. Ltd.	100,000,000 shares of S$1 each	—	62	Investment holding
Harbour View Development Pte Ltd	13,100,000 shares of S$1 each	—	62	Property development
Hedover Holdings Pte Ltd	5,000,000 shares of S$1 each	—	62	Property investment
Leonie Land Pte Ltd	19,310,000 shares of S$1 each	—	62	Property development
Melville Park Development Pte Ltd	72,300,000 shares of S$1 each	—	50	Property development
My Home Online Pte Ltd	10 shares of S$1 each	—	62	Provider of internet commerce services
Pemberton Limited	200 shares of S$1 each	—	62	Investment holding
Rivaldo Investments Pte Ltd	2 shares of S$1 each	—	62	Investment holding and trading
Sanctuary Land Pte Ltd	60,000,000 shares of S$1 each	—	56	Property development
Tanamera Development Pte Ltd	20,500,000 shares of S$1 each	—	62	Property development
Winterhall Pte Ltd	71,000,000 shares of S$1 each	—	62	Investment holding and trading

(c) Details of the principal subsidiaries incorporated and operating in other countries are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Asian Financial Common Wealth Limited	British Virgin Islands	1 share of $1 each	100	100	Provision of trustee services
Beijing Jiang Sheng Property Development Co., Ltd *(Note (i))*	The People's Republic of China	RMB250,000,000 *(Note (ii))*	—	62	Property development
Beijing Minghua Property Development Co., Ltd *(Note (i))*	The People's Republic of China	RMB200,000,000 *(Note (ii))*	—	47	Property development

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Brightspring Holdings Limited	British Virgin Islands	1 share of $1 each	100	100	Investment holding
Brightwealth Investments Limited	British Virgin Islands	1 share of $1 each	100	100	Investment holding
Camerlin Group Berhad *(Note (i))*	Malaysia	390,212,402 shares of RM1 each	—	61	Investment holding
Capital Intelligence Limited *(Note (iii))*	Cayman Islands	1 share of $1 each	100	100	Investment trading
Checkenden Limited	British Virgin Islands	2 shares of $1 each	—	62	Investment holding
DH Capital Management (BVI) Limited *(Note (iii))*	British Virgin Islands	2 shares of $1 each	100	100	Investment holding
Dynamic Source Group Limited *(Note (iii))*	British Virgin Islands	1 share of $1 each	100	100	Investment holding
First Capital Assets (BVI) Ltd	British Virgin Islands	2 shares of $1 each	—	62	Investment trading
Guoco Assets (Philippines), Inc.	The Philippines	1,210,000 shares of P100 each	—	100	Investment holding
Guoco Assets Sdn. Bhd.	Malaysia	2 shares of RM1 each	100	100	Investment holding
GuocoLand (China) Limited (formerly known as Guoco Properties Limited)	Bermuda	20,000,000 shares of $1 each	—	62	Investment holding
Guoco Securities (Bermuda) Limited *(Note (iii))*	Bermuda	120,000 shares of $0.10 each	100	100	Investment holding
GL Holdings Limited *(Note (iii))*	British Virgin Islands	1 share of $1 each	100	100	Investment holding
Hong Way Holdings, Inc.	The Philippines	100,000 shares of P1 each	60	100	Investment holding
Reunification Properties Limited *(Note (iii))*	British Virgin Islands	1 share of $1 each	—	100	Investment holding

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Company	Percentage held by the Group	Principal activities
Shanghai Xin Hao Zhong Property Development Co., Ltd *(Note (i))*	The People's Republic of China	$20,000,000 *(Note (ii))*	—	61	Property development
Scorewell Corporation *(Note (iii))*	British Virgin Islands	1 share of $1 each	—	100	Investment holding
Supreme Goal Investments Limited *(Note (iii))*	British Virgin Islands	1 share of $1 each	—	100	Property investment
W.C.H. Limited *(Note (iii) & (iv))*	British Virgin Islands	500,000 shares of HK$1 each	—	100	Property investment
Wanchai Property Investment Limited *(Note (iii) & (iv))*	British Virgin Islands	500,000 shares of HK$1 each	—	100	Property investment

Notes:

(i) These companies have a financial year end of 31 December.

(ii) These comprise capital contribution to the companies. These companies have a defined period of existence.

(iii) These companies are operating in Hong Kong.

(iv) These companies have issued and paid up preference share capital of 4,500,000 shares of HK$1 each.

16 INTEREST IN ASSOCIATES

	The Group 2005 *$'000*	The Group 2004 *$'000*
Share of net assets		
Listed shares, overseas	555,824	295,329
Unlisted	30,496	14,411
Goodwill	(13,207)	(23,875)
Amounts due from associates	17,771	21,042
	590,884	306,907
Less: Impairment loss	(37,462)	(37,462)
	553,422	269,445

Details of the principal associates are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Group	Principal activities
BIL International Limited	Bermuda	1,368,063,633 shares of $0.2 each	19	Hotel and property management
Crawforn Pte Ltd	Singapore	1,000,000 shares of S$1 each	25	Property development
First Capital Property Ventures Pte Ltd	Singapore	100 shares of S$1 each	22	Investment holding
GuocoLand (Malaysia) Berhad (formerly known as Hong Leong Properties Berhad)	Malaysia	700,458,418 shares of M$0.5 each	28	Investment holding
Guoman Hotel & Resort Holdings Sdn Bhd	Malaysia	277,000,000 shares of M$1 each	19	Investment holding
Hong Leong Credit Berhad	Malaysia	1,040,722,242 shares of M$1 each	26	Financial services and property development
Razgrad Pte Ltd	Singapore	1,000,000 shares of S$1 each	25	Property development
Stockton Investments Pte Ltd	Singapore	10,000 shares of S$1 each	24	Investment holding
Tiara Investment Holdings Limited	Mauritius	6,500,000 shares of $1 each	25	Investment holding

17 INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2005	2004
	$'000	*$'000*
Share of net liabilities - unlisted	(1,471)	(1,121)
Amounts due from jointly controlled entities	14,122	15,986
	12,651	14,865
Less: Impairment loss	—	(14,897)
	12,651	(32)

Details of jointly controlled entities are as follows:

Name of Company	Country of incorporation and operation	Issued and paid up ordinary share capital	Percentage held by the Group	Principal activities
Bushell Limited	Hong Kong	2 shares of HK$1 each	50	Property development
Hillfield Trading Limited (Note)	British Virgin Islands	2 shares of $1 each	50	Investment holding
Regal Trophy Limited (Note)	British Virgin Islands	20 shares of $1 each	25	Investment holding
World Glory Properties Limited	Hong Kong	2 shares of HK$1 each	25	Property development

Note: These companies are operating in Hong Kong.

18 ACQUISITION OF SUBSIDIARIES

(a) The Group acquired 61.4% interest in Camerlin Group Berhad ("CGB") during the year for consideration of $72,536,000. Negative goodwill of $28,251,000 has been recognised immediately in the consolidated income statement. CGB is an investment holding company. For the year ended 30 June 2005, CGB contributed net profit of $3,640,000 to the consolidated net profit.

(b) The Group acquired 61.8% interest in Beijing Jiang Sheng Property Development Co., Ltd ("BJSPD") during the year for $29,936,000, satisfied in cash. The principal activity of BJSPD is property development. For the year ended 30 June 2005, net loss of $61,000 in BJSPD was recognised in the consolidated income statement.

(c) Net assets acquired

	The Group 2005		
	Recognised value	Fair value adjustment	Carrying amount
	$'000	*$'000*	*$'000*
Interest in an associate	202,416	(14,102)	188,314
Development properties	30,096	—	30,096
Other assets	2,277	—	2,277
Cash and short term funds	5,827	—	5,827
Other payables and provisions	(1,041)	—	(1,041)
Bank loans	(18,560)	—	(18,560)
Irredeemable convertible unsecured loan stocks	(8,531)	—	(8,531)
Minority interest	(67,659)	—	(67,659)
Net assets acquired	144,825	(14,102)	130,723
Total consideration			(102,472)
Negative goodwill			28,251

19 OTHER NON-CURRENT FINANCIAL ASSETS

	The Group		The Company	
	2005	2004	2005	2004
	$'000	*$'000*	*$'000*	*$'000*
Investment securities				
Equity securities				
- Listed outside Hong Kong	65,674	72,524	—	—
- Unlisted	4,022	3,493	—	—
	69,696	76,017	—	—
Club and other debentures	488	487	203	203
	70,184	76,504	203	203
Market value of listed equity securities	88,475	72,159	—	—

Certain listed investment securities with total carrying value of $49.1 million (2004: $56.4 million) were pledged with banks to secure short-term bank loan facilities.

20 GOODWILL

	The Group Negative goodwill *$'000*
Cost:	
At 1 July 2004	(24,332)
Addition arising on acquisition of a subsidiary	(2,060)
At 30 June 2005	(26,392)
Accumulated amortisation:	
At 1 July 2004	(9,625)
Amortisation for the year	(8,899)
At 30 June 2005	(18,524)
Carrying amount:	
At 30 June 2005	(7,868)
At 30 June 2004	(14,707)

Negative goodwill arising from business combinations with the agreement dates before 1 January 2005 is recognised as income on a straight-line basis over 3 years. The amortisation of negative goodwill for the year is included in "administrative and other operating expenses" in the consolidated income statement.

Negative goodwill arising from the acquisitions of shares in CGB that with an agreement date after 1 January 2005, amounting to $28.3 million for the year ended 30 June 2005, is recognised immediately as income.

21 DEVELOPMENT PROPERTIES

	The Group	
	2005	**2004**
	$'000	*$'000*
Cost as at 30 June	597,199	943,640
Less: Attributable loss	(22,585)	(40,295)
Less: Impairment loss	(76,872)	(89,228)
Less: Progress instalments received and receivable	(85,809)	(371,018)
	411,933	443,099

The amount of development properties expected to be recovered after more than one year is $53.2 million (2004: $235.2 million).

The carrying amounts of development properties were written down based on their estimated selling prices.

Certain of the Group's development properties with an original book value of $443.8 million (2004: $370.4 million) are under legal mortgages with banks.

22 PROPERTIES HELD FOR SALE

	The Group	
	2005	2004
	$'000	*$'000*
As at 1 July	59,366	60,941
Additions	99,739	—
Disposals	(10,738)	(1,692)
	148,367	59,249
Add: Provision write back for foreseeable loss	672	117
As at 30 June	149,039	59,366

23 OTHER ASSETS

	The Group		The Company	
	2005	2004	2005	2004
	$'000	*$'000*	*$'000*	*$'000*
Accrued interest	7,312	2,788	6,927	2,390
Other accounts	123,860	234,691	197	39
	131,172	237,479	7,124	2,429

Included in the Group's other assets are amounts of $3.3 million (2004: $10.7 million) which are expected to be recovered after more than one year.

24 OTHER INVESTMENTS IN SECURITIES

	The Group	
	2005	**2004**
	$'000	*$'000*
Debt securities		
Listed		
- In Hong Kong	—	558
- Outside Hong Kong	74	2,595
	74	3,153
Unlisted	15,000	—
	15,074	3,153
Equity securities		
Listed		
- In Hong Kong	99,902	65,911
- Outside Hong Kong	426,093	547,918
	525,995	613,829
Unlisted	44,293	—
	570,288	613,829
Unit trust		
Listed	20,607	—
Unlisted	600	26,367
	21,207	26,367
	606,569	643,349
Market value of other listed investments in securities		
- Debt securities	74	3,153
- Equity securities	525,995	613,829
- Unit trust	20,607	—
	546,676	616,982

25 CASH AND SHORT TERM FUNDS

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	*$'000*	*$'000*	*$'000*
Deposits with banks	2,945,116	2,822,971	2,687,774	2,693,265
Cash at bank and in hand	87,495	73,683	3,187	5,661
Cash and cash equivalents in the balance sheet and cash flow statement	3,032,611	2,896,654	2,690,961	2,698,926

26 OTHER PAYABLES AND PROVISIONS

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	*$'000*	*$'000*	*$'000*
Other payables and provisions	111,942	73,944	1,889	1,908
Amount due to a fellow subsidiary	13,233	9,355	13,233	9,355
Amounts due to associates	1	1	—	—
	125,176	83,300	15,122	11,263

Included in other payables and provisions of the Group and the Company are amounts of $5 million (2004: $2.8 million) and $1.4 million (2004: $1.4 million) respectively which are expected to be settled after more than one year.

27 CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2005	**2004**
	$'000	*$'000*
Bank loans		
- Secured *(Note)*	96,772	120,252
- Unsecured	39,477	118,298
	136,249	238,550
Unsecured medium term notes repayable within 1 year	11,871	46,453
	148,120	285,003

Note: The bank loans are secured by the following:

- legal mortgages on investment properties (Note 14);
- legal mortgages on development properties (Note 21); and
- certain listed investment securities (Note 19).

28 NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2005	**2004**
	$'000	*$'000*
Bank loans		
- Secured *(Note)*	173,818	172,941
- Unsecured	20,778	—
	194,596	172,941
Unsecured medium term notes	150,043	111,997
	344,639	284,938

Note: The bank loans are secured by the following:
- legal mortgages on investment properties (Note 14);
- legal mortgages on development properties (Note 21); and
- certain listed investment securities (Note 19).

The Group's bank loans and other borrowings were repayable as follows:

	The Group					
	2005			**2004**		
	Bank loans	**Other borrowings**	**Total**	**Bank loans**	**Other borrowings**	**Total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
On demand or within 1 year	136,249	11,871	148,120	238,550	46,453	285,003
After 1 year but within 2 years	93,676	78,806	172,482	89,873	11,593	101,466
After 2 years but within 5 years	100,920	71,237	172,157	83,068	100,404	183,472
	194,596	150,043	344,639	172,941	111,997	284,938
	330,845	161,914	492,759	411,491	158,450	569,941

29 DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

(i) *The Group*

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from:	Depreciation allowance in excess of related depreciation	Revaluation of properties	Timing difference on development properties	General provision for bad and doubtful debts	Tax losses	Others	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
As at 1 July 2004	(3)	1,802	4,872	(14)	(1,046)	59	5,670
Credited to consolidated income statement	(39)	—	(1,035)	—	(43)	—	(1,117)
Others	(76)	—	—	14	—	—	(62)
	(118)	1,802	3,837	—	(1,089)	59	4,491
Exchange adjustments	1	38	—	—	(1)	1	39
As at 30 June 2005	(117)	1,840	3,837	—	(1,090)	60	4,530
As at 1 July 2003							
- as previously reported	—	1,930	6,889	—	—	92	8,911
- prior period adjustments	195	—	—	(14)	(1,125)	—	(944)
- as restated	195	1,930	6,889	(14)	(1,125)	92	7,967
Charged/(credited) to consolidated income statement	(161)	(175)	(2,078)	—	42	(35)	(2,407)
Others	(38)	—	—	—	38	—	—
	(4)	1,755	4,811	(14)	(1,045)	57	5,560
Exchange adjustments	1	47	61	—	(1)	2	110
As at 30 June 2004	(3)	1,802	4,872	(14)	(1,046)	59	5,670

	2005	2004
	$'000	*$'000*
Net deferred tax assets recognised on the balance sheet	(1,207)	(1,125)
Net deferred tax liabilities recognised on the balance sheet	5,737	6,795
	4,530	5,670

(b) **Deferred tax assets unrecognised:**

Deferred tax assets have not been recognised in respect of the following items:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	$'000	*$'000*	*$'000*	*$'000*
Deductible temporary differences	169,450	174,527	—	—
Tax losses	117,463	135,183	—	327
	286,913	309,710	—	327

The deductible temporary differences and tax losses do not expire under current tax legislation.

30 IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

The irredeemable convertible unsecured loan stocks ("ICULS") issued by CGB in July 2002 have a maturity date of 15 July 2007 and carry a coupon rate of 5.5% per annum payable semi-annually in arrears each year. The ICULS are convertible into new ordinary shares of RM1.00 each in CGB at any time from the date of issuance. The conversion price of the ICULS has been fixed at RM1.16 per ordinary share to be satisfied by surrendering for cancellation the equivalent nominal value of ICULS or a combination of ICULS and cash, provided that at least RM1.00 nominal value of ICULS must be surrendered for every one share.

31 MINORITY INTERESTS

Minority interests include the interests of preference shareholders in subsidiaries of $1,218,000 (2004: $1,226,000).

32 SHARE CAPITAL

	The Group and The Company			
	2005		**2004**	
	No. of shares		**No. of shares**	
	'000	*$'000*	*'000*	*$'000*
Authorised:				
Ordinary shares of $0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid:				
As at 1 July	329,051	164,526	327,211	163,606
Shares issued under executive share option scheme	—	—	1,840	920
As at 30 June (Note)	329,051	164,526	329,051	164,526

Note: As at 30 June 2005, 1,020,000 ordinary shares (2004: Nil) were acquired by the Group for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees.

33 RESERVES

(a) The Group

	Share premium	Capital and other reserves	Contributed surplus	ESOP reserve	Exchange translation reserve	Retained profit	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 July 2004	10,493	56,038	3,978	—	3,650	3,694,920	3,769,079
Transfer between reserves	—	(6,890)	(1,052)	—	—	7,942	—
Shares repurchased and cancelled by a subsidiary	—	—	—	—	—	(3,441)	(3,441)
Realised on disposal of a subsidiary	—	—	(30)	—	—	—	(30)
Share of subsidiaries' and associates' capital reserves movement	—	(5,751)	—	—	—	—	(5,751)
Purchase of own shares for Share Option Plan	—	—	—	(10,132)	—	—	(10,132)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	—	334	—	—	9,354	—	9,688
Retained profit for the year	—	—	—	—	—	272,079	272,079
At 30 June 2005	10,493	43,731	2,896	(10,132)	13,004	3,971,500	4,031,492
Retained in							
- Company and subsidiaries							3,874,506
- Associates							165,044
- Jointly controlled entities							(8,058)
							4,031,492

	Share premium	Capital and other reserves	Contributed surplus	ESOP reserve	Exchange translation reserve	Retained profit	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 July 2003							
As previously reported	6,595	78,771	3,978	—	14,089	3,434,518	3,537,951
- prior period adjustment arising from change in accounting policy for deferred tax	—	—	—	—	—	944	944
As restated	6,595	78,771	3,978	—	14,089	3,435,462	3,538,895
Shares issued under executive share option scheme	3,898	—	—	—	—	—	3,898
Transfer between reserves	—	3,755	—	—	—	(3,755)	—
Share of subsidiaries' and associates' capital reserves movement	—	(26,870)	—	—	—	(3,022)	(29,892)
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	—	382	—	—	(10,439)	—	(10,057)
Retained profit for the year	—	—	—	—	—	266,235	266,235
At 30 June 2004	10,493	56,038	3,978	—	3,650	3,694,920	3,769,079
Retained in							
- Company and subsidiaries							3,690,237
- Associates							94,544
- Jointly controlled entities							(15,702)
							3,769,079

(b) **The Company**

	Share premium $'000	Capital and other reserves $'000	Contributed surplus $'000	ESOP reserve $'000	Exchange translation reserve $'000	Retained profit $'000	Total $'000
At 1 July 2004	10,493	—	—	—	6,133	3,192,048	3,208,674
Exchange differences on translation of net investments in foreign subsidiaries	—	—	—	—	3,367	—	3,367
Retained profit for the year	—	—	—	—	—	22,528	22,528
At 30 June 2005	10,493	—	—	—	9,500	3,214,576	3,234,569
At 1 July 2003	6,595	—	—	—	2,717	3,172,293	3,181,605
Shares issued under executive share option scheme	3,898	—	—	—	—	—	3,898
Exchange differences on translation of net investments in foreign subsidiaries	—	—	—	—	3,416	—	3,416
Retained profit for the year	—	—	—	—	—	19,755	19,755
At 30 June 2004	10,493	—	—	—	6,133	3,192,048	3,208,674

Notes:

(i) The contributed surplus is governed by Section 54 of the Companies Act 1981 of Bermuda.

The contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(ii) The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

(iii) The capital and other reserves and the exchange translation reserve have been set up and will be dealt with in accordance with the Group's accounting policies.

(iv) The ESOP reserve comprises the purchase consideration for issued shares of the Company acquired for the Share Option Plan for the purpose of satisfying the exercise of share options to be granted to eligible employees (Note 36).

GuocoLand Limited, which was 62.4% owned by the Group, has purchased its own issued shares during the year under the ESOS scheme for consideration of $11,784,000 and have been dealt with in the capital and other reserves.

(v) Distributable reserves of the Company as at 30 June 2005 amounted to $3,224,076,000 (2004: $3,198,181,000).

34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

	The Group
	2005
	$'000
Net assets acquired:	
Interest in an associate	188,314
Development properties	30,096
Other assets	2,277
Cash and short term funds	5,827
Other payables and provisions	(1,041)
Bank loans	(18,560)
Irredeemable convertible unsecured loan stocks	(8,531)
Minority interests	(67,659)
	130,723
Negative goodwill arising on acquisition	(28,251)
Total consideration	102,472
Satisfied by:	
Cash consideration	70,193
Conversion of irredeemable convertible unsecured loan stocks	23,415
Other non-current financial assets	8,864
	102,472

(b) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2005
	$'000
Cash consideration	70,193
Cash at bank and in hand acquired	(5,827)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	64,366

(c) **Disposal of a subsidiary:**

	The Group	
	2005	**2004**
	$'000	*$'000*
Net assets disposed:		
Fixed assets	4,036	135
Other assets	3,376	(2,476)
Other investment in securities	6,378	—
Cash and short term funds	13,157	1,564
Other payables and provisions	(4,011)	123
Insurance fund	(4,206)	—
Taxation	(145)	—
Deferred taxation	(62)	—
Contributed surplus	(30)	—
Exchange translation reserve	2	13
	18,495	(641)
Profit on disposal of a subsidiary	1,133	10,973
	19,628	10,332
Satisfied by:		
Cash received	19,628	10,332

(d) **Analysis on net inflow of cash and cash equivalents in respect of the disposal of a subsidiary:**

	The Group	
	2005	**2004**
	$'000	*$'000*
Cash consideration received	19,628	10,332
Cash at bank and in hand disposed	(13,157)	(1,564)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	6,471	8,768

35 STAFF RETIREMENT SCHEME

The Company and its subsidiaries in Hong Kong operate a Mandatory Provident Fund Scheme ("MPF Scheme") which has been established under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance in December 2000. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group's contribution is 10 percent or 5 percent of employees' monthly salaries and is expensed as incurred.

A subsidiary in Singapore operates a Central Provident Fund Scheme ("CPF Scheme") which is a defined contribution scheme. Under this CPF Scheme, the subsidiary's contribution is 3.5 percent to 13 percent of employees' monthly salaries and is expensed as incurred.

36 EQUITY COMPENSATION BENEFITS

The Company adopted a share option scheme (the "Share Option Scheme") on 29 November 2001 for the purpose of providing any employees or directors of the Company or any of its subsidiaries or associated companies (the "Eligible Employee") the opportunity of participating in the growth and success of the Group.

The option price per share payable upon exercise of any share option will be determined by the directors upon the grant of the share option. It will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited ("the Stock Exchange") for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days inclusive of, and from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant in respect of such offer. No share option may be granted more than ten years after 29 November 2001, the date on which the Share Option Scheme was adopted by the Company.

No option was granted to any Eligible Employee pursuant to the Share Option Scheme during the year.

On 16 December 2002, the Company adopted a share option plan (the "Share Option Plan") for the purpose of motivating the employees and directors of the Group companies and the employees of associated companies (the "Participants") and allowing them to participate in the growth of the Group through the grant of options over existing shares.

The exercise price of an option for the purchase of share will not be less than the greatest of (a) the average closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such a share option; (b) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the day of offer of such a share option, which must be a business day; and (c) the nominal value of a share.

A nominal consideration of HK$1 is payable on acceptance of the share option within 21 days from the date of making such offer. The exercise period of the share option shall fall within the period from the date of grant and ending on the tenth anniversary of the date of grant of such option. No share option may be granted more than ten years after 16 December 2002, the date on which the Share Option Plan was adopted by the Company.

No option was granted to any Participant pursuant to the Share Option Plan during the year.

37 CONTINGENT LIABILITIES

As at 30 June 2005, neither the Group nor the Company had any contingent liabilities. As at 30 June 2004, there were contingent liabilities in respect of guarantees given to bankers by the Company to secure banking facilities to the extent of $20,461,000 granted to certain investee companies of the Group.

38 COMMITMENTS

Operating lease arrangements

(i) *As lessee*

As at 30 June 2005, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	The Group	
	2005	**2004**
	$'000	*$'000*
Within 1 year	931	993
After 1 year but within 5 years	516	1,386
	1,447	2,379

The Group leases a property under an operating lease. The lease runs for a period of three years.

(ii) *As lessor*

As at 30 June 2005, the total future minimum lease payments under non-cancellable operating lease are receivable as follows:

	The Group	
	2005	**2004**
	$'000	*$'000*
Within 1 year	5,858	4,629
After 1 year but within 5 years	4,850	4,416
	10,708	9,045

There were also commitments in respect of foreign currency contracts and interest rate swap relating to the normal operations as at 30 June 2005.

39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Banking transactions

Transactions with companies in the Hong Leong Company (Malaysia) Berhad Group ("HLCM").

During the year, the Group entered into a number of transactions in the normal course of business with companies in the HLCM group including deposits and correspondent banking transactions. The transactions were priced based on the relevant market rates at the time of each transaction, and were under the same terms as those available to the independent counterparties and customers.

Information relating to interest income from these transactions during the year and balance outstanding at the balance sheet date is set out below:

(i) *Income for the year ended 30 June*

	The Group	
	2005	**2004**
	$'000	*$'000*
Interest income	1,474	2,075

(ii) *Balance as at 30 June*

	The Group	
	2005	**2004**
	$'000	*$'000*
Cash and short term funds	74,879	116,130

(b) Management fee

On 21 August 2001, the Company entered into a management services agreement, determinable by either party giving six months' notice, with GOMC Limited ("GOMC"), a subsidiary of HLCM, for provision of general management services to the Group by GOMC. Total management fees paid and payable to GOMC for the year ended 30 June 2005 amounted to $13.4 million (2004: $9.5 million).

(c) Sale and purchase of subsidiaries

(i) On 11 January 2005, Dao Heng Enterprises Limited ("DHE"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") with Allstate Health Benefits Sdn Bhd ("AHB"), a wholly-owned subsidiary of Hong Leong Assurance Berhad("HLA") for the disposal of the entire interest in Dao Heng Insurance Co., Limited ("DHI"), to AHB for a cash consideration of approximately $19.6 million. As AHB is a wholly-owned subsidiary of HLA, the Company continues to have an indirect interest in DHI via its holding of 25.7% interests in Hong Leong Credit Berhad ("HLCB") which wholly owns HLA. The Group realised a net profit of approximately $1.1 million from the transaction. HLA is wholly-owned by HLCB which is owned as to 52.5% by the HLCM group (excluding the Group) and 25.7% by the Group.

(ii) On 12 January 2005, Brightspring Holdings Limited ("BSH"), a wholly-owned subsidiary of the Company, entered into a conditional securities sale agreement (the "Securities Sale Agreement") with Hong Leong Industries Berhad ("HLI"), HLI Trading Limited ("HLIT"), Hong Leong Computer Services Sdn Bhd ("HLCom") and FCC Equities Pte Ltd ("FCCE") for the acquisition of 119,557,850 shares of CGB and 89,566,967 irredeemable convertible unsecured loan stocks of CGB ("CGB ICULS"). The aggregate purchase consideration was approximately $62.3 million (approximately RM236.6 million) payable in cash upon completion of the Securities Sale Agreement. The purchase consideration was calculated based on RM1.20 per CGB share and RM1.04 per CGB ICULS.

The HLI group (including its wholly-owned subsidiary, HLIT) is owned as to 60.2% by the HLCM group (excluding the Group). HLCom is an indirect wholly-owned subsidiary of HLCM. FCCE is a wholly-owned subsidiary of GuocoLand Limited which is a 62.4% owned subsidiary of the Company.

The above transactions also constitute connected transactions under Chapter 14A of the Listing Rules. Further details of these transactions are disclosed under "Interests in Contracts and Connected Transactions" in the report of the directors.

40 POST BALANCE SHEET EVENTS

On 3 February 2005, the Group made a financing investment comprising the acquisition of 17.3% of the economic interest (the "GC Interests") in Galaxy Casino S.A. ("GC") and the entering into of two option deeds ("Option Deeds") whereby the option holders have call options and the Group has put options over the GC Interests.

On 22 July 2005, the Group completed the sale of the GC Interests to a wholly-owned subsidiary of K. Wah Construction Materials Limited ("KWCM") for a consideration comprising 325,615,622 new KWCM Shares ("Consideration Shares") issued at HK$8.00 per share (representing about 9.9% of the enlarged issued share capital of KWCM), cash of $72.8 million and fixed rate notes ("FRNs") of $11 million. The Consideration Shares and the FRNs have replaced the GC Interests and will continue to be subject to the call options and the put options pursuant to the Option Deeds.

The call options will be tiggered automatically upon repayment of the FRNs or receipt of cash in lieu. If such an automatic trigger of the call options happens, and if the Group earns the maximum bonus base on a profit sharing arrangement with the option holders in relation to the disposal of the Consideration Shares, the Group would receive maximum return of approximately $51.9 million under the financing investment.

41 FUTURE CHANGES IN ACCOUNTING POLICIES

The Group has not early adopted the new HKFRSs in the financial statements for the year ended 30 June 2005.

The Group has conducted a preliminary assessment on the impact of the new HKFRSs and has so far concluded that the adoption of HKFRS 3 "Business Combinations" for business combinations with the agreement dates before 1 January 2005 and HKAS 39 "Financial Instruments: Recognition and Measurement" will have a significant impact on its financial statements as set out below:

At present, for business combination with the agreement dates before 1 January 2005, the Group has recognised negative goodwill as a deferred item and is released to the income statement on a proportional basis. Following the adoption of the HKFRS 3, the negative goodwill should be recognised in the income statement immediately. Under the transitional arrangements of HKFRS 3, the existing negative goodwill will be derecognised to the retained profit by way of an adjustment to the opening balances and comparatives are not restated. The Group's retained profit as at 1 July 2005 would have been increased by $33,167,000.

At present, the Group's equity and debt securities which are intended to be held on a continuing basis for an identified long term purpose at the time of acquisition are stated in the balance sheet at cost less any provisions for diminution in value which is other than temporary. The provision being made is recognised as an expense in the income statement.

Following the adoption of the HKAS 39, the securities with the above nature are stated on the balance sheet at fair value with changes recognised in investment revaluation reserve. Under the transitional arrangements of HKAS 39, any recognition or measurement adjustments should be made to the opening balances and comparatives are not restated. The Group's reserves as at 1 July 2005 would have been increased by $22,801,000.

The Group will continue to assess the impact of the other new HKFRSs and other significant changes may be identified as a result.

42 HONG KONG DOLLAR AMOUNTS

The Hong Kong dollar figures shown in the consolidated income statement and the balance sheet are for information only. They are translated from United States dollars at the rates ruling at the respective financial year ends.

43 ULTIMATE HOLDING COMPANY

The directors consider the ultimate holding company at 30 June 2005 to be Hong Leong Company (Malaysia) Berhad, which is incorporated in Malaysia.

MAJOR DEVELOPMENT PROPERTIES OF THE SUBSIDIARIES

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") date	Site area	Gross floor area	Group's interest
				sq. m	*sq. m*	*%*
Le Crescendo situated at Paya Lebar Road	Residential	Architectural & external works in progress	2/2006	12,323	26,176	62
Bishan Point situated at Sin Ming Ave/Bright Hill Drive	Residential	TOP obtained on 20/6/2005	N/A	6,800	19,038	62
Central Park situated in Luwan District, Shanghai	Residential	Architectural, mechanical and electrical works in progress	12/2005	14,841	63,935	61
D'elias situated at Tampines Expressway/Elias Road Junction	Residential	TOP obtained on 15/6/2005	N/A	4,429	4,230	62
Leonie Studio situated at Leonie Hill	Residential	Substructure & superstructure works in progress	11/2006	2,850	8,690	62
Nathan Place situated at Nathan Road	Residential	Substructure, superstructure & architectural works in progress	6/2006	4,421	6,189	62
Paterson Residence situated at Paterson Road	Residential	Piling works in progress	4/2008	7,774	16,327	62
Site situated at West Coast Road	Residential	Planning	*	13,245	18,543	62
Site situated at Sengkang Central	Residential	Planning	*	21,985	65,956	62
The View @ Meyer situated at Meyer Road	Residential	Planning	*	3,352	7,039	62
West End Point situated in Xicheng District, Beijing	Residential/ Commercial	Planning	*	36,517	108,137	62

* *Not applicable as construction for these developments have not commenced.*
N/A - not applicable

MAJOR PROPERTIES OF THE SUBSIDIARIES HELD FOR SALE

Property	Intended Use	Site area	Gross floor area	Group's interest
		sq. m	*sq. m*	*%*
Sanctuary Green situated at Tanjong Rhu Road	Residential	23,551	66,040	56
The Gardens at Bishan situated at Sin Ming Ave/Sin Ming Walk	Residential	34,949	87,373	56
Corporate Square situated in Xicheng District, Beijing	Office	14,501	95,758	47

MAJOR PROPERTIES OF THE SUBSIDIARIES HELD FOR INVESTMENT

Location	Existing Use	Tenure of Land
Tung Centre 20 Collyer Quay Singapore 049319	Office building	999 years lease with effect from 5 November 1862
Robinson Centre 61 Robinson Road Singapore 068893	Office building	99 years lease with effect from 19 March 1997/ 98 years lease with effect from 19 March 1998
Overseas Trust Bank Building 24th to 27th Floors Penthouse and Car Parking Spaces nos. 9-14 on 2nd Floor 160 Gloucester Road Hong Kong	Office building	99 years lease with effect from 1 July 1927 renewable for a further term of 99 years
The Center 15th Floor 99 Queen's Road Central Hong Kong	Office building	From 24 November 1995 to 30 June 2047

The following financial information has been extracted from the audited financial statements of BIL, as published in BIL's 2005 annual report and 2004 annual report respectively.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2005

	NOTE	2005 US$M	2004 US$M
Revenue	2	343.5	297.7
Bass Strait oil and gas royalty		14.5	12.0
Gain on disposal of investments/assets	3	61.1	23.6
Other operating income	4	24.0	19.2
Direct costs of raw materials and consumables		(142.6)	(103.9)
Personnel expenses	5	(95.2)	(83.6)
Other operating expenses	6	(52.2)	(18.6)
PROFIT BEFORE DEPRECIATION & AMORTISATION		153.1	146.4
Depreciation	10	(29.6)	(29.8)
Amortisation	12	(5.7)	(5.4)
PROFIT BEFORE FINANCING COSTS		117.8	111.2
Net financing costs	7	(51.7)	(64.7)
Net foreign exchange gain		9.3	15.6
PROFIT BEFORE TAX		75.4	62.1
Income tax benefit	8	11.5	0.5
NET PROFIT FOR THE YEAR		86.9	62.6
Basic earnings per share (US cents)	9	6.3	4.6
Diluted earnings per share (US cents)	9	6.3	4.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2005

	SHARE CAPITAL	CONTRIBUTED SURPLUS	TRANSLATION RESERVE	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Balance at 1 July 2004, as previously reported	273.6	654.2	(7.9)	(2.1)	(53.6)	864.2
Net effect of adopting IFRS3 *(note 29)*	—	—	—	—	57.8	57.8
Balance at 1 July 2004, as restated	273.6	654.2	(7.9)	(2.1)	4.2	922.0
Net exchange translation difference not recognised in the income statement	—	—	7.4	—	—	7.4
Changes in fair value of financial assets and liabilities:						
— available for sale investments	—	—	—	5.9	—	5.9
First and final dividend of S$0.025 per share for the year ended 30 June 2004 *(note 28)*	—	—	—	—	(20.5)	(20.5)
Net profit for the year	—	—	—	—	86.9	86.9
Balance at 30 June 2005 *(note 21)*	273.6	654.2	(0.5)	3.8	70.6	1,001.7
Balance at 1 July 2003	273.6	654.2	(100.3)	24.5	(116.2)	735.8
Net exchange translation difference not recognised in the income statement	—	—	92.4	—	—	92.4
Changes in fair value of financial assets and liabilities:						
— available for sale investments	—	—	—	(5.3)	—	(5.3)
— transfer to income statement on disposal of investments	—	—	—	(21.3)	—	(21.3)
Net profit for the year	—	—	—	—	62.6	62.6
Balance at 30 June 2004 *(note 21)*	273.6	654.2	(7.9)	(2.1)	(53.6)	864.2

CONSOLIDATED BALANCE SHEET

As at 30 June 2005

	NOTE	**2005** US$M	**2004** US$M
ASSETS			
Hotels, property, plant and equipment	10	1,329.1	1,644.0
Development properties	11	197.1	194.3
Bass Strait oil and gas royalty	12	127.1	122.0
Negative goodwill	13	—	(57.8)
Listed investments		24.2	18.9
Other investments	14	10.5	14.0
TOTAL NON-CURRENT ASSETS		1,688.0	1,935.4
Trade and other receivables	15	104.5	89.1
Cash and cash equivalents	16	52.8	66.3
Inventories		0.9	0.7
TOTAL CURRENT ASSETS		158.2	156.1
TOTAL ASSETS		1,846.2	2,091.5
LESS LIABILITIES			
Loans and borrowings	17	14.0	62.9
Trade and other payables	18	69.2	81.6
Corporate tax payable		27.3	0.6
Provisions	19	31.9	7.1
TOTAL CURRENT LIABILITIES		142.4	152.2
Loans and borrowings	17	506.3	844.3
Provisions	19	29.3	30.0
Deferred tax liabilities	20	166.5	200.8
TOTAL NON-CURRENT LIABILITIES		702.1	1,075.1
NET ASSETS		1,001.7	864.2
SHARE CAPITAL AND RESERVES (page 76)		1,001.7	864.2

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2005

	NOTE	2005 US$M	2004 US$M
OPERATING ACTIVITIES			
Profit before financing costs		117.8	111.2
Adjustments for non cash items			
Depreciation of hotels, property, plant and equipment		29.6	29.8
Amortisation of Bass Strait oil and gas royalty		5.7	5.4
Recognition of negative goodwill		—	(7.3)
Other non cash items		(0.6)	—
Provisions (net)		28.9	1.7
Gain on disposal of assets included in investing cash flows		(61.1)	(24.6)
Net change in working capital items		(23.5)	(49.6)
Income tax refund/(paid)		5.4	(6.5)
Other operating cash flows		1.9	(2.1)
Dividends received		1.4	0.4
CASH FLOWS FROM OPERATING ACTIVITIES		105.5	58.4
INVESTING ACTIVITIES			
Proceeds from sale of hotels, property, plant and equipment		340.8	117.1
Proceeds from sale of investments		14.6	72.0
Acquisition of hotels, property, plant and equipment	10	(17.8)	(11.6)
Disposal of development properties		9.9	8.0
Acquisition of development properties		(12.9)	(6.9)
Acquisition of other investments		(2.6)	(26.7)
CASH FLOWS FROM INVESTING ACTIVITIES		332.0	151.9
FINANCING ACTIVITIES			
Drawdown of non-current borrowings		70.0	242.8
Drawdown of short-term borrowings		—	20.0
Repayment of non-current borrowings		(399.8)	(205.6)
Repayment of short-term borrowings		(48.9)	(778.8)
Interest received		13.3	7.0
Interest paid		(69.7)	(76.3)
Retainer and guarantee fees paid		(4.8)	(4.1)
Realised exchange gains on financial derivatives		5.6	13.7
Dividend paid to shareholders of the Company		(20.5)	—
CASH FLOWS USED IN FINANCING ACTIVITIES		(454.8)	(781.3)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17.3)	(571.0)
Cash and cash equivalents at beginning of the year		66.3	636.3
Effect of exchange rate fluctuations on cash held		3.8	1.0
Cash and cash equivalents at end of the year	16	52.8	66.3

SIGNIFICANT ACCOUNTING POLICIES

BIL International Limited is a company continued into Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The consolidated financial statements for the year ended 30 June 2005 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements were authorised for issue by the Directors on 15 September 2005.

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), and the requirements of Bermuda law.

(B) BASIS OF PREPARATION

The financial statements are presented in United States dollars, rounded to the nearest hundred thousand unless otherwise stated. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and available-for-sale investments. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

The accounting policies have been consistently applied by Group enterprises, except for the changes in accounting policy (note 29) and are consistent with those used in the previous year.

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, based upon latest available announced results, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(D) FOREIGN CURRENCY

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to measurement currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to recording currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) **Financial Statements of Foreign Operations**

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations are translated to United States dollars at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to United States dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity.

(E) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses financial instruments to manage financial exposures.

The Group may also hold or issue financial instruments for trading purposes. Gains and losses arising from such trading positions are recognised in the income statement.

Derivative financial instruments such as forward foreign exchange contracts, foreign exchange options and interest rate swaps are stated at fair value. The fair value of forward foreign exchange contracts is their quoted market price at the balance sheet date. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognised in the income statement immediately.

Option premiums paid or received are recognised at the start of the option contract.

(F) HOTELS, PROPERTY, PLANT AND EQUIPMENT

(i) **Owned Assets**

Items of hotels, property, plant and equipment are stated at cost less accumulated depreciation and, where applicable, impairment losses.

Where an item of hotels, property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of hotels, property, plant and equipment.

(ii) **Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of hotels, property, plant and equipment. Freehold land is not depreciated. Depreciation rates are:

Plant, vehicles and fittings	4% to 33⅓%
Core elements of freehold and long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Short leasehold land and buildings (less than 20 years to run)	Remaining life of lease

(G) DEVELOPMENT PROPERTIES

Development properties are stated at the lower of cost and net realisable value. The cost of development properties includes expenditure incurred in acquiring the development properties and bringing them to their existing condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(H) GOODWILL

(i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-operating units and is no longer amortised but is tested annually for impairment (see accounting policy M).

(ii) Negative Goodwill

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition. With effect from 1 July 2004, negative goodwill is recognised directly in the income statement. Negative goodwill which occurred prior to 1 July 2004 was transferred to retained earnings as a prior year adjustment on 1 July 2004 (note 29).

(I) INVESTMENTS

Listed and other investments are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised in equity. The fair value of listed investments is their quoted bid price at the balance sheet date. The fair value of other investments is based on directors' assessment. Available-for-sale investments are recognised/derecognised by the Group on the date it commits to purchase/sell the investments.

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment losses.

(J) BASS STRAIT OIL AND GAS ROYALTY

Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 25 years.

(K) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

(L) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(M) IMPAIRMENT

The carrying amounts of the Group's assets other than development properties (see accounting policy G) and inventories (see accounting policy N) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(N) INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

(O) BORROWINGS

Borrowings are recognised at cost. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(P) EMPLOYEE BENEFITS

(i) Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined Benefit Plans

The Group's net obligation in respect of these plans is calculated separately for each plan by estimating the future pension benefits to existing pensioners; those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The amount of the excess of the present value of each fund's liabilities over the fair value of that fund's assets is recognised in the income statement upon notification to the Group. The discount rate is the yield at the balance sheet date on AAA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Equity and Equity-related Compensation Benefits

The stock option programme allows employees to acquire shares in the Company. The option exercise price equals the market price of the underlying shares at the date of the grant, or such higher price as may be determined by the Remuneration Committee.

(Q) PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

A provision for restructuring costs is recognised when the Group has a detailed formal plan for the restructuring.

(R) REVENUE AND INCOME RECOGNITION

Revenue from the sale of development properties is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised in the income statement upon services being rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Dividend income is recognised in the income statement on the date that the dividend is received.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

(S) EXPENSES

(i) Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Net Financing Costs

Net financing costs comprise interest payable on borrowings using the effective interest rate method and interest receivable on funds invested.

Interest income is recognised in the income statement as it accrues.

All other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

(T) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case, the income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(U) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE FINANCIAL STATEMENTS

Except where stated to refer to the Parent Company, all notes refer to the Group.

1. SEGMENT REPORTING

The Parent Company's main activity is investment. During the year, the Parent Company operated in Bermuda.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based upon the industry of the underlying investment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise net financing costs, net foreign exchange gain and income tax benefit.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

Investment:	The Group's interests in listed and other investments, and management of the business segments.
Oil and gas:	The Group's interest in the Bass Strait oil and gas royalty stream
Property development:	The development of land and properties on Fijian and Hawaiian islands for residential and tourism purposes.
Hotels:	The Group's interest in the "Thistle" chain of hotels in the United Kingdom.

Geographical Segments

The geographical segments are Australasia, Asia, United States of America and United Kingdom.

In presenting information geographically, segment revenue is based on the geographical location of the production, services or assets. Segment assets are based on the geographical location of the assets.

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	2005 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue	—	—	43.1	300.4	343.5
Bass Strait oil and gas royalty	—	14.5	—	—	14.5
Gain on disposal of investments/assets	8.4	—	—	52.7	61.1
Other operating income	1.5	—	1.0	21.5	24.0
Direct costs of raw materials and consumables	—	—	(13.4)	(129.2)	(142.6)
Personnel expenses	(5.4)	—	(5.4)	(84.4)	(95.2)
Operating expenses	(32.8)	(0.2)	(6.7)	(12.5)	(52.2)
Profit/(loss) before depreciation and amortisation	(28.3)	14.3	18.6	148.5	153.1
Depreciation	(0.1)	—	—	(29.5)	(29.6)
Amortisation	—	(5.7)	—	—	(5.7)
Profit/(loss) before financing costs	(28.4)	8.6	18.6	119.0	117.8
Net financing costs					(51.7)
Net foreign exchange gain					9.3
Income tax benefit					11.5
Net profit for the year					86.9
Segment assets	82.2	133.9	216.7	1,413.4	1,846.2

* Owned hotels only

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	2004 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue	—	—	31.1	266.6	297.7
Bass Strait oil and gas royalty	—	12.0	—	—	12.0
Gain/(loss) on disposal of investments/assets	24.6	—	—	(1.0)	23.6
Other operating income	7.1	—	1.0	11.1	19.2
Direct costs of raw materials and consumables	—	—	(10.2)	(93.7)	(103.9)
Personnel expenses	(3.8)	—	(5.1)	(74.7)	(83.6)
Operating expenses	(4.6)	(0.2)	(6.8)	(7.0)	(18.6)
Profit before depreciation and amortisation	23.3	11.8	10.0	101.3	146.4
Depreciation	(0.2)	—	—	(29.6)	(29.8)
Amortisation	—	(5.4)	—	—	(5.4)
Profit before financing costs	23.1	6.4	10.0	71.7	111.2
Net financing costs					(64.7)
Net foreign exchange gain					15.6
Income tax benefit					0.5
Net profit for the year					62.6
Segment assets	24.3	133.9	206.8	1,726.5	2,091.5

* Owned hotels only

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	DISCONTINUING OPERATIONS	2005 CONSOLDIATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Segment liabilities	81.2	0.9	15.1	747.3	—	844.5
Cash flows from operating activities	38.5	20.2	13.5	33.3	—	105.5
Cash flows from investing activities	13.9	—	(4.4)	322.5	—	332.0
Cash flows from financing activities	(454.6)	0.1	1.0	(1.3)	—	(454.8)
Capital expenditure	—	—	1.2	16.6	—	17.8

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTEL*	DISCOUNTING OPERATIONS**	2004 CONSOLDIATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Segment liabilities	412.6	0.2	9.2	801.6	3.7	1,227.3
Cash flows from operating activities	11.3	6.2	12.7	28.2	—	58.4
Cash flows from investing activities	68.9	—	(4.2)	87.2	—	151.9
Cash flows from financing activities	(724.3)	0.1	—	(57.1)	—	(781.3)
Capital expenditure	0.2	—	—	11.4	—	11.6

* Owned hotels only

** The Group completed the disposal of its shipping assets.

GEOGRAPHICAL SEGMENTS	AUSTRALASIA	ASIA	UNITED STATES OF AMERICA	UNITED KINGDOM	2005 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue from external customers	22.9	—	20.2	300.4	343.5
Segment assets	156.0	72.7	203.1	1,414.4	1,846.2
Capital expenditure	0.2	—	1.0	16.6	17.8

GEOGRAPHICAL SEGMENTS	AUSTRALASIA	ASIA	UNITED STATES OF AMERICA	UNITED KINGDOM	2004 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue from external customers	7.9	—	23.2	266.6	297.7
Segment assets	146.5	72.2	201.6	1,671.2	2,091.5
Capital expenditure	—	0.2	—	11.4	11.6

2. REVENUE

	2005	2004
	US$M	*US$M*
Revenue from hotel operations	300.4	266.6
Revenue from sale of development properties	43.1	31.1
	343.5	297.7

3. GAIN ON DISPOSAL OF INVESTMENTS/ASSETS

	2005	2004
	US$M	*US$M*
Gain on disposal of investments	8.4	24.6
Gain/(loss) on disposal of assets*	52.7	(1.0)
	61.1	23.6

* On 28 April 2005, the Group entered into a sale and leaseback transaction in respect of six hotels owned by a wholly owned subsidiary. The gain on disposal is computed after taking into account related costs.

4. OTHER OPERATING INCOME

	2005	2004
	US$M	*US$M*
Dividend income	1.4	0.4
Sublease income	5.7	3.6
Recognition of negative goodwill	—	7.3
Hotel management fees	6.3	7.5
Bad debt recovered	10.3	—
Other income	0.3	0.4
	24.0	19.2

5. PERSONNEL EXPENSES

	2005	2004
	US$M	*US$M*
Wages, salaries and benefits	92.2	82.9
Pension contributions — defined contribution plans	2.8	0.5
Directors' fees	0.2	0.2
	95.2	83.6

Included in Personnel Expenses is director's remuneration of US$2m (2004: US$1.6m).

The number of employees as at 30 June 2005 was 1,841 (2004: 1,928).

The number of non-executive Directors of the Company whose remuneration fall within the following remuneration bands are as follows:

Remuneration Bands	**2005**	**2004**
S$249,999 and below	7	5
S$250,000 to S$499,999	—	—
S$500,000 and above	—	—
	7	5

The Chief Executive Officer and the top five key executives whose remuneration fall within the following remuneration bands are as follows:

Remuneration Bands	**2005**	**2004**
S$249,999 and below	—	—
S$250,000 to S$499,999	2	3
S$500,000 and above	4	3
	6	6

6. OTHER OPERATING EXPENSES

	2005	**2004**
	US$M	*US$M*
Management fees paid to a related party (note 26)	2.7	2.6
Provisions made/(written back) (note 19)	29.0	(1.1)
Travelling and transport	1.5	1.7
Legal expenses	0.8	0.6
Office expenses	4.2	5.8
Consultancy expenses	6.2	2.7
Property repair and maintenance	2.1	2.0
Other expenses	5.7	4.3
	52.2	18.6

Non-audit fees paid comprised the following:

	2005	**2004**
	US$M	*US$M*
To other auditors		
— included in other operating expenses	0.4	0.2

No non-audit fees was paid to the auditors of the Parent Company in 2004 and 2005.

7. NET FINANCING COSTS

	2005	2004
	US$M	*US$M*
Interest expense	60.1	67.7
Interest income	(13.3)	(7.1)
Other financing costs	4.9	4.1
	51.7	64.7

8. INCOME TAX BENEFIT

	2005	2004
Recognised in the Income Statement	*US$M*	*US$M*
Current tax expense:		
Current year	19.0	17.5
Under/(over) provided in prior year	2.7	(3.3)
	21.7	14.2
Deferred tax (benefit)/expense:		
Origination and reversal of temporary differences (note 20)	(33.2)	(14.7)
Total income tax benefit in income statement	(11.5)	(0.5)

	2005	2004
Reconciliation of Effective Tax Benefit	*US$M*	*US$M*
Profit before tax	75.4	62.1
Tax at the applicable rates to profits in the countries concerned	34.3	21.5
Effect of:		
Non-taxable items	(55.8)	(13.5)
Under/(over) provided in prior year	2.7	(3.3)
Other non-deductible expenses	12.3	3.0
Tax losses created	(6.7)	(7.7)
Other	1.7	(0.5)
	(11.5)	(0.5)

Parent Company

There is no tax payable by the Parent Company as it is not liable for income tax in Bermuda.

9. EARNINGS PER SHARE

Basic Earnings Per Share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of US$86.9m (2004: US$62.6m) and the weighted average number of ordinary shares outstanding during the year of 1,368,063,633 (2004: 1,368,063,633).

Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of US$86.9m (2004: US$62.6m) and the weighted average number of ordinary shares outstanding during the year, calculated as follows:

Weighted Average Number of Ordinary Shares (Diluted)

	2005	**2004**
	M	*M*
Weighted average number of shares at 1 July	1,368.0	1,368.0
Effect of share options in issue	—	1.8
Weighted average number of ordinary shares (diluted) at 30 June	1,368.0	1,369.8

10. HOTELS, PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDING	LEASEHOLD LAND AND BUILDING	PLANT, VEHICLES AND FITTINGS	TOTAL
	US$M	*US$M*	*US$M*	*US$M*
Cost				
Balance at 1 July 2004	636.3	852.6	423.6	1,912.5
Effect of movements in foreign exchange	(9.8)	(13.1)	(6.5)	(29.4)
Additions	0.4	6.2	11.2	17.8
Disposals	(194.4)	(63.6)	(47.8)	(305.8)
Balance at 30 June 2005	432.5	782.1	380.5	1,595.1
Accumulated Depreciation				
Balance at 1 July 2004	3.5	20.2	244.8	268.5
Effect of movements in foreign exchange	(0.1)	(0.3)	(4.8)	(5.2)
Depreciation charge	1.0	1.3	27.3	29.6
Disposals	(1.8)	(0.4)	(24.7)	(26.9)
Balance at 30 June 2005	2.6	20.8	242.6	266.0
Net Book Value				
At 30 June 2004	632.8	832.4	178.8	1,644.0
At 30 June 2005	429.9	761.3	137.9	1,329.1

As at 30 June 2005, the Group's secured borrowings totalling US$495.9m (2004: US$822m) (see note 17) was secured on five hotels (2004: seven hotels) owned by the Group with net book value of US$924.9m (2004: US$1,125m).

As at 30 June 2005, one hotel with net book value of US$300m (2004: US$305.7m) was charged as security for a US$73.9m (2004: US$81.8m) bank letter of credit to support the Group's obligation as described in note 25.

During the financial year, the Group entered into a sale and leaseback transaction in respect of certain hotel properties. The gain on disposal from the sale and leaseback transaction is disclosed in note 3 to the financial statements.

11. DEVELOPMENT PROPERTIES

The Group's development properties, which are wholly owned, are located in the United States of America, being the 65,000 acre land parcel on Molokai island in Hawaii and in Fiji, being the 650 acre Denarau Island Resort in Western Viti Levu. The properties are under development for residential and tourism purposes.

12. BASS STRAIT OIL AND GAS ROYALTY

	US$M
Cost	
Balance at 1 July 2004	132.4
Effect of movements in foreign exchange	11.7
Balance at 30 June 2005	144.1
Amortisation	
Balance at 1 July 2004	10.4
Effect of movements in foreign exchange	0.9
Amortisation charge	5.7
Balance at 30 June 2005	17.0
Net Book Value	
At 30 June 2004	122.0
At 30 June 2005	127.1

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait Oil Trust.

13. NEGATIVE GOODWILL

	US$M
Cost	
Balance at 1 July 2004	(66.4)
Adjustment of negative goodwill*	66.4
Balance at 30 June 2005	—
Cumulative Amounts Recognised	
Balance at 1 July 2004	8.6
Adjustment of negative goodwill*	(8.6)
Balance at 30 June 2005	—
Net Book Value	
At 30 June 2004	(57.8)
At 30 June 2005	—

* The Group has adopted IFRS 3: Business Combinations whereby the negative goodwill at 30 June 2004 has been derecognised with a corresponding adjustment to retained earnings as at 1 July 2004.

14. OTHER INVESTMENTS

	2005	2004
	US$M	*US$M*
Shares in unlisted companies	9.3	12.5
Other investments	1.2	1.5
	10.5	14.0

15. TRADE AND OTHER RECEIVABLES

	2005	2004
	US$M	*US$M*
Trade receivables	50.3	42.1
Due from sale of assets	—	4.5
Loan to a third party	—	3.2
Deposits	4.1	1.1
Royalty income receivable	6.8	5.7
Due from broker	4.5	5.3
Prepaid expenses	32.3	19.9
Other receivables	6.5	7.3
	104.5	89.1

16. CASH AND CASH EQUIVALENTS

	2005	2004
	US$M	*US$M*
Bank balances	7.7	22.4
Call deposits	45.1	43.9
Cash and cash equivalents	52.8	66.3

Call deposits of US$nil (2004: US$6m) were placed with a financial institution to secure a letter of credit provided by the financial institution to a subsidiary.

17. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate, security and foreign currency risk, refer to note 22.

	2005	**2004**
	US$M	*US$M*
CURRENT LIABILITIES		
Current portion of unsecured bonds and notes	—	18.4
Current portion of capital notes	14.0	44.5
	14.0	62.9
NON-CURRENT LIABILITIES		
Secured bank loans	—	307.7
Mortgage debenture stock	495.9	514.3
Capital notes	10.4	22.3
	506.3	844.3

TERMS AND DEBT REPAYMENT SCHEDULE 2005	**TOTAL**	**UNDER 1 YEAR**	**1 - 2 YEARS**	**2 - 5 YEARS**	**OVER 5 YEARS**
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Mortgage debenture stock:					
Sterling pounds	495.9	—	—	—	495.9
Capital notes:					
New Zealand dollars	24.4	14.0	5.0	5.4	—
	520.3	14.0	5.0	5.4	495.9

TERMS AND DEBT REPAYMENT SCHEDULE 2004	TOTAL	UNDER 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	OVER 5 YEARS
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Secured bank loans:					
United States dollars	235.0	—	235.0	—	—
Sterling pounds	72.7	—	72.7	—	—
Mortgage debenture stock:					
Sterling pounds	514.3	—	—	—	514.3
Unsecured bonds and notes:					
Japanese yen	18.4	18.4	—	—	—
Capital notes:					
New Zealand dollars	66.8	44.5	17.4	4.9	—
	907.2	62.9	325.1	4.9	514.3

As at 30 June 2005, BIL Finance Limited (a wholly owned subsidiary) had issued Capital Notes to the value of US$24.4m (2004: US$66.8m) with election dates ranging from 15 October 2005 to 15 October 2007. The Capital Notes pay interest at rates between 8.0% and 9.25%. Under the terms of the Capital Notes issued, noteholders may on the relevant election date either accept the new terms offered or convert some or all of their notes into ordinary shares in the Parent Company at a price equal to 98% of the weighted average sale price for ordinary shares sold on the New Zealand Exchange on each of the five business days prior to the relevant election date or, where no ordinary shares have been sold on each of those days, the weighted average sale price of ordinary shares on each of the five business days having the highest volumes of trading within the last 14 days prior to a relevant election date. In any event, on an election date, BIL International Limited (at its option), may purchase for cash some or all of the Capital Notes for their principal amount together with any accrued interest and unpaid interest. On 1 September 2005, BIL International Limited announced that it will be exercising its option to purchase for cash on 15 October 2005 the BIL Finance Limited Capital Notes on issue with an Election Date of 15 October 2005. BIL International Limited guarantees the Capital Notes on a subordinated basis. BIL International Limited covenants not to pay any dividends or make certain other returns of capital or distributions in respect of ordinary shares if the interest payments on the Capital Notes are not paid on due date and for as long as such payments remain unpaid.

18. TRADE AND OTHER PAYABLES

	2005	2004
	US$M	*US$M*
Trade payables	29.0	34.6
Interest and hedging costs payable	1.9	9.2
Commission payable	3.7	4.3
Management fee payable to a related party	1.5	1.6
Value added tax payable	3.0	5.6
Accrued expenses	15.1	15.8
Deposits received	3.8	2.1
Other payables	11.2	8.4
	69.2	81.6

19. PROVISIONS

GROUP	ONEROUS LEASES *US$M*	RESTRUCTURING COSTS *US$M*	PENSIONS *US$M*	LITIGATION *US$M*	TOTAL *US$M*
Balance at 1 July 2004	1.1	2.2	29.9	3.9	37.1
Provisions made/(written back) during the year	0.3	(0.2)	(0.6)	28.8	28.3
Effect of movements in foreign exchange	0.1	—	0.3	0.2	0.6
Provisions utilised during the year	(0.4)	(0.9)	(0.6)	(2.9)	(4.8)
Balance at 30 June 2005	1.1	1.1	29.0	30.0	61.2
Provisions as at 30 June 2005 are disclosed as:					
Current liabilities	0.8	1.1	—	30.0	31.9
Non-current liabilities	0.3	—	29.0	—	29.3
	1.1	1.1	29.0	30.0	61.2

Provisions made/(written back) during the year are included in:

	US$M
Personnel expenses	(0.7)
Other operating expenses	29.0
	28.3

PARENT COMPANY	PENSIONS	LITIGATION	TOTAL
	US$M	*US$M*	*US$M*
Balance at 1 July 2004	2.8	1.7	4.5
Provisions made during the year	0.1	28.8	28.9
Effect of movements in foreign exchange	0.2	—	0.2
Provisions utilised during the year	(0.5)	(1.7)	(2.2)
Balance at 30 June 2005	2.6	28.8	31.4
Current liabilities	—	28.8	28.8
Non-current liabilities	2.6	—	2.6
Balance at 30 June 2005	2.6	28.8	31.4

Provisions made during the year are included in other expenses in the Parent Company income statement.

Onerous Leases

Provision has been made for rentals payable for offices which are no longer expected to be in use. The balance at 30 June 2005 is expected to be utilised by 30 June 2007.

Restructuring Costs

The Group continued to restructure its operations during the year. The balance at 30 June 2005 is expected to be utilised by 30 June 2006.

Pensions

The Group has several defined contribution and defined benefit pension schemes, all of which are closed to new members and managed by independent administrators. Actuarial valuations are carried out at least once every three years and informal valuations are carried out in the intervening years.

	2005	**2004**
	US$M	*US$M*
Present value of funded obligations	(99.4)	(88.6)
Fair value of plan assets	69.2	59.5
Present value of net obligations	(30.2)	(29.1)
Unrecognised actuarial gains and losses	1.2	(0.8)
Net pension deficits	(29.0)	(29.9)

Movements in the net liability for defined benefit pension scheme obligations recognised in the balance sheet:

As at 1 July 2004	(29.9)	(28.6)
Contributions paid	3.4	2.9
Expense recognised in the income statement *(see below)*	(2.2)	(1.5)
Effect of foreign exchange	(0.3)	(2.7)
As at 30 June 2005	(29.0)	(29.9)

Expense recognised in the income statement:

Current service costs	(1.1)	(1.0)
Interest on obligation	(5.2)	(4.0)
Expected return on plan assets	4.3	3.3
Actuarial (loss)/gain	(0.2)	0.2
	(2.2)	(1.5)
Actual return on plan assets	8.6	7.0

Principal actuarial assumptions as at the balance sheet date (expressed as weighted averages):

Discount rate	4.75%	5.40%
Expected returns on plan assets — equities	6.94%	7.36%
Expected returns on plan assets — bonds	4.75%	5.17%
Expected rates of salary increases	3.70%	4.00%

Litigation

On 18 July 2005, the Court of First Instance of the High Court of Hong Kong made a judgement against the Company for a sum of US$15.9 million plus interest and costs in respect of a claim under a warranty contained in a share acquisition agreement dated 6 June 1994. The Board has decided to appeal the abovementioned judgement.

Apart from the abovementioned judgement, the outcome of other litigation will not give rise to any significant loss beyond the amount provided at 30 June 2005. The balance at 30 June 2005 is expected to be utilised by 30 June 2006.

20. DEFERRED TAX ASSETS AND LIABILITIES

Recognised Deferred Tax Assets and Liabilities

	AT 1 JULY 04	(CREDITED)/ CHARGED TO INCOME STATEMENT (NOTE 8)	FOREIGN EXCHANGE	TOTAL 30 JUNE 05
	US$M	US$M	US$M	US$M
Property, plant and equipment	238.5	(36.5)	(1.5)	200.5
Loans and borrowings	(30.9)	3.0	0.3	(27.6)
Provisions	(6.8)	0.3	0.1	(6.4)
	200.8	(33.2)	(1.1)	166.5

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of tax losses of US$966.8m (2004: US$729.1m) in view of uncertainty over availability of future taxable profits against which the losses can be utilised.

The tax losses do not expire under current tax legislation.

The ability to utilise these losses is dependent on future profits and meeting any relevant local tax requirements.

21. SHARE CAPITAL AND RESERVES

SHARE CAPITAL — AUTHORISED	ORDINARY SHARES 2005	2004
Number of shares of par value of US$0.20 each at beginning and end of the year	5,000,000,000	5,000,000,000

SHARE CAPITAL — FULLY PAID	ORDINARY SHARES 2005	2004
Number of shares in issue at beginning and end of the year	1,368,063,633	1,368,063,633

Share Options

(a) At the end of the financial year, details of the share options movements are as follows:

	2005	2004
Outstanding at 1 July	16,850,000	16,850,000
Exercised during the year	(3,800,000)	—
Cancelled/lapsed during the year	(5,450,000)	—
Outstanding at 30 June	7,600,000	16,850,000

(b) Details of the number of share options outstanding at 30 June are as follows:

EXPIRY DATE	EXERCISE PRICE	2005	2004
21 March 2011	(i)	—	1,600,000
27 September 2012	(i)	—	250,000
2 years after date of vesting or 30 June 2004 whichever is later and expires on the second anniversary of the commencement date	(ii)	3,800,000	10,000,000
2 years after date of vesting or 30 June 2005 whichever is later and expires on the second anniversary of the commencement date	(ii)	3,800,000	5,000,000
		7,600,000	16,850,000

(i) The BIL International Share Option Plan (the Plan) which was approved by shareholders in 2001, is administered by the Remuneration Committee.

As at 30 June 2005, there were no options outstanding as options to take up 1,850,000 unissued shares of US$0.20 each in the Company were cancelled.

(ii) The BIL Value Creation Incentive Share Scheme (the Scheme) is a share incentive scheme which was approved by the Board in 2003 and is administered by the Remuneration Committee. Under the Scheme, options over existing shares of the Company are issued to eligible participants.

There were no new options granted during the year.

As at 30 June 2005, options to take up 7.6 million shares of US$0.20 each at an exercise price of S$0.47 in the Company under the Scheme were outstanding. Options to take up 3.6 million shares of US$0.20 each lapsed during the year.

Since the commencement of the Scheme, no options have been granted to the controlling shareholders or their associates. Except for the Chief Executive Officer, Arun Amarsi, no participant has been granted 5% or more of the total options available. No options have been granted at a discount.

Details of options granted to and exercised by the Chief Executive Officer, Arun Amarsi since commencement of the Scheme are as follows:

NAME OF PARTICIPANT	OPTIONS GRANTED DURING THE FINANCIAL YEAR	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF THE SCHEME TO THE END OF THE FINANCIAL YEAR	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF THE SCHEME TO THE END OF THE FINANCIAL YEAR	AGGREGATE OPTIONS OUTSTANDING AS AT THE END OF THE FINANCIAL YEAR
Arun Amarsi	—	11,100,000	3,700,000	7,400,000

(c) The exercise prices of all options are subject to adjustment in the event of changes to the capital structure of the Company occurring prior to exercise.

Contributed Surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

Translation Reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operations of the Company.

Fair Value Reserve

The fair value reserve comprises the gain or loss resulting from stating available-for-sale investments at fair value.

22. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group has drawn up a treasury risk policy statement which sets out the general risk management philosophy and framework.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

From time to time, the Group may also enter into transactions with the intention to secure financial benefits from favourable market conditions.

Credit Risk

For financial assets arising from ordinary operations, Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Debt securities are only purchased from counterparties which have investment gradings assigned by recognised credit rating agencies, or are otherwise approved by the Audit and Risk Management Committee.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit facilities available.

Interest Rate and Foreign Exchange Risks

Exposure to interest rate and foreign currency movements are managed as far as possible by natural hedges of matching assets and liabilities. Residual risks after natural hedges are managed by the use of derivative financial instruments such as interest rate swaps, options and forward contracts.

The Group adopts an active management approach to managing currency risk. In this regard, hedge positions for foreign exchange exposures are adjusted on a continuous basis, depending on market movements. The objective is typically to be hedged when markets are expected to move adversely, while reducing or eliminating hedge protection when markets are expected to move favourably.

Effective Interest Rates and Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice. The effective interest rates take into account the effect of interest rate swaps.

	2005 EFFECTIVE INTEREST RATE	**TOTAL**	**6 MONTHS OR LESS**	**6 - 12 MONTHS**	**1 - 2 YEARS**	**2 - 5 YEARS**	**OVER 5 YEARS**
		US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Cash and cash equivalents	1.23 - 7.01%	52.8	52.8	—	—	—	—
Mortgage debenture stock:							
Sterling pounds(1)	7.8 - 10.8%	(495.9)	—	—	—	—	(495.9)
Capital notes:							
New Zealand dollars	8.0 - 9.25%	(24.4)	(14.0)	—	(5.0)	(5.4)	—

(1) Face value of the mortgage debenture stock is £226.1m (US$405m) and interest is paid on this amount.

	2004 EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6 - 12 MONTHS	1 - 2 YEARS	2 - 5 YEARS	OVER 5 YEARS
		US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Cash and cash equivalents	1.25 - 5.75%	66.3	66.3	—	—	—	—
Secured bank loans:							
United States dollars[1]	3.03 - 3.04%	(235.0)	(235.0)	—	—	—	—
Sterling pounds[1]	6.50625 - 6.5075%	(72.7)	(72.7)	—	—	—	—
Mortgage debenture stock:							
Sterling pounds[2]	7.8 - 10.8%	(514.3)	—	—	—	—	(514.3)
Unsecured bonds and notes:							
United States dollars	8.5%	(18.4)	(18.4)	—	—	—	—
Capital notes:							
New Zealand dollars	8.0 - 10.0%	(66.8)	(44.5)	—	(17.4)	(4.9)	—

(1) Secured against shares in Thistle Hotels Limited and a hotel property.

(2) Face value of the mortgage debenture stock is £226.1m (US$411.4m) and interest is paid on this amount.

The carrying amount of financial assets and financial liabilities approximates to their fair values.

23. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2005	2004
	US$M	*US$M*
Within one year	4.4	4.9
Between one and five years	4.7	7.0
Over five years	56.1	5.8
	65.2	17.7

The Group leases a number of properties under operating leases. The leases typically run for periods of up to thirty years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

The Group has entered into a sale and leaseback agreement (note 3) on 28 April 2005 for a period of 30 years with the option to renew each lease. The initial annual rent is £11.2m (US$20.8m) per annum which will increase by 2% per annum for the first 15 years and thereafter remain fixed.

Total operating lease expense payable for the year is US$34.2m (2004: US$11.3m).

The Group has sublet some of the above properties. The majority of leases and subleases expire by 30 June 2007. Non-cancellable operating lease rentals are receivable as follows:

	2005	**2004**
	US$M	*US$M*
Within one year	0.8	1.0
Between one and five years	0.4	1.3
	1.2	2.3

24. COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements and investment commitment in a venture fund are as follows:

	2005	**2004**
	US$M	*US$M*
Hotels, property, plant and equipment	3.6	0.9
Development properties	30.0	5.1
Venture fund	2.6	5.0
	36.2	11.0

25. CONTINGENT LIABILITIES

	CONSOLIDATED		**PARENT COMPANY**	
	2005	**2004**	**2005**	**2004**
	US$M	*US$M*	*US$M*	*US$M*
Guarantees for wholly owned non-trading subsidiaries	—	—	24.8	397.4
Guarantees of investment performance	27.4	29.4	—	—

In addition, the Group has given a guarantee to the owner of the 31 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of the businesses will not be less than US$73.9m (£41.24m) (2004: US$81.8m) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability on any one year under the guarantee is US$73.9m (£41.24m) (2004: US$81.8m) and the maximum aggregate liability under the guarantee is US$147.8m (£82.5m) (2004: US$163.7m). The Group's expectation is that the future EBITDA will be in excess of the guaranteed amount.

26. RELATED PARTIES

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Total remuneration paid to a Director is disclosed in note 5.

Parent Company

The Parent Company has advances to and from subsidiaries of US$377.1m (2004: US$324.2m) and US$424.7m (2004: US$406.5m) respectively. The advances are unsecured and repayable on demand. Where interest is charged, it is calculated with reference to market rates. The Parent Company received a net guarantee fee income from subsidiaries of US$0.3m (2004: US$0.5m). Administration fee paid to a subsidiary was US$6m (2004: US$6m).

Interested Person Transaction

Amounts paid under the management agreement with GIMC Limited (a company related to a director and the controlling substantial shareholder of the Group), for the provision of management services during the financial year were US$2.7m (note 6) (2004: US$2.6m).

27. SIGNIFICANT SUBSIDIARIES

	AUDITORS	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2005	2004
Subsidiaries held by:				
Parent Company				
BIL NZ Treasury Limited	KPMG New Zealand	New Zealand	100%	100%
Ma Sing Investments Limited	*	British Virgin Islands	100%	100%
Wayforward Services Limited	*	British Virgin Islands	100%	100%
Group				
BIL Asia Group Treasury Limited	KPMG Singapore	British Virgin Islands	100%	100%
BIL Management Pte Ltd	KPMG Singapore	Singapore	100%	100%
BIL Australia Pty Ltd	KPMG Australia	Australia	100%	100%
BIL (Far East Holdings) Limited	KPMG Hong Kong	Hong Kong	100%	100%
BIL Finance Limited	KPMG New Zealand	New Zealand	100%	100%
BIL (UK) Limited	KPMG United Kingdom	United Kingdom	100%	100%
Molokai Properties Limited	*	United States of America	100%	100%
Tabua Investments Limited	PricewaterhouseCoopers Fiji	Fiji	100%	100%
Thistle Hotels Limited	KPMG United Kingdom	United Kingdom	100%	100%

* Not required to be audited by law in country of incorporation.

The number of companies within the Group as at 30 June 2005 was 158 (2004: 172).

During the year, the Parent Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, impairment losses of US$127.8m (2004: US$118.2m) previously made against investments in and advances to subsidiaries were assessed to be no longer required and were written back.

28. DIVIDENDS

The Board has proposed a first and final of S$0.035 per share for the financial year ended 30 June 2005, subject to shareholders' approval. The dividend, if approved, will be paid on 17 November 2005 to shareholders on record as at 5:00 p.m. on 8 November 2005. The Company is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and on the jurisdiction they are in. Shareholders must meet their own tax obligations in respect of dividends.

	2005	**2004**
	US$M	*US$M*
A proposed first and final dividend of S$0.035 (2004: S$0.025) per share	28.4	19.9

The amount paid for first and final dividend for financial year 2004 of S$0.025 per share was US$20.5m based on prevailing exchange rate.

29. CHANGES IN ACCOUNTING POLICY

On 1 July 2004, the Group adopted new IFRS 3 'Business Combinations', revised IAS 36 'Impairment of Asset' and revised IAS 38 'Intangible Assets' which were applicable for financial statements covering periods beginning on or after 1 July 2004. The adoption of these three accounting standards resulted in a change in the Group's accounting policy for goodwill. The Group has derecognised an existing negative goodwill with a corresponding adjustment to the opening balance of retained earnings as at 1 July 2004.

The impact on the Group's retained earnings and current year's net profit on adoption of these accounting standards are as follows:

(i) Increase in retained earnings by US$57.8m caused by transfer of negative goodwill.

(ii) Decrease in current year's net profit by US$7.3m due to the Group ceasing negative goodwill amortisation.

30. PARENT COMPANY STATEMENT OF CASH FLOWS

No statement of cash flows is prepared for the Parent Company as there are no cash inflows and outflows during the financial year and in the previous financial year.

PARENT COMPANY INCOME STATEMENT

For the year ended 30 June 2005

	NOTE	2005 US$M	2004 US$M
INCOME			
Guarantee fee income		0.3	0.5
Dividend income from subsidiaries		49.3	—
TOTAL INCOME		49.6	0.5
Administration fee expense		(6.0)	(6.0)
Other (expenses)/income		(30.6)	0.1
Profit/(loss) from operations		13.0	(5.4)
Net financing costs			
Interest on borrowing — subsidiaries		(8.4)	(5.9)
Net foreign exchange gain		25.6	21.5
Reversal of impairment loss on investments in and advances to subsidiaries		127.8	118.2
PROFIT BEFORE TAX		158.0	128.4
Income tax expense	8	—	—
NET PROFIT FOR THE YEAR		158.0	128.4
Opening balance of retained earnings		(63.6)	(192.0)
Dividend payment	28	(20.5)	—
Closing balance of retained earnings		73.9	(63.6)

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2005

	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
	US$M	*US$M*	*US$M*	*US$M*
Balance at 1 July 2004	273.6	654.2	(63.6)	864.2
First and final dividend of S$0.025 per share for the year ended 30 June 2004 *(note 28)*	—	—	(20.5)	(20.5)
Net profit for the year	—	—	158.0	158.0
Balance at 30 June 2005	273.6	654.2	73.9	1,001.7
Balance at 1 July 2003	273.6	654.2	(192.0)	735.8
Net profit for the year	—	—	128.4	128.4
Balance at 30 June 2004	273.6	654.2	(63.6)	864.2

PARENT COMPANY BALANCE SHEET

As at 30 June 2005

	NOTE	2005 US$M	2004 US$M
ASSETS			
Investments in subsidiaries	27	1,080.7	952.9
TOTAL NON-CURRENT ASSETS		1,080.7	952.9
Advances to subsidiaries	26	377.1	324.2
TOTAL CURRENT ASSETS		377.1	324.2
TOTAL ASSETS		1,457.8	1,277.1
LESS LIABILITIES			
Accruals		—	1.9
Provisions	19	28.8	1.7
TOTAL CURRENT LIABILITIES		28.8	3.6
Advances from subsidiaries	26	424.7	406.5
Provisions	19	2.6	2.8
TOTAL NON-CURRENT LIABILITIES		427.3	409.3
NET ASSETS		1,001.7	864.2
EQUITY			
Share capital		273.6	273.6
Contributed surplus		654.2	654.2
Retained earnings		73.9	(63.6)
TOTAL EQUITY		1,001.7	864.2

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2004

	NOTE	**2004** *US$M*	**2003** *US$M*
Revenue	2	297.7	61.3
Bass Strait oil and gas royalty		12.0	11.9
Gain on disposal of investments/assets		23.6	23.2
Other operating income	4	19.2	11.2
Direct costs of raw materials and consumables		(103.9)	(22.1)
Personnel expenses	5	(83.6)	(22.3)
Other operating expenses	6	(18.6)	(15.0)
PROFIT BEFORE DEPRECIATION & AMORTISATION		146.4	48.2
Depreciation		(29.8)	(6.8)
Amortisation		(5.4)	(4.3)
PROFIT BEFORE FINANCING & ASSOCIATES		111.2	37.1
Net financing costs	7	(64.7)	(41.0)
Net foreign exchange gain/(loss)		15.6	(52.7)
Loss from associate		—	(1.8)
PROFIT/(LOSS) BEFORE TAX		62.1	(58.4)
Income tax benefit/(expense)	8	0.5	(1.9)
NET PROFIT/(LOSS) FOR THE YEAR		62.6	(60.3)
Basic profit/(loss) per share (US cents)	9	4.6	(4.4)
Diluted profit/(loss) per share (US cents)	9	4.6	(4.4)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2004

	SHARE CAPITAL	CONTRIBUTED SURPLUS	TRANSLATION RESERVE	FAIR VALUE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Balance at 1 July 2003	273.6	654.2	(100.3)	24.5	—	(116.2)	735.8
Net exchange translation difference not recognised in the income statement	—	—	92.4	—	—	—	92.4
Changes in fair value of finanical assets and liabilities:							
— available for sale investments	—	—	—	(5.3)	—	—	(5.3)
— transfer to income statement on disposal of investments	—	—	—	(21.3)	—	—	(21.3)
Net profit for the period	—	—	—	—	—	62.6	62.6
Balance at 30 June 2004 *(note 23)*	273.6	654.2	(7.9)	(2.1)	—	(53.6)	864.2
Balance at 1 July 2002	273.6	654.2	(193.2)	29.4	(11.7)	(35.4)	716.9
Net exchange translation difference not recognised in the income statement	—	—	92.9	—	—	—	92.9
Changes in fair value of finanical assets and liabilities:							
— available for sale investments	—	—	—	(4.6)	—	1.2	(3.4)
— transfer to income statement on disposal of investments	—	—	—	(0.3)	—	(21.7)	(22.0)
— transfer to income statement upon cross currency swap being ineffective	—	—	—	—	18.0	—	18.0
— effective portion of cross currency swap	—	—	—	—	(6.3)	—	(6.3)
Net loss for the period	—	—	—	—	—	(60.3)	(60.3)
Balance at 30 June 2003 *(note 23)*	273.6	654.2	(100.3)	24.5	—	(116.2)	735.8

CONSOLIDATED BALANCE SHEET
As at 30 June 2004

	NOTE	2004 US$M	2003 US$M
ASSETS			
Hotels, property, plant and equipment	10	1,644.0	1,637.7
Development properties	11	194.3	194.8
Bass Strait oil and gas royalty	12	122.0	122.5
Negative goodwill	13	(57.8)	(115.0)
Listed investments		18.9	88.4
Other investments	15	14.0	17.3
Receivable due after more than one year	16	—	79.3
TOTAL NON-CURRENT ASSETS		1,935.4	2,025.0
Trade and other receivables	17	89.1	100.7
Cash and cash equivalents	18	66.3	636.3
Inventories		0.7	0.7
TOTAL CURRENT ASSETS		156.1	737.7
TOTAL ASSETS		2,091.5	2,762.7
LESS LIABILITIES			
Loans and borrowings	19	62.9	766.2
Trade and other payables	20	82.2	115.9
Provisions	21	7.1	12.0
TOTAL CURRENT LIABILITIES		152.2	894.1
Loans and borrowings	19	844.3	814.8
Provisions	21	30.0	29.9
Deferred tax liabilities	22	200.8	208.8
Deferred income	16	—	79.3
TOTAL NON-CURRENT LIABILITIES		1,075.1	1,132.8
NET ASSETS		864.2	735.8
SHARE CAPITAL AND RESERVES (page 113)		864.2	735.8

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2004

	NOTE	2004 US$M	2003 US$M
OPERATING ACTIVITIES			
Profit before financing and associates		111.2	37.1
Adjustments for non cash items			
Depreciation of hotels, property, plant and equipment	10	29.8	6.8
Amortisation of Bass Strait oil and gas royalty	12	5.4	4.3
Recognition of negative goodwill	13	(7.3)	(1.3)
Other non cash items		—	1.4
Gains on disposal of assets included in investing cashflows		(24.6)	(22.8)
Net change in working capital items		(47.9)	(32.1)
Income tax paid		(6.5)	(1.2)
Other operating cash flows		(2.1)	—
Dividends received		0.4	9.1
CASH FLOWS FROM OPERATING ACTIVITIES		58.4	1.3
INVESTING ACTIVITIES			
Proceeds from sale of hotels, property, plant and equipment		117.1	1.0
Proceeds from sale of investments		72.0	124.3
Acquisition of a subsidiary, net of cash acquired	3	—	63.9
Acquisition of hotels, property, plant and equipment	10	(11.6)	(4.7)
Proceeds from sale of development properties		8.0	1.1
Expenditure on development properties		(6.9)	—
Acquisition of Bass Strait oil and gas royalty		—	(29.5)
Payment for other investments		(26.7)	(1.4)
CASH FLOWS FROM INVESTING ACTIVITIES		151.9	154.7
FINANCING ACTIVITIES			
Drawdown of non-current borrowings		242.8	28.6
Drawdown of short-term borrowings		20.0	1,059.7
Repayment of non-current borrowings		(205.6)	(105.6)
Repayment of short-term borrowings		(778.8)	(544.3)
Interest received		7.0	2.2
Interest paid		(76.3)	(51.3)
Retainer and guarantee fees paid		(4.1)	(5.3)
Realised exchange gains on financial derivatives		13.7	1.9
CASH FLOWS FROM FINANCING ACTIVITIES		(781.3)	385.9
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(571.0)	541.9
Cash and cash equivalents at beginning of the year		636.3	71.1
Effect of exchange rate fluctuations on cash held		1.0	23.3
Cash and cash equivalents at end of the year	18	66.3	636.3

SIGNIFICANT ACCOUNTING POLICIES

BIL International Limited is a company continued into Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The consolidated financial statements for the year ended 30 June 2004 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements were authorised for issue by the Directors on 10 September 2004.

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), and the requirements of Bermuda law. IFRS include International Accounting Standards ("IAS") and related interpretations.

(B) BASIS OF PREPARATION

The financial statements are presented in United States dollars, rounded to the nearest hundred thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and available-for-sale investments. Recognised assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

The accounting policies have been consistently applied by Group enterprises and are consistent with those used in the previous year.

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, based upon latest available announced results, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(D) FOREIGN CURRENCY

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to measurement currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to recording currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Financial Statements of Foreign Operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations are translated to United States dollars at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to United States dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of foreign operations are translated using the exchange rate ruling on the transaction date. Foreign exchange differences arising on translation are recognised directly in equity.

(E) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses financial instruments to manage financial exposures.

The Group may also hold or issue financial instruments for trading purposes. Gains and losses arising from such trading positions are recognised in the income statement.

Derivative financial instruments such as forward foreign exchange contracts, foreign exchange options and interest rate swaps are stated at fair value. The fair value of forward foreign exchange contracts is their quoted market price at the balance sheet date. The fair value of foreign exchange options is computed based on The Garman Kohlhagen Option Pricing model. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is recognised in the income statement immediately. Any gain or loss arising from changes in the time value of the derivative financial instrument is excluded from the measurement of hedge effectiveness and is recognised in the income statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Option premiums paid or received are recognised at the start of the option contract.

(F) HOTELS, PROPERTY, PLANT AND EQUIPMENT

(i) Owned Assets

Items of hotels, property, plant and equipment are stated at cost less accumulated depreciation and, where applicable, impairment losses.

Where an item of hotels, property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of hotels, property, plant and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of hotels, property, plant and equipment. Freehold land is not depreciated. Depreciation rates are:

Plant, vehicles and fittings	4% to 33⅓%
Core elements of freehold and long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Short leasehold land and buildings (less than 20 years to run)	Remaining life of lease

(G) DEVELOPMENT PROPERTIES

Development properties are stated at the lower of cost and net realisable value. The cost of development properties includes expenditure incurred in acquiring the development properties and bringing them to their existing condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(H) GOODWILL

(i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Goodwill is amortised on a straight-line basis so as to write off the cost of the goodwill over its estimated useful life.

(ii) Negative Goodwill

Negative goodwill arising on an acquisition represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of the identifiable acquired depreciable/amortisable assets (15 years). Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

(I) INVESTMENTS

Listed and other investments are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised in equity. The fair value of listed investments is their quoted bid price at the balance sheet date. The fair value of other investments is based on directors' assessment. Available-for-sale investments are recognised/derecognised by the Group on the date it commits to purchase/sell the investments.

Investments in subsidiaries are stated at cost less impairment losses.

(J) BASS STRAIT OIL AND GAS ROYALTY

Bass Strait oil and gas royalty is stated at cost less accumulated amortisation and impairment losses. The cost is amortised on a straight-line basis so as to write off the cost over its estimated useful life of 25 years.

(K) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

(L) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(M) IMPAIRMENT

The carrying amounts of hotels, property, plant and equipment, investments, Bass Strait oil and gas royalty and receivables are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the income statement.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(N) INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

(O) SHARE CAPITAL

(i) Repurchase of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are presented as a deduction from total equity.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(P) BORROWINGS

Borrowings are recognised at cost. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(Q) EMPLOYEE BENEFITS

(i) Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined Benefit Plans

The Group's net obligation in respect of these plans is calculated separately for each plan by estimating the future pension benefits to existing pensioners; those benefits are discounted to determine the present value and the fair value of any plan assets is deducted. The calculations are performed by a qualified actuary using the projected unit credit method. The amount of the excess of the present value of each fund's liabilities over the fair value of that fund's assets is recognised in the income statement upon notification to the Group.

(iii) Equity and Equity-related Compensation Benefits

The stock option programme allows employees to acquire shares in the Company. The option exercise price equals the market price of the underlying shares at the date of the grant, or such higher price as may be determined by a Committee of the Directors, and no compensation cost or obligation is recognised.

(R) PROVISIONS

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

(S) REVENUE

Revenue from the sale of development properties is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised in the income statement upon services being rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

(T) EXPENSES

(i) Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

(ii) Net Financing Costs

Net financing costs comprise interest payable on borrowings and interest receivable on funds invested.

Interest income is recognised in the income statement as it accrues. Dividend income is recognised in the income statement on the date that the dividend is received.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

(U) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case, the income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(V) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(W) DISCONTINUING OPERATIONS

A discontinuing operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of business or geographical area of operations.

(X) COMPARATIVE INFORMATION

Comparative information has been restated in respect of:

— Bass Strait oil and gas royalty and gain on disposal of investments/assets were reclassified from other operating income and are shown as separate items on the consolidated income statement.

— Amortisation and depreciation were reclassified from other operating expenses and are shown as separate items on the consolidated income statement.

— The Group's interest in the Bass Strait oil and gas royalty stream has been shown as a separate segment, Oil and Gas, under the segment reporting note (note 1).

NOTES TO THE FINANCIAL STATEMENTS

Except where stated to refer to the Parent Company, all notes refer to the Group.

1. SEGMENT REPORTING

The Parent Company's main activity is investment. During the year, the Parent Company operated in Bermuda.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based upon the industry of the underlying investment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise financing costs and income tax expense.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Discontinuing operations are presented separately.

Business Segments

The Group comprises the following main business segments:

Investment:	The Group's interests in listed and other investments, and management of the business segments.
Oil and gas:	The Group's interest in the Bass Strait oil and gas royalty stream
Property development:	The development of land and properties on Fijian and Hawaiian islands for residential and tourism purposes.
Hotels:	The Group's interest in the "Thistle" chain of hotels in the United Kingdom.

Geographical Segments

The geographical segments are Australasia, Asia, United States of America and United Kingdom.

In presenting information geographically, segment revenue is based on the geographical location of the production, services or assets. Segment assets are based on the geographical location of the assets.

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	2004 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue	—	—	31.1	266.6	297.7
Bass Strait oil and gas royalty	—	12.0	—	—	12.0
Gain/(loss) on disposal of investments/assets	24.6	—	—	(1.0)	23.6
Other operating income	7.1	—	1.0	11.1	19.2
Direct costs of raw materials and consumables	—	—	(10.2)	(93.7)	(103.9)
Personnel expenses	(3.8)	—	(5.1)	(74.7)	(83.6)
Operating expenses	(4.6)	(0.2)	(6.8)	(7.0)	(18.6)
Profit before depreciation and amortisation	23.3	11.8	10.0	101.3	146.4
Depreciation	(0.2)	—	—	(29.6)	(29.8)
Amortisation	—	(5.4)	—	—	(5.4)
Profit before financing and associates	23.1	6.4	10.0	71.7	111.2
Net financing costs					(64.7)
Net foreign exchange gain					15.6
Income tax benefit					0.5
Net profit for the year					62.6
Segment assets	24.3	133.9	206.8	1,726.5	2,091.5

* Owned hotels only.

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	DISCONTINUING OPERATIONS	2003 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue	—	—	13.1	48.2	—	61.3
Bass Strait oil and gas royalty	—	11.9	—	—	—	11.9
Gain/(loss) on disposal of investments/ assets	23.2	—	—	—	—	23.2
Other operating income	10.2	—	0.8	0.8	(0.6)	11.2
Direct costs of raw materials and consumables	—	—	(5.9)	(16.2)	—	(22.1)
Personnel expenses	(2.7)	—	(5.2)	(13.6)	(0.8)	(22.3)
Other operating expenses	(3.1)	(1.1)	(6.5)	(4.0)	(0.3)	(15.0)
Profit/(loss) from operations before depreciation and amortisation	27.6	10.8	(3.7)	15.2	(1.7)	48.2
Depreciation	(1.2)	—	—	(5.6)	—	(6.8)
Amortisation	—	(4.3)	—	—	—	(4.3)
Profit/(loss) before financing and associates	26.4	6.5	(3.7)	9.6	(1.7)	37.1
Loss from associate	—	—	—	(1.8)	—	(1.8)
Net financing costs						(41.0)
Net foreign exchange loss						(52.7)
Income tax expense						(1.9)
Net loss for the year						(60.3)
Segment assets	19.3	129.1	202.9	2,411.4	—	2,762.7

* Owned hotels only.

Recognition of negative goodwill arising from the acquisition of Thistle Hotels Limited in 2003 amounting to US$7.3m (2003: US$1.3m) has been included as other operating income in the Investment segment.

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	DISCONTINUING OPERATIONS	2004 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Segment liabilities	412.6	0.2	9.2	801.6	3.7	1,227.3
Cash flows from operating activities	11.3	6.2	12.7	28.2	—	58.4
Cash flows from investing activities	68.9	—	(4.2)	87.2	—	151.9
Cash flows from financing activities	(724.3)	0.1	—	(57.1)	—	(781.3)
Capital expenditure	0.2	—	—	11.4	—	11.6

* Owned hotels only.

BUSINESS SEGMENTS	INVESTMENT	OIL AND GAS	PROPERTY DEVELOPMENT	HOTELS*	DISCONTINUING OPERATIONS	2003 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Segment liabilities	1,118.7	0.1	4.2	900.3	3.6	2,026.9
Cash flows from operating activities	5.0	—	(0.1)	(3.3)	(0.3)	1.3
Cash flows from investing activities	159.1	—	(0.8)	(4.6)	1.0	154.7
Cash flows from financing activities	385.9	—	0.7	—	(0.7)	385.9
Capital expenditure	0.1	—	—	4.6	—	4.7
Impairment losses	0.5	—	—	—	—	0.5

* Owned hotels only.

GEOGRAPHICAL SEGMENTS	AUSTRALIASIA	ASIA	UNITED STATES OF AMERICA	UNITED KINGDOM	DISCONTINUING OPERATIONS	2004 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue from external customers	7.9	—	23.2	266.6	—	297.7
Segment assets	146.5	72.2	201.6	1,671.2	—	2,091.5
Capital expenditure	—	0.2	—	11.4	—	11.6

GEOGRAPHICAL SEGMENTS	AUSTRALIASIA	ASIA	UNITED STATES OF AMERICA	UNITED KINGDOM	DISCONTINUING OPERATIONS	2003 CONSOLIDATED TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Total revenue from external customers	5.1	—	8.0	48.2	—	61.3
Segment assets	226.2	35.2	201.9	2,299.4	—	2,762.7
Capital expenditure	—	0.1	—	4.6	—	4.7

2. REVENUE

	2004	2003
	US$M	*US$M*
Revenue from hotel operations	266.6	48.2
Revenue from sale of development properties	31.1	13.1
	297.7	61.3

3. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Acquisition

There was no acquisition of subsidiaries during the year.

On 1 May 2003, the Group's offer to acquire for cash the remaining 54.1% of the shares in Thistle Hotels Limited ("Thistle") for US$2.08 (£1.30) per share became unconditional. In the two months to 30 June 2003, the subsidiary contributed a net profit of US$4.4m to the consolidated net profit for the year.

The above acquisition was accounted for using the purchase method of accounting.

During the year, the Group re-assessed the fair value of identifiable assets and liabilities relating to the acquisition. The results of this exercise are discussed in note 13.

Disposals

There was no disposal of subsidiary during the year or the previous year.

Effects of Acquisitions

The acquisition had the following effect on the Group's assets and liabilities:

	ACQUISITION
	2003
	US$M
Hotels, property, plant and equipment	857.3
Other investments	0.9
Inventories	0.3
Receivable due after more than one year	41.1
Trade and other receivable	39.5
Cash and cash equivalents	325.3
Trade and other payables	(35.4)
Loans and borrowings	(316.1)
Provisions	(11.4)
Deferred tax liabilities	(145.5)
Deferred income	(41.1)
Net identifiable assets	714.9
Negative goodwill on acquisition*	(153.5)
Consideration paid	561.4
Satisfied by:	
Cash	537.2
Accrued consideration *(note 20)*	24.2
	561.4
Consideration satisfied in cash	537.2
Cash acquired	(601.1)
Net cash inflow	(63.9)

* Negative goodwill on acquisition is net of positive goodwill of US$37.2m arising from the Group's initial investment in Thistle.

4. OTHER OPERATING INCOME

	2004	2003
	US$M	*US$M*
Dividend income	0.4	2.0
Sublease income	3.6	1.5
Recognition of negative goodwill *(note 13)*	7.3	1.3
Hotel management fees	7.5	—
Other income	0.4	6.4
	19.2	11.2

5. PERSONNEL EXPENSES

	2004	2003
	US$M	*US$M*
Wages, salaries and benefits	82.9	21.3
Pension contributions — defined contribution plans	0.5	0.5
Directors' fees	0.2	0.5
	83.6	22.3

Included in Personnel Expenses is director's remuneration of US$1.6m (2003: US$0.6m). The number of employees as at 30 June 2004 was 1,928 (2003: 1,955).

The number of non-executive Directors of the Company whose remuneration fall within the following remuneration bands are as follows:

Remuneration bands	**2004**	**2003**
$249,999 and below	5	7
$250,000 to $499,999	—	—
$500,000 and above	—	—
	5	7

The Chief Executive Officer and the top five key executives whose remuneration fall within the following remuneration bands are as follows:

Remuneration bands	**2004**	**2003**
$249,999 and below	1	3
$250,000 to $499,999	4	2
$500,000 and above	1	1
	6	6

6. OTHER OPERATING EXPENSES

	2004	**2003**
	US$M	*US$M*
Management fees paid to a related party *(note 28)*	2.6	—
Impairment losses on investments	—	0.5
Operating lease expenses	2.0	1.5
Travelling and transport	1.7	0.2
Legal expenses	0.6	2.0
Office expenses	5.8	5.1
Consultancy expenses	2.7	0.3
Property repair and maintenance	2.0	1.1
Other expenses	1.2	4.3
	18.6	15.0

Non-audit fees paid comprised the following:

	2004	**2003**
	US$M	*US$M*
To the auditors of the Parent Company		
— included in other operating expenses	—	0.1
To other auditors		
— included in other operating expenses	0.2	0.4
	0.2	0.5

7. NET FINANCING COSTS

	2004	2003
	US$M	*US$M*
Interest expense	67.7	43.0
Interest income	(7.1)	(7.1)
Other financing costs	4.1	5.1
	64.7	41.0

8. INCOME TAX EXPENSE

	2004	2003
Recognised in the Income Statement	*US$M*	*US$M*
Current tax expense:		
Current year	17.5	0.2
Over provided in prior year	(3.3)	—
	14.2	0.2
Deferred tax (benefit)/expense:		
Origination and reversal of temporary differences *(note 22)*	(14.7)	1.7
Total income tax (benefit)/expense in income statement	(0.5)	1.9

	2004	2003
Reconciliation of Effective Tax Rate	*US$M*	*US$M*
Profit/(loss) before tax	62.1	(58.4)
Income tax using the domestic corporation tax rate of 30% (2003: 30%)	18.7	(17.5)
Effect of:		
Loss from associate	—	0.5
Non-deductible items - impairment losses	—	0.2
Over provided in prior year	(3.3)	—
Other non-taxable revenue/non-deductible expenses	(7.7)	23.3
Tax losses utilised	(7.7)	(4.6)
Other	(0.5)	—
	(0.5)	1.9

The domestic corporation tax rate is the average tax rate of the countries in which the Group operates.

Parent Company

There is no tax payable by the Parent Company as it is not liable for income tax in Bermuda.

9. EARNINGS PER SHARE

Basic Earnings Per Share

The calculation of basic earnings per share is based on the net profit/(loss) attributable to ordinary shareholders of US$62.6m (2003: US$(60.3)m) and the weighted average number of ordinary shares outstanding during the period of 1,368,063,633 (2003: 1,368,063,633), calculated as follows:

Weighted Average Number of Ordinary Shares

	2004	2003
Weighted average number of shares at 1 July 2003 and 30 June 2004	1,368,063,633	1,368,063,633

Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the net profit/(loss) attributable to ordinary shareholders of US$62.6m (2003: US$(60.3)m) and the weighted average number of ordinary shares outstanding during the period of 1,369,913,633 (2003: 1,369,913,633), calculated as follows:

Weighted Average Number of Ordinary Shares

	2004	2003
Weighted average number of shares at 1 July	1,368,063,633	1,368,063,633
Effect of share options in issue	1,850,000	1,850,000
Weighted average number of ordinary shares at 30 June	1,369,913,633	1,369,913,633

10. HOTELS, PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDING	LEASEHOLD LAND AND BUILDING	PLANT, VEHICLES AND FITTINGS	TOTAL
	US$M	*US$M*	*US$M*	*US$M*
Cost				
Balance at 1 July 2003	675.2	789.3	404.9	1,869.4
Reclassifications	(6.6)	6.6	—	—
Effect of movements in foreign exchange	66.7	77.1	40.1	183.9
Additions	1.4	2.7	7.5	11.6
Disposals	(88.2)	—	(28.9)	(117.1)
Adjustments to fair value of assets acquired in business combination *(note 13)*	(12.2)	(23.1)	—	(35.3)
Balance at 30 June 2004	636.3	852.6	423.6	1,912.5
Accumulated Depreciation				
Balance at 1 July 2003	3.3	16.9	211.5	231.7
Effect of movements in foreign exchange	0.3	1.7	22.0	24.0
Depreciation charge	0.6	1.6	27.6	29.8
Disposals	(0.7)	—	(16.3)	(17.0)
Balance at 30 June 2004	3.5	20.2	244.8	268.5
Net Book Value				
At 30 June 2003	671.9	772.4	193.4	1,637.7
At 30 June 2004	632.8	832.4	178.8	1,644.0

As at 30 June 2004, mortgage debenture stock totalling US$514.3m (2003: US$523.3m) (see note 19) was secured on six hotels owned by the Group with net book value of US$932.9m (2003: US$875.9m).

As at 30 June 2004, one hotel with net book value of US$192.1m (2003: US$281.1m) was charged as security for a US$81.8m (2003: US$74.5m) bank letter of credit to support the Group's obligation as described in note 27.

11. DEVELOPMENT PROPERTIES

The Group's development properties, which are wholly owned, are located in the United States of America, being the 64,000 acre land parcel on Molokai island in Hawaii and in Fiji, being the 650 acre Denarau Island Resort in Western Viti Levu. The properties are under development for residential and tourism purposes.

12. BASS STRAIT OIL AND GAS ROYALTY

	US$M
Cost	
Balance at 1 July 2003	127.4
Effect of movements in foreign exchange	5.0
Balance at 30 June 2004	132.4
Amortisation	
Balance at 1 July 2003	4.9
Effect of movements in foreign exchange	0.1
Amortisation charge	5.4
Balance at 30 June 2004	10.4
Net Book Value	
At 30 June 2003	122.5
At 30 June 2004	122.0

The Bass Strait oil and gas royalty represents the Group's interest in the Bass Strait Oil Trust.

13. NEGATIVE GOODWILL

	US$M
Cost	
Balance at 1 July 2003	(116.3)
Adjustment of negative goodwill*	49.9
Balance at 30 June 2004	(66.4)
Cumulative Amounts Recognised	
Balance at 1 July 2003	1.3
Recognition of negative goodwill *(note 4)*	7.3
Balance at 30 June 2004	8.6
Net Book Value	
At 30 June 2003	(115.0)
At 30 June 2004	(57.8)

* Under IAS 22, BIL International Limited has a "one-year window period" to adjust the provisional values of identifiable assets and liabilities acquired during the Group's acquisition of Thistle. BIL International Limited

conducted an exercise during the financial year to review the fair values of identifiable assets and liabilities acquired and this resulted in revisions to the fair values. The table on the next page summarises the revised position with respect to negative goodwill on acquisition:

	US$M
Negative goodwill at 30 June 2003	*(115.0)*
Fair value adjustments for assets and liabilities	49.9
Negative goodwill after fair value adjustments	(65.1)
Recognition of negative goodwill	7.3
Negative goodwill as at 30 June 2004	(57.8)

14. INVESTMENT IN ASSOCIATE

The Group had the following significant investment in an associate until 1 May 2003:

	COUNTRY	**OWNERSHIP INTEREST UP TO 1 MAY 2003**
Thistle Hotels Limited	United Kingdom	45.9%

In 2003, the Group made an offer to acquire the remaining shares (54.1%) in Thistle that it did not already own. This transaction became unconditional on 1 May 2003. The total cost to acquire the Thistle shares not previously owned amounted to £351.1m (US$561.4m) (see note 3). Thistle was accounted for as an associate up to 30 April 2003, and thereafter as a 100% owned subsidiary.

15. OTHER INVESTMENTS

	2004	**2003**
	US$M	*US$M*
Shares in unlisted companies	12.5	12.5
Other investments	1.5	4.8
	14.0	17.3

16. RECEIVABLE DUE AFTER MORE THAN ONE YEAR/DEFERRED INCOME

	2004	2003
Receivable Due After More Than One Year	*US$M*	*US$M*
Note receivable	—	74.5
Interest receivable	—	4.8
	—	79.3

	2004	2003
Deferred Income	*US$M*	*US$M*
Deferred disposal proceeds	—	74.5
Deferred accrued interest	—	4.8
	—	79.3

During 2002, Thistle disposed of 37 hotel businesses to a third party. Deferred consideration relating to the disposal, in the form of a £45.0m (US$74.5m) loan note is receivable on or before 1 January 2005. Interest accrues at a rate of 5% per annum and is receivable when the principal is repaid. As there is considerable doubt concerning collectibility of the note and the accrued interest, the full amount of US$79.3m has been written off during the financial year. The write off was made against the deferred income balance and had no effect on the Group's income statement or cash flows.

17. TRADE AND OTHER RECEIVABLES

	2004	2003
	US$M	*US$M*
Trade receivables	42.1	48.3
Due from sale of assets	4.5	18.2
Loan to a third party	3.2	2.9
Deposits	1.1	0.1
Royalty income receivable	5.7	6.7
Due from broker	5.3	—
Prepaid expenses	19.9	16.3
Other receivables	7.3	8.2
	89.1	100.7

18. CASH AND CASH EQUIVALENTS

	2004	2003
	US$M	*US$M*
Bank balances	22.4	6.0
Call deposits	43.9	630.3
Cash and cash equivalents	66.3	636.3

Call deposits of US$6.1m (2003: nil) were placed with a financial institution to secure a letter of credit provided by the financial institution to a subsidiary.

19. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate, security and foreign currency risk, refer to note 24.

	2004	2003
	US$M	*US$M*
CURRENT LIABILITIES		
Secured bank loans	—	624.0
Current portion of unsecured bonds and notes	18.4	39.7
Current portion of capital notes	44.5	102.5
	62.9	766.2
NON-CURRENT LIABILITIES		
Secured bank loans	307.7	210.0
Mortgage debenture stock	514.3	523.3
Unsecured bonds and notes	—	19.8
Capital notes	22.3	61.7
	844.3	814.8

TERMS AND DEBT REPAYMENT SCHEDULE 2004	TOTAL	UNDER 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	OVER 5 YEARS
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Secured bank loans:					
United States dollars	235.0	—	235.0	—	—
Sterling pounds	72.7	—	72.7	—	—
Mortgage debenture stock:					
Sterling pounds	514.3	—	—	—	514.3
Unsecured bonds and notes:					
Japanese yen	18.4	18.4	—	—	—
Capital notes:					
New Zealand dollars	66.8	44.5	17.4	4.9	—
	907.2	62.9	325.1	4.9	514.3

TERMS AND DEBT REPAYMENT SCHEDULE 2003	TOTAL	UNDER 1 YEAR	1 - 2 YEARS	2 - 5 YEARS	OVER 5 YEARS
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Secured bank loans:					
United States dollars	210.0	—	210.0	—	—
Sterling pounds	624.0	624.0	—	—	—
Mortgage debenture stock:					
Sterling pounds	523.3	—	—	—	523.3
Unsecured bonds and notes:					
Japanese yen	59.5	39.7	19.8	—	—
Capital notes:					
New Zealand dollars	164.2	102.5	41.1	20.6	—
	1,581.0	766.2	270.9	20.6	523.3

Included in secured bank loans is a loan of US$235.0m which is repayable on 27 June 2005 and has been classified as a non-current liability in the balance sheet as an agreement has been reached with the bank to refinance the loan on a long term basis.

As at 30 June 2004, BIL Finance Limited (a wholly owned subsidiary) had issued Capital Notes to the value of $66.8m (2003: $164.2m) with election dates ranging from 15 October 2004 to 15 October 2007. The Capital Notes pay interest at rates between 8.0% and 10.0%. Under the terms of the Capital Notes issued, noteholders may on the relevant election date either accept the new terms offered or convert some or all of their notes into ordinary shares in the Parent Company at a price equal to 98% of the weighted average sale price for ordinary shares sold on the New Zealand Exchange on each of the five business days prior to the relevant election date or, where no ordinary shares have been sold on each of those days, the weighted average sale price of ordinary shares on each of the five business days having the highest volumes of trading within the last 14 days prior to a relevant election date. In any event, on an election date, BIL International Limited (at its option), may purchase for cash some or all of the Capital Notes for their principal amount together with any accrued interest and unpaid interest. On 1 September 2004, BIL International Limited announced that it will be exercising its option to purchase for cash on 15 October 2004 the BIL Finance Limited Capital Notes on issue with an Election Date of 15 October 2004. BIL International Limited guarantees the Capital Notes on a subordinated basis. BIL International Limited covenants not to pay any dividends or make certain other returns of capital or distributions in respect of ordinary shares if the interest payments on the Capital Notes are not paid on due date and for as long as such payments remain unpaid.

20. TRADE AND OTHER PAYABLES

	2004	2003
	US$M	*US$M*
Trade payables	34.6	30.0
Interest and hedging costs payable	9.2	24.0
Accrued Thistle purchase consideration *(note 3)*	—	24.2
Due to brokers	—	3.6
Corporate tax payable	0.6	6.3
Commission payable	4.3	3.0
Value added tax payable	5.6	2.0
Accrued expenses	17.4	13.4
Deposits received	2.1	—
Other payables	8.4	9.4
	82.2	115.9

21. PROVISIONS

GROUP	ONEROUS LEASES	RESTRUCTURING COSTS	PENSIONS	LITIGATION	TOTAL
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Balance at 1 July 2003	2.3	7.2	28.6	3.8	41.9
Provisions made/(written back) during the year	(0.2)	(1.9)	(0.8)	1.0	(1.9)
Effect of movements in foreign exchange	0.2	0.6	2.7	0.1	3.6
Provisions utilised during the year	(1.2)	(3.7)	(0.6)	(1.0)	(6.5)
Balance at 30 June 2004	1.1	2.2	29.9	3.9	37.1
Provisions as at 30 June 2004 are disclosed as:					
Current liabilities	1.0	2.2	—	3.9	7.1
Non-current liabilities	0.1	—	29.9	—	30.0
	1.1	2.2	29.9	3.9	37.1

Provisions made/(written back) during the year are included in:

	US$M
Personnel expenses	1.2
Other operating expenses	0.7
	1.9

PARENT COMPANY	RESTRUCTURING COSTS *US$M*	PENSIONS *US$M*	LITIGATION *US$M*	TOTAL *US$M*
Balance at 1 July 2003	0.1	2.8	1.4	4.3
Provisions made during the year	—	0.2	1.0	1.2
Effect of movements in foreign exchange	—	0.2	—	0.2
Provisions utilised during the year	(0.1)	(0.4)	(0.7)	(1.2)
Balance at 30 June 2004	—	2.8	1.7	4.5
Current liabilities	—	—	1.7	1.7
Non-current liabilities	—	2.8	—	2.8
Balance at 30 June 2004	—	2.8	1.7	4.5

Provisions made during the year are included in other expenses in the Parent Company income statement.

Onerous Leases

Provision has been made for rentals payable for offices which are no longer expected to be in use. The balance at 30 June 2004 is expected to be utilised by 30 June 2007.

Restructuring Costs

The Group continued to restructure its operations during the year. The balance at 30 June 2004 is expected to be utilised by 30 June 2005.

Pensions

The Group has several defined contribution and defined benefit pension schemes, all of which are managed by independent administrators. Actuarial valuations are carried out at least once every three years and informal valuations are carried out in the intervening years.

Based upon information available from the latest actuarial valuations, which may not necessarily have been carried out in the current year, the aggregate deficit on the pension schemes is represented by:

	2004	2003
	US$M	*US$M*
Fair value of plan assets	58.7	42.8
Present value of benefits payable	(88.6)	(71.4)
Aggregate deficit — fully provided	(29.9)	(28.6)

Plan assets comprise cash and deposits, equity investments and fixed interest securities.

The discount rate used in projecting the present value of benefits payable is between 4% and 6%.

Litigation

The Group is engaged in several disputes which are the subject of litigation. In the opinion of the directors, after taking appropriate legal advice, the outcome of these litigations will not give rise to any significant loss beyond the amount provided at 30 June 2004. The balance at 30 June 2004 is expected to be utilised by 30 June 2005.

22. **DEFERRED TAX ASSETS AND LIABILITIES**

Recognised Deferred Tax Assets and Liabilities

	AT 1 JULY 03	FAIR VALUE ADJUSTMENTS ON ACQUISITION OF A SUBSIDIARY	(CREDITED)/ CHARGED TO INCOME STATEMENT *(NOTE 8)*	FOREIGN EXCHANGE	TOTAL 30 JUNE 04
	US$M	*US$M*	*US$M*	*US$M*	*US$M*
Property, plant and equipment	244.7	(6.6)	(22.3)	22.7	238.5
Loans and borrowings	(28.1)	(5.3)	5.9	(3.4)	(30.9)
Provisions	(7.8)	—	1.7	(0.7)	(6.8)
	208.8	(11.9)	(14.7)	18.6	200.8

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of tax losses of US$729.1m (2003: US$870.8m).

The ability to utilise these losses is dependent on future profits and meeting any relevant local tax requirements.

23. SHARE CAPITAL AND RESERVES

SHARE CAPITAL — AUTHORISED	ORDINARY SHARES 2004	2003
Number of shares of par value of US$0.20 each at beginning and end of the year	5,000,000,000	5,000,000,000

SHARE CAPITAL — FULLY PAID	ORDINARY SHARES 2004	2003
Number of shares in issue at beginning and end of the year	1,368,063,633	1,368,063,633

Share Options

(a) The Group awards share options to its Chief Executive Officer and certain key employees. Movements in the number of share options held by them are as follows:

	2004	2003
Outstanding at 1 July	16,850,000	1,762,500
Issued during the year	—	15,250,000
Lapsed during the year	—	(162,500)
Outstanding at 30 June	16,850,000	16,850,000

(b) Details of the number of share options outstanding at 30 June are as follows:

EXPIRY DATE	EXERCISE PRICE	2004	2003
21 March 2011	(i)	1,600,000	1,600,000
27 September 2012	(i)	250,000	250,000
2 years after date of vesting or 30 June 2004/ 30 June 2005 whichever is later	(ii)	15,000,000	15,000,000
		16,850,000	16,850,000

(i) The BIL International Share Option Plan ("the Plan") which was approved by shareholders in 2001, is administered by the Remuneration Committee. All options granted under the Plan will have exercise periods not exceeding 10 years from the relevant date of grant. The subscription price of options granted under the Plan will be the volume weighted average of the closing prices of the Company's ordinary shares on the SGX-ST for the three market days immediately preceding the relevant date of grant. The aggregate nominal amount of new shares over which the Remuneration Committee may grant options on any date, when added to the nominal amount of new shares issued and issuable pursuant to all options granted under the Plan, shall not exceed 10% of the issued share capital of the Company on the day preceding the relevant date of grant. Options have been granted under the Plan at an average exercise price of S$0.54 and S$0.437 for

1,600,000 and 250,000 options respectively. The options are divided into three tranches comprising 50%, 25% and 25%. The options comprised in each tranche are exercisable subject to the achievement of the prescribed hurdle share prices of S$1.10, S$1.30 and S$1.80 respectively. Information on a director of the Company who is a participant of the Plan is as follows:

NAME OF DIRECTOR	OPTIONS GRANTED DURING THE FINANCIAL YEAR	AGGERGATE OPTIONS GRANTED SINCE COMMENCEMENT OF THE PLAN TO THE END OF THE FINANCIAL YEAR	AGGERGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF THE PLANT TO THE END OF THE FINANCIAL YEAR	AGGERGATE OPTIONS OUTSTANDING AS AT THE END OF THE FINANCIAL YEAR
Arun Amarsi	—	1,500,000	—	1,500,000

As at 30 June 2004, options to take up 1,850,000 unissued shares of US$0.20 each in the Company were outstanding, of which 1,600,000 options expire on 21 March 2011 and 250,000 options expire on 27 September 2012. As at 30 June 2004, no options had been granted to controlling shareholders or their associates under the Plan and no participant had received 5% or more of the total number of options available under the Plan. No options have been granted at a discount under the Plan during the financial year under review.

(ii) The BIL Value Creation Incentive Share Scheme ("the Scheme") is a share incentive scheme which was approved by the Board in 2003 and is administered by the Remuneration Committee. Under the Scheme, options over existing shares of the Company may be issued to eligible participants. As the Scheme does not involve the issue of new shares in the capital of the Company, no shareholders' approval was required to be obtained for the Scheme. Options granted only vest after achievement of pre-determined targets and upon the Remuneration Committee being satisfied that the prescribed targets have been achieved. Information on participants which included a Director in the Scheme who have received more than 5% of the total number of options available under the Scheme is as follows:

NAME OF PARTICIPANT	OPTIONS GRANTED DURING THE FINANCIAL YEAR	AGGERGATE OPTIONS GRANTED SINCE COMMENCEMENT OF THE SCHEME TO THE END OF THE FINANCIAL YEAR	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF THE SCHEME TO THE END OF THE FINANCIAL YEAR	AGGERGATE OPTIONS OUTSTANDING AS AT THE END OF THE FINANCIAL YEAR
Arun Amarsi	—	11,100,000	—	11,100,000
Roch Low	—	3,600,000	—	3,600,000

The aggregate number of shares over which the Remuneration Committee may grant options on any date, when added to the number of shares acquired or which may be acquired pursuant to all options granted under the Scheme, shall not exceed 3% of the issued share capital of the Company on the day preceding the relevant date of grant. The Scheme may be terminated at any time by the Remuneration Committee in its absolute discretion and if the Scheme is so terminated, no further options shall be offered by the Remuneration Committee. Notwithstanding the termination of the Scheme, any outstanding options held by grantees prior to such termination will continue to remain valid.

As at 30 June 2004, options to take up 15 million shares of US$0.20 each at an exercise price of S$0.47 in the Company under the Scheme were outstanding. The exercise period for 10 million options commences from the date of vesting of the options or 30 June 2004, whichever is later, and expires on the second anniversary of the commencement date. The exercise period for the remaining 5 million options commences from the date of vesting of the options or 30 June 2005, whichever is later, and expires on the second anniversary of the commencement date.

As at 30 June 2004, no options had been granted to controlling shareholders or their associates under the Scheme. No options have been granted at a discount under the Scheme during the financial year under review.

(c) The exercise prices of all options are subject to adjustment in the event of changes to the capital structure of the Company occurring prior to exercise. Certain of the options are not exercisable prior to prescribed dates.

Contributed Surplus

Contributed surplus represents the excess of paid up share capital over the par value of the ordinary shares.

Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operations of the Company.

Fair Value Reserve

The fair value reserve comprises the gain or loss resulting from stating available-for-sale investments at fair value.

Hedging Reserve

The hedging reserve comprises the effective portion of any gain or loss on cash flow hedging of instruments where the hedged transaction has not yet occurred.

24. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group has drawn up a treasury risk policy statement which sets out the general risk management philosophy and framework.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

From time to time, the Group may also enter into transactions with the intention to secure financial benefits from favourable market conditions.

Credit Risk

For financial assets arising from ordinary operations, management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Debt securities are only purchased from counterparties which have investment gradings assigned by recognised credit rating agencies, or are otherwise approved by the Risk Management Committee.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest Rate and Foreign Exchange Risks

Exposure to interest rate and foreign currency movements are managed as far as possible by natural hedges of matching assets and liabilities. Residual risks after natural hedges are managed by the use of derivative financial instruments such as interest rate swaps, options and forward contracts.

The Group adopts an active management approach to managing currency risk. In this regard, hedge positions for foreign exchange exposures are adjusted on a continuous basis, depending on market movements. The objective is typically to be hedged when markets are expected to move adversely, while reducing or eliminating hedge protection when markets are expected to move favourably.

Effective Interest Rates and Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice. The effective interest rates take into account the effect of interest rate swaps.

	2004 EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6 - 12 MONTHS	1 - 2 YEARS	2 - 5 YEARS	OVER 5 YEARS
		US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Cash and cash equivalents	1.25 - 5.75%	66.3	66.3	—	—	—	—
Secured bank loans:							
United States dollars(1)	3.03 - 3.04%	(235.0)	(235.0)	—	—	—	—
Sterling pounds(1)	6.50625 - 6.5075%	(72.7)	(72.7)	—	—	—	—
Mortgage debenture stock:							
Sterling pounds(2)	7.8 - 10.8%	(514.3)	—	—	—	—	(514.3)
Unsecured bonds and notes:							
United States dollars	8.5%	(18.4)	(18.4)	—	—	—	—
Capital notes:							
New Zealand dollars	8.0 - 10.0%	(66.8)	(44.5)	—	(17.4)	(4.9)	—

(1) Secured against shares in Thistle Hotels Limited and a hotel property.

(2) Face value of the mortgage debenture stock is £226.1m (US$411.4m) and interest is paid on this amount.

	2003 EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6 - 12 MONTHS	1 - 2 YEARS	2 - 5 YEARS	OVER 5 YEARS
		US$M	*US$M*	*US$M*	*US$M*	*US$M*	*US$M*
Cash and cash equivalents	0.3 - 5.8%	636.3	636.3	—	—	—	—
Secured bank loans:							
United States dollars[1]	2.8 - 3.0%	(210.0)	(210.0)	—	—	—	—
Sterling pounds[2]	4.6 - 5.2%	(624.0)	(624.0)	—	—	—	—
Mortgage debenture stock:							
Sterling pounds[3]	7.8 - 10.8%	(523.3)	—	—	—	—	(523.3)
Unsecured bonds and notes:							
United States dollars	8.5%	(59.5)	(19.8)	(19.9)	(19.8)	—	—
Capital notes:							
New Zealand dollars	8.0 - 10.0%	(164.2)	(102.5)	—	(41.1)	(20.6)	—

(1) Secured against 221 million Thistle shares, representing 45.9% of Thistle's issued share capital.

(2) Secured against 261 million Thistle shares, representing 54.1% of Thistle's issued share capital.

(3) Face value of the mortgage debenture stock is £259.3m (US$429.3m) and interest is paid on this amount.

Fair Value

Fair values of financial instruments are as follows:

	2004 CARRYING AMOUNT	2004 FAIR VALUE	2003 CARRYING AMOUNT	2003 FAIR VALUE
	US$M	*US$M*	*US$M*	*US$M*
Non-current listed investments	18.9	18.9	88.4	88.4
Non-current other investments	14.0	14.0	17.3	17.3
Non-current debt	(844.3)	(844.3)	(814.8)	(812.8)
Current debt	(62.9)	(63.0)	(766.2)	(760.3)
Cross currency interest rate swap	(4.6)	(4.6)	(18.9)	(18.9)
Forward exchange contracts	1.6	1.6	3.4	3.4

Fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments.

25. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	2004	2003
	US$M	*US$M*
Within one year	4.9	2.2
Between one and five years	7.0	9.2
Over five years	5.8	6.0
	17.7	17.4

The Group leases a number of properties under operating leases. The leases typically run for periods of up to ten years, with an option to renew the lease after expiry date. Regular lease payment reviews are required by the majority of the lease agreements.

Leases as Lessor

The Group has sublet some of the above properties. The majority of leases and subleases expire by 30 June 2005. Non-cancellable operating lease rentals are receivable as follows:

	2004	2003
	US$M	*US$M*
Within one year	1.0	1.6
Between one and five years	1.3	1.8
	2.3	3.4

26. COMMITMENTS

The Group has entered into a contract to contribute to a venture fund for US$5.0m (2003: US$6.2m). In addition, the Group is committed to incur expenditure of US$0.9m (2003: US$6.7m) and has an obligation to upgrade the water facilities at one of its development properties. The cost of this upgrade is estimated at US$5.1m (2003: US$5.3m).

27. CONTINGENT LIABILITIES

	CONSOLIDATED		PARENT COMPANY	
	2004	2003	2004	2003
	US$M	*US$M*	*US$M*	*US$M*
Guarantees for wholly owned non-trading subsidiaries	—	—	397.4	1,059.5
Guarantees of investment performance	29.4	35.3	—	—

In addition, the Group has given a guarantee to the owner of the 37 hotel businesses sold in 2002 that the aggregate Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of the businesses will not be less than US$81.8m (£45.0m) (2003: US$74.5m) per calendar year (or pro-rata amount) thereafter until 4 April 2012. The maximum liability on any one year under the guarantee is US$81.8m (£45.0m) (2003: US$74.5m) and the maximum aggregate liability under the guarantee is US$163.7m (£90.0m) (2003: US$149.0m). The Group's expectation is that the future EBITA will be in excess of the guaranteed amount.

28. RELATED PARTIES

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Total remuneration paid to a director is disclosed in note 5.

Parent Company

The Parent Company has advances to and from subsidiaries of US$324.2m (2003: US$620.0m) and US$406.5m (2003: US$714.4m) respectively. The advances are unsecured and repayable on demand. Where interest is charged, it is calculated with reference to market rates. The Parent Company received a net guarantee fee income from subsidiaries of US$0.5m (2003: US$0.4m). Administration fee paid to a subsidiary was US$6.0m (2003: US$4.1m).

Interested Person Transaction

During the year, the Group entered into a management agreement with GIMC Limited (a company related to a director and the controlling substantial shareholder of the Group) for the provision of management services. Amounts paid under the contract during the financial year were US$2.6 million (note 6) (2003: nil).

29. SIGNIFICANT SUBSIDIARIES

	AUDITORS	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2004	OWNERSHIP INTEREST 2003
Subsidiaries held by:				
Parent Company				
BIL NZ Treasury Limited	KPMG New Zealand	New Zealand	100%	100%
Ma Sing Investments Limited	*	British Virgin Islands	100%	100%
Wayforward Services Limited	*	British Virgin Islands	100%	100%
Group				
BIL Asia Group Treasury Limited	KPMG Singapore	British Virgin Islands	100%	100%
BIL Management Pte Ltd	KPMG Singapore	Singapore	100%	100%
BIL Australia Pty Ltd	KPMG Australia	Australia	100%	100%
BIL (Far East Holdings) Limited	KPMG Hong Kong	Hong Kong	100%	100%
BIL Finance Limited	KPMG New Zealand	New Zealand	100%	100%
BIL (NZ Holdings) Limited	KPMG New Zealand	New Zealand	100%	100%
Molokai Properties Limited	*	United States of America	100%	100%
Tabua Investments Limited	PricewaterhouseCoopers	Fiji	100%	100%
Thistle Hotels Limited	KPMG LLP United Kingdom	United Kingdom	100%	100%

* Not required to be audited by law in country of incorporation.

The number of companies within the Group as at 30 June 2004 was 172 (2003: 196).

During the year, the Parent Company carried out a review of the carrying amounts of its investments in and advances to subsidiaries. As a result of this, impairment losses of US$118.2m (2003: provision of US$11.9m) previously made against investments in and advances to subsidiaries were assessed to be no longer required and were written back.

30. DIVIDENDS

The Board proposed a dividend of S$0.025 per share, payable on 18 November 2004 for the financial year ended 30 June 2004 subject to shareholders approval. BIL International Limited is not required to withhold any tax on payment of dividends to its shareholders. The dividend will be paid at the gross amount. Dividends received by shareholders may or may not be taxable in their hands depending on their tax profile and on the jurisdiction they are in. Shareholders must meet their own tax obligations in respect of dividends.

	2004	2003
	US$M	*US$M*
A proposed first and final dividend of S$0.025 (2003: nil) per share	19.9	—

31. PARENT COMPANY STATEMENT OF CASH FLOWS

No statement of cash flows is prepared for the Parent Company as there are no cash inflows and outflows during the financial year and in the previous financial year.

PARENT COMPANY INCOME STATEMENT

For the year ended 30 June 2004

	NOTE	2004 US$M	2003 US$M
INCOME			
Guarantee fee income		0.5	0.4
Sundry income		—	0.7
TOTAL INCOME		0.5	1.1
Administration fee expense		(6.0)	(4.1)
Other expenses		0.1	(1.1)
Loss from operations		(5.4)	(4.1)
Net financing costs			
Interest on borrowing - subsidiaries		(5.9)	(4.9)
Net foreign exchange gain		21.5	39.8
Profit before exceptional item		10.2	30.8
Exceptional item - Reversal of impairment loss/(impairment loss) on investments in and advances to subsidiaries		118.2	(11.9)
PROFIT BEFORE TAX		128.4	18.9
Income tax expense	8	—	—
NET PROFIT FOR THE YEAR		128.4	18.9
Opening balance of retained losses		(192.0)	(210.9)
Closing balance of retained losses		(63.6)	(192.0)

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2004

	SHARE CAPITAL	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
	US$M	*US$M*	*US$M*	*US$M*
Balance at 1 July 2003	273.6	654.2	(192.0)	735.8
Net profit for the year	—	—	128.4	128.4
Balance at 30 June 2004	273.6	654.2	(63.6)	864.2
Balance at 1 July 2002	273.6	654.2	(210.9)	716.9
Net profit for the year	—	—	18.9	18.9
Balance at 30 June 2003	273.6	654.2	(192.0)	735.8

PARENT COMPANY BALANCE SHEET

As at 30 June 2004

	NOTE	**2004**	**2003**
		US$M	*US$M*
ASSETS			
Investments in subsidiaries	29	952.9	834.6
TOTAL NON-CURRENT ASSETS		952.9	834.6
Advances to subsidiaries	28	324.2	620.0
TOTAL CURRENT ASSETS		324.2	620.0
TOTAL ASSETS		1,277.1	1,454.6
LESS LIABILITIES			
Accruals		1.9	0.1
Provisions	21	1.7	1.5
TOTAL CURRENT LIABILITIES		3.6	1.6
Advances from subsidiaries	28	406.5	714.4
Provisions	21	2.8	2.8
TOTAL NON-CURRENT LIABILITIES		409.3	717.2
NET ASSETS		864.2	735.8
EQUITY			
Share capital		273.6	273.6
Contributed surplus		654.2	654.2
Accumulated losses		(63.6)	(192.0)
TOTAL EQUITY		864.2	735.8

1 RESPONSIBILITY STATEMENT

This Circular includes particulars given in accordance with the Listing Rules for the purpose of giving information with respect to Guoco. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2 DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of Guoco in the shares, underlying shares and debentures of Guoco or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by Guoco pursuant to Section 352 of the SFO or as otherwise notified to Guoco and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were disclosed as follows in accordance with the Listing Rules:

(A) Guoco

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**		**Approx. % of the issued share capital of Guoco**
Quek Leng Chan	1,656,325	224,658,295	226,314,620	*Note*	68.78%
Kwek Leng Hai	3,670,775	—	3,670,775		1.12%
Sat Pal Khattar	691,125	—	691,125		0.21%
Kwek Leng San	209,120	—	209,120		0.06%
Tan Lim Heng	559,230	—	559,230		0.17%
James Eng, Jr.	565,443	—	565,443		0.17%
Harry Richard Wilkinson	5,000	—	5,000		0.00%

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 226,314,620 shares/underlying shares comprised 218,455,772 ordinary shares of Guoco and 7,858,848 underlying shares of other unlisted derivatives.

The corporate interests of 224,658,295 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
GuoLine Overseas Limited ("GOL")	217,013,295
Guoinvest International Limited ("Guoinvest")	6,425,000
Asian Financial Common Wealth Limited ("AFCW")	1,220,000

AFCW was wholly-owned by Guoco which was in turn 65.52% owned by GOL. GOL and Guoinvest were wholly-owned by GuoLine Capital Assets Limited which was in turn wholly-owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HLCM was 49.11% owned by Mr Quek Leng Chan (2.43%) and HL Holdings Sdn Bhd (46.68%) which was in turn wholly-owned by Mr Quek Leng Chan.

(B) Associated Corporations

a) *Hong Leong Company (Malaysia) Berhad ("HLCM")*

	Number of *shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**		**Approx. % of the issued share capital of HLCM**
Quek Leng Chan	390,000	7,487,100	7,877,100	*Note*	49.11%
Kwek Leng Hai	400,500	—	400,500		2.50%
Kwek Leng San	97,500	—	97,500		0.61%

* *Ordinary shares*

Note:

The corporate interests of 7,487,100 shares were held by HL Holdings Sdn Bhd which was in turn wholly-owned by Mr Quek Leng Chan.

b) *GuocoLand Limited ("GLL")*

	Number of *shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	*Notes*	**Approx. % of the issued share capital of GLL**
Quek Leng Chan	15,047,224	469,407,229	484,454,453	*1*	72.79%
Kwek Leng Hai	19,851,140	—	19,851,140		2.98%
Sat Pal Khattar	5,000,000	5,392,362	10,392,362	*2*	1.56%
Tan Lim Heng	650,000	—	650,000		0.10%
James Eng, Jr.	200,000	—	200,000		0.03%
Volker Stoeckel	500,000	—	500,000		0.08%

* *Ordinary shares*

Notes:

1. The corporate interests of 469,407,229 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Consultancy Services Sdn Bhd ("HLCS")	44,045,989
Guoco Investment Pte Ltd ("GIPL")	345,696,942
Asia Fountain Investment Company Limited ("AFI")	79,664,298

GIPL and AFI were wholly-owned subsidiaries of Guoco. HLCS was wholly-owned by Hong Leong Management Co Sdn Bhd (renamed as HLCM Capital Sdn Bhd) which was in turn wholly-owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). The respective controlling shareholders of Guoco and HLCM as well as their respective percentage controls are shown in the Note under Part (A) above.

2. The corporate interests of 5,392,362 were directly held by Khattar Holdings Pte Ltd which was 0.61% owned by Mr Sat Pal Khattar and was accustomed to act according to his directions.

c) *Hong Leong Credit Berhad ("HLCB")*

	Number of *shares/underlying shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests	*Notes*	Approx. % of the issued share capital of HLCB
Quek Leng Chan	11,046,600	820,996,998	832,043,598	*1*	79.95%
Kwek Leng Hai	2,316,800	—	2,316,800	*2*	0.22%
Kwek Leng San	600,000	—	600,000		0.06%
Tan Lim Heng	245,700	—	245,700		N/A

* *Ordinary shares unless otherwise specified in the Notes*

Note:

1. The total interests of 832,043,598 shares/underlying shares comprised 824,813,898 ordinary shares of HLCB and 7,229,700 underlying shares of other unlisted derivatives.

The corporate interests of 820,996,998 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	546,476,568
HLCM Capital Sdn Bhd ("HLCM Capital")	207,184
Hong Leong Nominees Sendirian Berhad ("HLN")	3,600
Guoinvest International Limited ("Guoinvest")	7,229,700
Guoco Investments (Bermuda) Limited ("GIB")	41,686,700
Guoco Assets Sdn Bhd ("GASB")	225,393,246

GIB and GASB were wholly-owned by Guoco. HLN was wholly-owned by HLCM Capital which was in turn wholly-owned by HLCM.

The respective controlling shareholders of Guoco, HLCM and Guoinvest as well as their respective percentage controls are shown in the Note under Part (A) above.

2. The total interests of 2,316,800 shares/underlying shares comprised 2,156,000 ordinary shares of HLCB and 160,800 underlying shares of listed physically settled options issued by HLCB.

d) *GuocoLand (Malaysia) Berhad ("GLM")*

	Number of *shares/underlying shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**	*Notes*	**Approx. % of the issued share capital of GLM**
Quek Leng Chan	3,266,280	328,658,433	331,924,713	*1*	47.39%
Kwek Leng Hai	226,800	—	226,800		0.03%
Sat Pal Khattar	162,700	—	162,700	*2*	0.02%
Tan Lim Heng	73,710	—	73,710		0.01%

* *Ordinary shares unless otherwise specified in the Notes*

Notes:

1. The total interests of 331,924,713 shares/underlying shares comprised 324,577,733 ordinary shares of GLM, 5,687,020 underlying shares of listed physically settled options issued by GLM and 1,659,960 underlying shares of other unlisted derivatives.

The corporate interests of 328,658,433 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Guoinvest International Limited ("Guoinvest")	1,659,960
GLL (Malaysia) Pte Ltd ("GLLM")	313,282,857
HLCM Capital Sdn Bhd ("HLCM Capital")	62,723
Hume Plastics (Malaysia) Sdn Berhad ("HPM")	3,005,286
Hong Leong Industries Berhad ("HLI")	2,188,500
HLI Trading Limited ("HLIT")	14
MPI (BVI) Limited ("MPI(BVI)")	2,772,100
Hong Leong Credit Berhad ("HLCB")	5,686,993

GLLM was wholly-owned by GuocoLand Limited ("GLL") which was in turn 51.94% owned by Guoco Investment Pte Ltd ("GIPL"). GIPL was wholly-owned by Guoco. HLIT was wholly-owned by HLI which was in turn 60.03% owned by Hong Leong Company (Malaysia) Berhad ("HLCM"). HPM was wholly-owned by Hume Industries (Malaysia) Berhad which was in turn 63.80% owned by HLCM.

MPI(BVI) was wholly-owned by Malaysian Pacific Industries Berhad which was in turn 56.11% owned by HLI.

The respective controlling shareholders of Guoco, HLCM and Guoinvest as well as their respective percentage controls are shown in the Note under Part (A) above.

The controlling shareholder of HLCM Capital and its percentage control are shown in Note 1 under Part (B)(b) above.

HLCB was 78.19% owned by HLCM.

2. The total interests of 162,700 shares/underlying shares comprised 152,700 ordinary shares of GLM and 10,000 underlying shares of listed physically settled options issued by GLM.

e) *Hong Leong Industries Berhad ("HLI")*

	Number of *shares/underlying shares (Long Position)/Amount of Debentures				
Director	**Personal interests**	**Corporate interests**	**Total interests**	*Notes*	**Approx. % of the issued share capital of HLI**
Quek Leng Chan	2,552,000	156,105,735	158,657,735	*1*	72.98%
Kwek Leng Hai	215,312	—	215,312	*2*	0.10%
	MYR165,000	—	MYR165,000	*3*	N/A
Sat Pal Khattar	208,580	—	208,580	*4*	0.10%
	MYR171,000	—	MYR171,000	*3*	N/A
Kwek Leng San	1,800,000	—	1,800,000	*5*	0.83%
	MYR1,550,000	—	MYR1,550,000	*3*	N/A

* *Ordinary shares unless otherwise specified in the Notes*

Notes:

1. The total interests of 158,657,735 shares/underlying shares comprised 133,811,900 ordinary shares of HLI and 24,845,835 underlying shares of listed physically settled options issued by HLI.

   The corporate interests of 156,105,735 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	153,873,872
Hong Leong Management Co Sdn Bhd ("HLMC")	46,703
Hong Leong Assurance Berhad ("HLA")	1,935,483
Hong Leong Bank Berhad ("HLBB")	249,677

   HLBB was approximately 60.22% owned by Hong Leong Credit Berhad ("HLCB") which wholly-owned HLA.

   The controlling shareholder of HLCM and its percentage control are shown in the Note under Part (A) above.

   The controlling shareholder of HLMC (renamed as HLCM Capital Sdn Bhd) and its percentage control are shown in Note 1 under Part (B)(b) above.

   The controlling shareholder of HLCB and its percentage control are shown in Note 1 under Part (B)(d) above.

2. The total interests of 215,312 shares/underlying shares comprised 163,200 ordinary shares of HLI and 52,112 underlying shares of listed physically settled options issued by HLI.

3. These debentures were freely transferable and convertible into shares of HLI.

4. The total interests of 208,580 shares/underlying shares comprised 171,000 ordinary shares of HLI and 37,580 underlying shares of listed physically settled options issued by HLI.

5. The total interests of 1,800,000 shares/underlying shares comprised 1,550,000 ordinary shares of HLI and 250,000 underlying shares of listed physically settled options issued by HLI.

f) *Hong Leong Bank Berhad ("HLBB")*

	Number of *shares (Long Position)				
Director	**Personal interests**	**Corporate interests**	**Total interests**		**Approx. % of the issued share capital of HLBB**
Quek Leng Chan	40,000	953,685,600	953,725,600	*Note*	62.42%
Kwek Leng Hai	3,955,700	—	3,955,700		0.26%
Sat Pal Khattar	294,000	—	294,000		0.02%
Kwek Leng San	385,000	—	385,000		0.03%

* *Ordinary shares*

Note:

The corporate interests of 953,685,600 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Credit Berhad ("HLCB")	951,573,500
Hong Leong Assurance Berhad ("HLA")	2,112,100

HLA was wholly-owned by HLCB. The controlling shareholder of HLCB and its percentage control are shown in Note 1 under Part (B)(d) above.

g) *HLG Capital Berhad ("HLGC")*

	Number of *shares (Long Position)			
Director	**Personal interests**	**Corporate interests**	**Total interests**	**Approx. % of the issued share capital of HLGC**
Kwek Leng Hai	500,000	—	500,000	0.41%
Kwek Leng San	119,000	—	119,000	0.10%

* *Ordinary shares*

h) *Malaysian Pacific Industries Berhad ("MPI")*

Director	Number of *shares/underlying shares (Long Position) Personal interests	Corporate interests	Total interests		Approx. % of the issued share capital of MPI
Quek Leng Chan	53,500	116,242,309	116,295,809	*Note*	58.46%
Sat Pal Khattar	210,000	—	210,000		0.11%
Kwek Leng San	315,000	—	315,000		0.16%

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 116,295,809 shares/underlying shares comprised 113,950,309 ordinary shares of MPI and 2,345,500 underlying shares of other unlisted derivatives.

The corporate interests of 116,242,309 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Hong Leong Industries Berhad ("HLI")	111,609,547
Guoinvest International Limited ("Guoinvest")	2,345,500
Hongvest Sdn Bhd ("Hongvest")	735,000
Hong Leong Nominees Sendirian Berhad ("HLN")	6,462
Hong Leong Assurance Berhad ("HLA")	1,295,800
Hong Leong Bank Berhad ("HLBB")	250,000

Hongvest was wholly-owned by MPI Holdings Sdn Bhd which was in turn wholly-owned by Hong Leong Company (Malaysia) Berhad ("HLCM").

The respective controlling shareholders of HLCM and Guoinvest as well as their respective percentage controls are shown in the Note under Part (A) above.

The controlling shareholder of HLN and its percentage control are shown in Note 1 under Part (B)(c) above.

The controlling shareholder of HLI and its percentage control are shown in Note 1 under Part (B)(d) above.

The respective controlling shareholders of HLA and HLBB as well as their respective percentage controls are shown in Note 1 under Part (B)(e) above.

i) *Hume Industries (Malaysia) Berhad ("HIMB")*

	Number of *shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests		Approx. % of the issued share capital of HIMB
Quek Leng Chan	4,034,000	118,110,828	122,144,828	*Note*	66.70%
Sat Pal Khattar	200,000	—	200,000		0.11%

* *Ordinary shares*

Note:

The corporate interests of 118,110,828 shares comprised the respective direct interests held by:

	Number of shares
Hong Leong Company (Malaysia) Berhad ("HLCM")	116,937,027
HLCM Capital Sdn Bhd ("HLCM Capital")	19,401
Hong Leong Assurance Berhad ("HLA")	1,154,400

The controlling shareholder of HLCM and its percentage control are shown in the Note under Part (A) above.

The controlling shareholder of HLCM Capital and its percentage control are shown in Note 1 of Part (B)(b) above.

The controlling shareholding of HLA and its percentage control are shown in Note 1 of Part (B)(e) above.

j) *Narra Industries Berhad ("NIB")*

	Number of *shares (Long Position)				
Director	Personal interests	Corporate interests	Total interests		Approx. % of the issued share capital of NIB
Quek Leng Chan	8,170,200	38,304,000	46,474,200	*Note*	74.73%

* *Ordinary shares*

Note:

The corporate interests of 38,304,000 shares were directly held by Hume Industries (Malaysia) Berhad ("HIMB"). The controlling shareholder of HIMB and its percentage control are shown in the Note 1 of Part (B)(d) above.

k) *Lam Soon (Hong Kong) Limited ("LSHK")*

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of LSHK
	Number of *shares (Long Position)			
Kwek Leng Hai	2,300,000	—	2,300,000	0.95%
Tan Lim Heng	274,000	—	274,000	0.11%
James Eng, Jr.	619,000	—	619,000	0.25%

* *Ordinary shares*

l) *BIL International Limited ("BIL")*

Director	Personal interests	Corporate interests	Total interests	Approx. % of the issued share capital of BIL
	Number of *shares/underlying shares (Long Position)			
Quek Leng Chan	150,000	824,679,543	824,829,543	60.29%

* *Ordinary shares unless otherwise specified in the Note*

Note:

The total interests of 824,829,543 shares/underlying shares comprised 690,982,043 ordinary shares of BIL, 75,000,000 underlying shares of unlisted cash settled options issued by BIL and 58,847,500 underlying shares of other unlisted derivatives.

The corporate interests of 824,679,543 shares/underlying shares comprised the respective direct interests held by:

	Number of shares/underlying shares
Guoinvest International Limited ("Guoinvest")	11,027,000
GuoLine Overseas Limited ("GOL")	47,820,500
Checkenden Limited ("Checkenden")	25,000,000
First Capital Assets (BVI) Limited ("FCA(BVI)")	75,000,000
Asia Fountain Investment Company Limited ("AFI")	74,247,242
Camerlin Group Berhad ("CGB")	31,845,810
Camerlin Holdings Sdn Bhd ("CHSB")	269,742,547
Camerlin Investments Limited ("CIL")	2,972,850
High Glory Investments Limited ("HGIL")	287,023,594

The respective controlling shareholders of Guoinvest and GOL as well as their respective percentage controls are shown in the Note under Part (A) above.

Checkenden and FCA(BVI) were wholly-owned by GuocoLand Limited ("GLL"). The controlling shareholder of GLL and its percentage control are shown in Note 1 under Part (B)(d) above.

The controlling shareholder of AFI and its percentage control are shown in Note 1 under Part B(b) above.

HGIL was wholly-owned by Guoco. CHSB and CIL were wholly-owned by CGB. CGB was 42.33% owned by Brightspring Holdings Limited which was in turn wholly-owned by Guoco. The controlling shareholder of Guoco and its percentage control are shown in the Note under Part (A) above.

(C) **Others**

The associated corporations in which Mr Quek Leng Chan was deemed to be interested solely through his deemed controlling interests in HLCM and/or its subsidiaries were as follows:

Guoman Hotel & Resort Holdings Sdn Bhd
Luck Hock Venture Holdings, Inc.
Carsem (M) Sdn Bhd
Carter Realty Sdn Bhd
Guolene Packaging Industries Berhad
Guocera Tile Industries (Meru) Sdn Bhd
Guocera Tile Industries (Labuan) Sdn Bhd
Hong Leong Fund Management Sdn Bhd
Hong Leong Yamaha Distributors Sdn Bhd
Hong Leong Yamaha Motor Sdn Bhd
Camerlin Group Berhad
Global Roaming Communications Sdn Bhd
MEHY Sdn Bhd
RZA Logistics Sdn Bhd
Lam Soon (Hong Kong) Limited
LS Golden Oils & Fats Limited
Kwok Wah Hong Flour Company Limited
M.C. Packaging Offshore Limited
Lam Soon Ball Yamamura Incorporation
Guangzhou Lam Soon Food Products Limited
Shenzhen Lam Soon Edible Oils Company Limited
Shekou Lam Soon Silo Company Limited
HLG Capital Berhad
Hong Leong Industries Berhad*

** In respect of interests in debentures only*

Guoco has applied for and the Stock Exchange has granted a waiver from full compliance with the disclosure requirements in respect of details of the deemed interests of Mr Quek Leng Chan in the above associated corporations under paragraph 38(1) of Part B of Appendix 1 to the Listing Rules.

Save as disclosed herein, as at the Latest Practicable Date:

(a) none of the Directors or chief executive of Guoco had any interests and short positions in the shares, underlying shares and debentures of Guoco and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to Guoco and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of Guoco were deemed or taken to have under such provisions of the SFO) or which were required to be and are recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise required to be notified to Guoco and the Stock Exchange pursuant to the Model Code;

(b) none of the Directors had entered into any existing or proposed service contract with any member of the Guoco Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and

(c) none of the Directors was interested, directly or indirectly, in any assets which had been acquired or disposed of by or leased to (or were proposed to be acquired or disposed of by or leased to) any member of the Guoco Group since 30 June 2005, being the date to which the latest published audited financial statements of Guoco were made up.

3 OTHER INTERESTS

Save as disclosed herein, none of the Directors is materially interested in any contract or arrangement subsisting as at the date of this Circular and which is significant in relation to the business of the Guoco Group.

4 LITIGATION

On 18 July 2005, the Court of First Instance of the High Court of Hong Kong made a judgment against BIL for a sum of US$15.9 million plus interest and costs in respect of a claim under a warranty contained in a share acquisition agreement dated 6 June 1994. BIL has decided to appeal the above-mentioned judgment.

Save the litigation concerning BIL as disclosed above which is based on publicly available information, as at the Latest Practicable Date, so far as the Directors are aware, no member of the Guoco Group is engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened by or against any member of the Guoco Group.

5 MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial position or trading prospects of the Guoco Group since 30 June 2005, being the date to which the latest audited financial statements of the Guoco Group were made up.

6 MISCELLANEOUS

(a) Mr Quek Leng Chan is a director and a deemed controlling shareholder, and Messrs Kwek Leng Hai and Kwek Leng San are directors, of Hong Leong Company (Malaysia) Berhad ("HLCM"), a substantial shareholder of Guoco. HLCM is one of the largest conglomerates based in Malaysia and is engaged in a diverse range of business, including financial services, manufacturing and property investment and development.

Mr Tan Lim Heng is a non-executive director of Shanghai Land Holdings Limited (in liquidation), a former associated company of Guoco, which is engaged in property investment and development in the PRC.

The above Directors are considered as having interests in business apart from the Guoco Group's business, which is likely to complete, directly or indirectly, with the Guoco Group's business under Rule 8.10 of the Listing Rules.

Save as disclosed above, so far as the Directors are aware, none of the Directors or their respective associates have any interest in any business which competes or likely to compete with the business of the Guoco Group.

(b) The qualified accountant of Guoco is Mr Tsang Cho Tai. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants as well as an associate member of the Institute of Chartered Accountants in England & Wales.

(c) The secretary of Guoco is Ms Stella Lo Sze Man. She is an associate member of The Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

(d) The registered office of Guoco is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(e) The branch share registrar of Guoco in Hong Kong is Computershare Hong Kong Investors Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) The English text of this Circular shall prevail over the Chinese text, in the case of any inconsistency.

7 MATERIAL CONTRACTS

The following contracts are all the material contracts (not being contracts entered into in the ordinary course of business), entered into by members of the Guoco Group, within the two years preceding the Latest Practicable Date:

(i) a deed of irrevocable undertaking dated 2 April 2004 given by GLL Holdings (UK) Pte. Ltd. ("GLL Holdings") (a wholly-owned subsidiary of GuocoLand Limited ("GLL") which is in turn a non wholly-owned subsidiary of Guoco) to GE Capital Corporation (Property Company Investments) Limited to irrevocably undertake to vote in favour of the scheme of arrangement in respect of its entire holdings of the shares and the 5.75% convertible unsecured stock 2013 in Benchmark Group PLC ("Benchmark"). GLL Holdings received a cash consideration of approximately £107 million after the disposal of its entire interest in Benchmark;

(ii) a sale and purchase agreement dated 11 January 2005 entered into by Dao Heng Enterprises Limited (a wholly-owned subsidiary of Guoco) and Allstate Health Benefits Sdn Bhd (a wholly-owned subsidiary of Hong Leong Assurance Berhad) for the disposal of the entire interest in Dao Heng Insurance Co., Limited at a total consideration of approximately HK$152.6 million satisfied in full in cash; and

(iii) a securities sale agreement dated 12 January 2005 entered into by Brightspring Holdings Limited (a wholly-owned subsidiary of Guoco), Hong Leong Industries Berhad, HLI Trading Limited, Hong Leong Computer Services Sdn Bhd (an indirect wholly-owned subsidiary of Hong Leong Company (Malaysia) Berhad) and FCC Equities Pte Ltd (an indirect wholly-owned subsidiary of GLL) for the acquisitions of 119,557,850 shares and 89,566,967 irredeemable convertible unsecured loan stocks in Camerlin Group Berhad at a total consideration of approximately RM236.6 million satisfied in full in cash.

Save as disclosed above, no material contract (not being a contract entered into in the ordinary course of business carried on by the Guoco Group) has been entered into by any member of the Guoco Group after the date two years preceding the issue of this Circular.

8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of Guoco in Hong Kong at 50th Floor, The Center, 99 Queen's Road Central, Hong Kong during normal business hours up to and including 18 November 2005:

(i) the memorandum of association and bye-laws of Guoco;

(ii) the annual reports of Guoco for each of the two years ended 30 June 2004 and 2005;

(iii) the material contracts referred to in paragraph 8 of this Appendix;

(iv) the circulars of Guoco dated 28 April 2004, 22 September 2004, 28 September 2004 and 23 September 2005; and

(v) a contract statement dated 13 July 2005 regarding the First Acquisition.