

CORPORATE GOVERNANCE

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

A. DIRECTORS

(i) The Board

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

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

During the year under review, seven meetings of the Board were held and all Directors have complied with the requirement in respect of board meeting attendance as provided in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of Directors' attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Lim Kok Thay	7 out of 7
Tun Mohammed Hanif bin Omar	7 out of 7
Tan Sri Mohd Amin bin Osman	6 out of 7
Dato' Dr. R. Thillainathan	7 out of 7
Dato' Paduka Nik Hashim bin Nik Yusoff	7 out of 7
Tan Sri Dr. Lin See Yan	7 out of 7
Mr Chin Kwai Yoong	7 out of 7
Mr Quah Chek Tin (Resigned on 1 November 2010)	6 out of 6

(ii) Board Balance

The Board has seven members, comprising three executive Directors and four independent non-executive Directors. The Directors have wide ranging experience and all have occupied or are currently occupying senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Tan Sri Dr. Lin See Yan as the senior independent non-executive Director to whom concerns may be conveyed. Three out of four of the independent non-executive Directors participate in the Audit Committee. Two of the four independent non-executive Directors also participate in the Remuneration and Nomination Committees as members of these Committees.

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

A brief profile of each of the Directors is presented on pages 18 to 21 of this Annual Report.

(iii) Supply of Information

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

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

(iv) Appointments to the Board

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

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

The process of assessing the Directors is an on-going responsibility of the entire Board. The Board has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director, including the independent non-executive Directors and chief executive on an annual basis.

In respect of the assessment for the financial year ended 31 December 2010, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between executive, non-executive and independent Directors and mix of skills was adequate.

All the Directors have attended the Mandatory Accreditation Programme and are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

CORPORATE GOVERNANCE (cont'd)

The following are the courses and training programmes attended by the Directors in 2010:

COURSES	NAMES OF DIRECTORS						
	Tan Sri Lim Kok Thay	Tun Mohammed Hanif bin Omar	Tan Sri Mohd Amin bin Osman	Dato' Dr. R. Thillainathan	Dato' Paduka Nik Hashim bin Nik Yusoff	Tan Sri Dr. Lin See Yan	Mr Chin Kwai Yoong
Understanding the Regulatory Environment by SGX & Singapore Institute of Directors, Singapore						√	
Managing Risks in Mortgage Financing by Bank Negara Malaysia and Cagamas Berhad		√					
ADB Regional Forum on the Impact of Global Economic & Financial Crisis				√			
Risk Management in Islamic Finance by Bank Negara Malaysia		√					
Research Symposium "Harvard and China" by Harvard Centre Shanghai, Shanghai						√	
Harvard Asia & Oceania Club Leaders by Harvard Alumni Association, Shanghai						√	
Bursa Malaysia's Evening Talk on Corporate Governance by Mercer's Fermin Diez			√				
MEA/FEA Forum on the New Economic Model				√			
29th Management Conference (Plantation Division) of Genting Plantations Berhad - Achieving Higher Productivity - The Four Disciplines of Execution by Mr CF Wong of Leadership Resources (M) Sdn Bhd	√		√				
Risk Management of Derivatives by Professor Robert M. Conroy of Darden Graduate School of Business, University of Virginia		√					
Building Audit Committees for Tomorrow organised by FIDE - Bank Negara Malaysia		√					
Achieving Breakthrough Services by Charles River Centre, Kuala Lumpur						√	
Global Exchanges Trend and Development				√			
Directors' Continuing Education Programme by Guinness Anchor Bhd and Fraser & Neave Holdings Bhd						√	
Word of Mouth Marketing by Charles River Centre, Kuala Lumpur						√	
Independent Directors - Actual Verses Perceived Independence by Securities Commission/Bursa Malaysia			√				
Improving Business Acumen and Decision Making by Charles River Centre, Kuala Lumpur						√	
2nd World Urban Transport Leaders Summit (WUTLS) - Transforming Urban Transport for Liveable and Sustainable Cities by Land Transport Authority (LTA) Academy							√
National Tax Conference 2010 jointly organised by the Malaysia Tax Academy Inland Revenue Board of Malaysia and Standard Chartered Tax Institute of Malaysia						√	
KPMG's Audit Committee Roundtable Discussion - Going Forward : Risk & Reform - Implications for Audit Committee Oversight by Mr David Lim, Chairman of ACI Malaysia/KPMG							√
Directors Continuing Education Programme 2010 by Fraser & Neave Holdings Bhd, Kuala Lumpur						√	
Media Outlook 2010 by Mr Phil-Stokes, PricewaterhouseCoopers, UK							√
World Capital Markets Symposium - Leadership, Change and Governance by Securities Commission				√			
24th SAS Law Lecture on Bias and Conflicts of Interest : Challenges for Today's Decision-Makers by RH The Lord Rodges of Earlsferry				√			
The General Manager as Strategist and Implementer, Harvard Business School				√			
Bursa Offsite Meet at Chiangmai				√			
Financial Industry Conference by Bank Negara Malaysia		√		√			
Changes in the Financial Reporting Framework (FRS) by PricewaterhouseCoopers					√		
ACMF-GOE meeting on development of ASEAN Capital Markets by Monetary Authority of Singapore				√			
22nd Senior Managers' Conference of Genting Malaysia Berhad - Stepping Up to Stepping Out by Mr Simon Treselyan of Starfire	√	√		√		√	√
ASEAN Finance Ministers Investor Seminar				√			
Strategic Review of Opportunity in Insurance Industry				√			
Annual In-House Tax Seminar - The 2011 Budget by Deloitte KassimChan			√				

CORPORATE GOVERNANCE (cont'd)

(v) Re-election

The Articles of Association of the Company provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring Director is eligible for re-election. The Articles of Association also provides that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

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

B. DIRECTORS' REMUNERATION

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

The Remuneration Committee is also responsible for the administration of the Executive Share Option Scheme for Eligible Executives of Genting Berhad and its subsidiaries.

The Remuneration Committee met twice during the financial year.

Details of the Directors' remuneration are set out in the Audited Financial Statements on page 100 of this Annual Report. In the interest of security, additional information has not been provided other than the details stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

C. SHAREHOLDERS

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

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

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

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board aims to ensure that the quarterly reports, annual financial statements as well as the annual review of operations in the annual report are presented in a manner which provides a balanced and comprehensive assessment of the Company's performance and prospect.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 136 of this Annual Report.

(ii) Internal Control

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

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

(iii) Relationship with Auditors

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

E. OTHER INFORMATION

(i) Material Contracts

Material Contracts of the Company and its subsidiaries involving Directors and major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 46 to the financial statements under "Significant Related Party Transactions and Balances" on pages 123 to 124 of this Annual Report.

(ii) Share Buy-Back

The details of the Company's Share Buy-Back exercises for the financial year ended 31 December 2010 are as follows :

Schedule of Share Buy-Back for the financial year ended 31 December 2010:

Month	No. of Shares Purchased & Retained As Treasury Shares	Purchase Price Per Share		Average Price Per Share*	Total Consideration RM
		Lowest RM	Highest RM		
March 2010	10,000	6.29	6.29	6.34	63,359
September 2010	10,000	9.42	9.42	9.49	94,888
	<u>20,000</u>				<u>158,247</u>

* Inclusive of transaction charges

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 31 December 2010, the number of treasury shares was 8,772,900.

The Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

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

MEMBERSHIP

The present members of the Committee comprise:

Tan Sri Dr. Lin See Yan	Chairman/Independent Non-Executive Director
Dato' Paduka Nik Hashim bin Nik Yusoff	Member/Independent Non-Executive Director
Mr Chin Kwai Yoong	Member/Independent Non-Executive Director

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2010

The Committee held a total of nine (9) meetings. Details of attendance of the Committee members are as follows:

Name of Member	Number of Meetings Attended*
Tan Sri Dr. Lin See Yan	9 out of 9
Dato' Paduka Nik Hashim bin Nik Yusoff	9 out of 9
Mr Chin Kwai Yoong	9 out of 9
Mr Quah Chek Tin (Resigned on 1 November 2010)	8 out of 8

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2010

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

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

- reviewed the internal audit plan for the Company and the Group and authorised resources to address risk areas that have been identified;
- reviewed the internal audit reports for the Company and the Group;
- reviewed the external audit plan for the Company and the Group with the external auditors;
- reviewed the external audit reports for the Company and the Group with the external auditors;

- reviewed the quarterly reports of the Company and of the Group, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
- reviewed related party transactions of the Company and of the Group;
- reviewed the proposed audit fees for the external auditors in respect of their audit of the financial statements of the Company and the Group;
- considered the re-appointment of the external auditors;
- reviewed the financial statements of the Company and the Group for the financial year ended 31 December 2009; and
- reviewed the reports submitted by the Risk and Business Continuity Management Committee of the Company.

INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

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

During the financial year ended 31 December 2010, the Internal Audit Department carried out its duties covering operation audit, information system audit and compliance audit.

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

The total costs incurred by the Internal Audit Department for the internal audit function of the Company and of the Group for the financial year ended 31 December 2010 amounted to RM0.4 million and RM6.4 million respectively.

As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the respective Risk and Business Continuity Management Committees of the Group.

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE

The Committee is governed by the following terms of reference :

1. Composition

(i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all of whom are non-executive Directors with a majority of them being independent Directors; and at least one member of the audit committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

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

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls.

The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the Management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Main Market Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

4. Functions

The functions of the Committee are to:

- i) review with the external auditors, their audit plan;
- ii) review with the external auditors, their evaluation of the system of internal accounting controls;
- iii) review with the external auditors, their audit report and management letter (if any);
- iv) review the assistance given by the Company's officers to the external auditors;
- v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions;
- vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events; and
 - (c) compliance with accounting standards and other legal requirements;
- viii) review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management integrity; and
- ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation, suitability and dismissal.

AUDIT COMMITTEE REPORT (cont'd)

TERMS OF REFERENCE (cont'd)

5. Meetings

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

6. Secretary and Minutes

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

This Audit Committee Report is made in accordance with the resolution of the Board of Directors.

STATEMENT ON INTERNAL CONTROL

The Board's Responsibilities

In relation to internal control, pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") acknowledges their responsibility under the Bursa Securities Main Market Listing Requirements to: -

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

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

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

The Risk Management Process

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

The Risk and Business Continuity Management Committees ("RBCMCs") established at Genting Berhad and its principal subsidiaries are responsible for ensuring the effectiveness of the risk management process and implementation of risk management policies in their respective companies. The RBCMC of Genting Berhad comprises senior management of the Group and is chaired by the President and Chief Operating Officer of Genting Berhad, whereas the RBCMCs of the principal subsidiaries comprise their respective senior management headed by their respective Chief Financial Officers.

The key aspects of the risk management process are:-

- Business/Operations Heads undertake to update their risk profiles on a six monthly basis from the previous update and issue a letter of assurance to confirm that they have reviewed the risk profiles, risk reports and related business processes and are also monitoring the implementation of action plans.
- The risk profiles, control procedures and status of the action plans are reviewed on a regular basis by the Head - Risk Management with the Business/Operations Heads.
- Management of the respective companies is provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans.
- On a quarterly basis the RBCMC of the respective companies meet to review status of risk reviews, the significant risks identified and the progress of the implementation of action plans. Consequently a risk management report summarizing the significant risks and/or status of action plans of the respective companies are presented quarterly to the respective Audit Committees for review, deliberation and recommendation for endorsement by the respective Boards of Directors.

The Internal Control Processes

The other key aspects of the internal control process are:-

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

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

Business continuity management is regarded an integral part of the Group's risk management process. In this regard to minimize potential disruptions to business and operations either due to failure of critical IT systems and/or operational processes, some of the subsidiaries and key operating units have implemented business continuity plans while others are in the process of implementing them.

The Board in issuing this statement has taken into consideration the representations made by the Group's principal subsidiary and associated companies in respect of their state of internal control.

The Internal Audit Function

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

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

This Statement on Internal Control is made in accordance with the resolution of the Board.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

The Directors of **GENTING BERHAD** have pleasure in submitting their report together with their statement pursuant to Section 169(15) of the Companies Act, 1965 therein and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company.

The principal activities of the subsidiaries include leisure and hospitality, gaming and entertainment businesses, development and operation of integrated resort, plantation, the generation and supply of electric power, property development and management, tours and travel related services, genomics research and development, investments and oil and gas exploration and development activities.

The principal activities of the associates include the generation and supply of electric power, resort, property investment, property development, provision of financial services and licensing of trade marks.

Details of the principal activities of the subsidiaries, jointly controlled entities, and associates are set out in Note 48 to the financial statements.

Apart from the above, there have been no other significant changes in the nature of the activities of the Group and of the Company during the financial year, other than the cessation of oil and gas production activity, upon disposal of a subsidiary company on 10 December 2010.

FINANCIAL RESULTS

	Group RM Million	Company RM Million
Profit before taxation	4,394.3	686.6
Taxation	(983.6)	(193.0)
Profit for the financial year	<u>3,410.7</u>	<u>493.6</u>

TREASURY SHARES

The shareholders of the Company had granted a mandate to the Company to repurchase its own shares at the Annual General Meeting of the Company held on 10 June 2010.

During the financial year, the Company repurchased 20,000 ordinary shares of 10 sen each of its issued share capital from the open market at an average price of RM7.91 per share. The share buy back transactions were financed by internally generated funds. As at 31 December 2010, the total number of shares purchased was 8,772,900 and held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

DIVIDENDS

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

- (i) a final dividend of 4.2 sen less 25% tax per ordinary share of 10 sen each amounting to RM116,445,736.20, in respect of the financial year ended 31 December 2009 was paid on 27 July 2010; and
- (ii) an interim dividend of 3.3 sen less 25% tax per ordinary share of 10 sen each amounting to RM91,570,498.51, in respect of the financial year ended 31 December 2010 was paid on 26 October 2010.

The Directors recommend payment of a final dividend of 4.5 sen less 25% tax per ordinary share of 10 sen each in respect of the financial year ended 31 December 2010 to be paid to shareholders registered in the Register of Members on a date to be determined later by the Directors. Based on the issued shares (less treasury shares) of the Company as at the date of this report, the final dividend would amount to RM125.0 million.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES, DEBENTURES AND SHARE OPTIONS

During the financial year, 8,709,000 new ordinary shares of 10 sen each fully paid at the subscription price of RM2.868 per share and 5,000 new ordinary shares of 10 sen each fully paid at the subscription price of RM2.616 per share were issued by virtue of the exercise of options to take up unissued ordinary shares of the Company by executive employees pursuant to The Executive Share Option Scheme for Eligible Executives of Genting Berhad and its subsidiaries ("Scheme").

All the above mentioned ordinary shares rank pari passu with the then existing ordinary shares of the Company. These options were granted prior to the current financial year.

There were no issues of debentures during the financial year.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (cont'd)

ISSUE OF SHARES, DEBENTURES AND SHARE OPTIONS (cont'd)

The following Options to take up unissued ordinary shares in the Company, which have been granted to executive employees of the Group as specified in the Scheme, were outstanding as at 31 December 2010:

Option Number	Option Expiry Date	Subscription Price Per Share RM	No. of Unissued Shares
1/2002	11 August 2012	2.868	5,878,000*
2/2002	11 August 2012	2.616	45,000
			5,923,000

* excluding 5,000 unissued shares which have lapsed due to resignation of a grantee.

- (a) The expiry date of the Options on 11 August 2012 shall apply unless the Options have ceased by reason of non compliance by the grantee with the terms and conditions under which the Options were granted pursuant to the Scheme.
- (b) (i) The Options granted can only be exercised by the Grantee in the third year from the Date of Offer and the number of new Shares comprised in the Options which a Grantee can subscribe for from the third year onwards shall at all times be subject to the following maximum:

Percentage of new Shares comprised in the Options exercisable each year from the Date of Offer

Year 1	Year 2	Year 3	Year 4	Year 5
-	-	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares
Year 6	Year 7	Year 8	Year 9	Year 10
12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% or balance of all options allotted

- (ii) Any new Shares comprised in an Option which is exercisable in a particular year but has not been exercised in that year, can be exercised in subsequent years within the Option Period, subject to the Scheme remaining in force.
- (iii) In the event that an Eligible Executive becomes a Grantee after the first year of the Scheme, the Grantee shall always observe the two-year incubation period and the Options granted can only be exercised in the third year from the Date of Offer subject to the maximum percentage of new Shares comprised in the Options exercisable as stipulated above.
- (c) The persons to whom the Options have been issued have no right to participate by virtue of the Options in any share issue of any other company.

DIRECTORATE

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

Tan Sri Lim Kok Thay*
 Tun Mohammed Hanif bin Omar
 Tan Sri Mohd Amin bin Osman
 Dato' Dr. R. Thillainathan
 Mr Quah Chek Tin (Resigned on 1 November 2010)
 Dato' Paduka Nik Hashim bin Nik Yusoff*
 Tan Sri Dr. Lin See Yan*
 Mr Chin Kwai Yoong

*Also members of the Remuneration Committee

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (cont'd)

DIRECTORATE (cont'd)

According to the Register of Directors' Shareholdings, the following persons who were Directors of the Company at the end of the financial year have interests in shares of the Company, Genting Malaysia Berhad, a company which is 49.34% owned by the Company as at 31 December 2010, Genting Plantations Berhad and Genting Singapore PLC, both of which are subsidiaries of the Company as set out below:

Interest in the Company

Shareholdings in which the Directors have direct interests

	1.1.2010	Acquired/(Disposed)	31.12.2010
	(Number of ordinary shares of 10 sen each)		
Tan Sri Lim Kok Thay	10,369,000	1,875,000/(2,369,000)	9,875,000
Tun Mohammed Hanif bin Omar	101,000	(100,000)	1,000
Tan Sri Mohd Amin bin Osman	1,204,600	945,000/(185,000)	1,964,600
Dato' Dr. R. Thillainathan	-	320,000	320,000

Interest of Spouse/Child of the Directors

	1.1.2010	Acquired/(Disposed)	31.12.2010
	(Number of ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	60,000	-	60,000
Dato' Dr. R. Thillainathan	295,000	(102,000)	193,000

Share Option in the names of Directors

	1.1.2010	Offered/(Exercised)	31.12.2010
	(Number of unissued ordinary shares of 10 sen each)		
Tan Sri Lim Kok Thay	2,500,000	(1,875,000)	625,000
Tun Mohammed Hanif bin Omar	1,555,000	-	1,555,000
Tan Sri Mohd Amin bin Osman	1,240,000	(945,000)	295,000
Dato' Dr. R. Thillainathan	610,000	(320,000)	290,000

Interest in Genting Malaysia Berhad

Shareholdings in which the Directors have direct interests

	1.1.2010	Acquired/(Disposed)	31.12.2010
	(Number of ordinary shares of 10 sen each)		
Tan Sri Lim Kok Thay	1,660,000	1,410,000/(1,460,000)	1,610,000
Tun Mohammed Hanif bin Omar	5,000	-	5,000
Tan Sri Mohd Amin bin Osman	540,000	-	540,000
Tan Sri Dr. Lin See Yan	450,000	-	450,000

Interest of Spouse/Child of the Directors

	1.1.2010	Acquired/(Disposed)	31.12.2010
	(Number of ordinary shares of 10 sen each)		
Tan Sri Mohd Amin bin Osman	180,000	(80,000)	100,000
Dato' Dr. R. Thillainathan	-	6,000	6,000

Share Option in the names of Directors

	1.1.2010	Offered/(Exercised)	31.12.2010
	(Number of unissued ordinary shares of 10 sen each)		
Tan Sri Lim Kok Thay	2,340,000	(1,410,000)	930,000
Tun Mohammed Hanif bin Omar	2,185,000	-	2,185,000

Interest in Genting Plantations Berhad

Shareholdings in which the Directors have direct interests

	1.1.2010	Acquired/(Disposed)	31.12.2010
	(Number of ordinary shares of 50 sen each)		
Tan Sri Lim Kok Thay	369,000	-	369,000
Tan Sri Mohd Amin bin Osman	989,000	-	989,000

Interest of Spouse/Child of the Directors

	1.1.2010	Acquired/(Disposed)	31.12.2010
	(Number of ordinary shares of 50 sen each)		
Tan Sri Mohd Amin bin Osman	80,000	-	80,000
Dato' Dr. R. Thillainathan	10,000	-	10,000

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (cont'd)

DIRECTORATE (cont'd)

Interest in Genting Singapore PLC ("GENS")

Shareholdings in which the Directors have direct interests

	1.1.2010	Acquired/(Disposed) (Number of ordinary shares)	31.12.2010
Tan Sri Lim Kok Thay	237,600	3,721,000	3,958,600
Tan Sri Mohd Amin bin Osman	575,000	149,000	724,000
Dato' Dr. R. Thillainathan	669,000	(200,000)	469,000
Tan Sri Dr. Lin See Yan	50,000	595,000/(145,000)	500,000

Interest of Spouse/Child of the Directors

	1.1.2010	Acquired/(Disposed) (Number of ordinary shares)	31.12.2010
Tan Sri Mohd Amin bin Osman	8,400	(4,000)	4,400

Share Option in the names of Directors

	1.1.2010	Offered/(Exercised) (Number of unissued ordinary shares)	31.12.2010
Tan Sri Lim Kok Thay	5,941,463	(2,971,000)	2,970,463
Tun Mohammed Hanif bin Omar	1,188,292	-	1,188,292
Tan Sri Mohd Amin bin Osman	742,042	(149,000)	593,042
Dato' Dr. R. Thillainathan	1,113,438	-	1,113,438
Dato' Paduka Nik Hashim bin Nik Yusoff	1,039,192	-	1,039,192
Tan Sri Dr. Lin See Yan	1,188,292	(595,000)	593,292

Performance Shares in the name of a Director

	1.1.2010	Awarded (Number of unissued ordinary shares)	(Vested)	31.12.2010
Tan Sri Lim Kok Thay	1,500,000#	750,000#	(750,000)	1,500,000#

Legend:

Represents the right of the participant to receive ordinary shares, upon the participant satisfying the criteria set out in the Performance Share Scheme of GENS and upon satisfying such conditions as may be imposed.

Apart from the above disclosures:

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

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

- A company in which Tan Sri Lim Kok Thay is a director and a substantial shareholder has appointed Genting Plantations (WM) Sdn Bhd, a wholly-owned subsidiary of Genting Plantations Berhad, which in turn is a 54.58% owned subsidiary of the Company to provide plantation advisory services.
- A corporation which is owned by the family of Tan Sri Lim Kok Thay has been appointed by Resorts World at Sentosa Pte Ltd, an indirect wholly-owned subsidiary of Genting Singapore PLC, an indirect 51.69% owned subsidiary of the Company to provide professional design consultancy and master-planning services for the Resorts World Sentosa integrated resort in Singapore.
- Tan Sri Mohd Amin bin Osman has been retained by Genting Malaysia Berhad, a company which is 49.37% owned by the Company to provide advisory services.
- Transactions made by the Company or its related corporations with certain corporations referred to in Note 46 in which the nature of relationships of Tan Sri Lim Kok Thay are disclosed therein.

Mr Chin Kwai Yoong is due to retire by rotation at the forthcoming Annual General Meeting ("AGM") in accordance with Article 99 of the Articles of Association of the Company and he, being eligible, has offered himself for re-election.

Tun Mohammed Hanif bin Omar, Tan Sri Mohd Amin bin Osman, Dato' Paduka Nik Hashim bin Nik Yusoff and Tan Sri Dr. Lin See Yan will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and that separate resolutions will be proposed for their re-appointment as Directors at the AGM under the provision of Section 129(6) of the said Act to hold office until the next AGM of the Company.

DIRECTORS' REPORT AND STATEMENT PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965 (cont'd)

OTHER STATUTORY INFORMATION

Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent;
- (ii) which would render the values attributed to the current assets in the financial statements of the Group or of the Company misleading;
- (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

At the date of this report there does not exist:

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

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

In the opinion of the Directors:

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

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

In the opinion of the Directors, the financial statements set out on pages 67 to 135 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and comply with the provisions of the Companies Act, 1965.

AUDITORS

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

On behalf of the Board,

TAN SRI LIM KOK THAY
Chairman and Chief Executive

TUN MOHAMMED HANIF BIN OMAR
Deputy Chairman

Kuala Lumpur
23 February 2011