



# RESORTS WORLD BHD

(Incorporated in Malaysia under Company No. 58019-U)

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## SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the financial period ended 30 June 2000.  
The figures have not been audited.

### CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
			<u>Current year quarter 30.6.2000 RM'000</u>	<u>Preceding year corresponding quarter 30.6.1999 RM'000</u>	<u>Current year -to- date 30.6.2000 RM'000</u>	<u>Preceding year corresponding period 30.6.1999 RM'000</u>
1.	(a)	Turnover	<b>569,452</b>	N/R	<b>1,108,668</b>	1,112,531
	(b)	Investment income	<b>5,660</b>	N/R	<b>6,306</b>	118
	(c)	Other income including interest income	<b>15,078</b>	N/R	<b>20,024</b>	16,124
2.	(a)	Operating profit before interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<b>189,938</b>	N/R	<b>403,058</b>	414,114
	(b)	Interest on borrowings	<b>(10,863)</b>	N/R	<b>(13,970)</b>	0
	(c)	Depreciation and amortisation	<b>(38,778)</b>	N/R	<b>(77,195)</b>	(79,190)
	(d)	Exceptional items	<b>(61,598)</b>	N/R	<b>(61,598)</b>	0
	(e)	Operating profit after interest on borrowings, depreciation and amortisation and exceptional items but before income tax minority interests and extraordinary items	<b>78,699</b>	N/R	<b>250,295</b>	334,924

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD		
		<u>Current</u> <u>year</u> <u>quarter</u> <u>30.6.2000</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>quarter</u> <u>30.6.1999</u> <u>RM'000</u>	<u>Current</u> <u>year-to</u> <u>- date</u> <u>30.6.2000</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>Period</u> <u>30.6.1999</u> <u>RM'000</u>	
2	(f)	Share in the results of an associated company	948	N/R	2,801	37,869
	(g)	Profit before taxation, minority interests and extraordinary items	79,647	N/R	253,096	372,793
	(h)	Taxation	(54,302)	N/R	(112,128)	1,353
	(i)	(i) Profit after taxation before deducting minority interests	25,345	N/R	140,968	374,146
		(ii) Minority interests	666	N/R	(754)	(3)
	(j)	Profit after taxation attributable to members of the Company	26,011	N/R	140,214	374,143
	(k)	(i) Extraordinary items	0	N/R	0	0
		(ii) Less minority interest	0	N/R	0	0
		(iii) Extraordinary items attributable to members of the Company	0	N/R	0	0
	(l)	Profit after taxation and extraordinary items attributable to members of the Company	26,011	N/R	140,214	374,143
3	(a)	Earnings per share based on 2(j) above.				
	(i)	Basic (based on 1,091.8 million ordinary shares) (sen)	2.4	N/R	12.8	34.3
	(ii)	Fully diluted (based on 1,091.8 million ordinary shares) (sen)	2.4	N/R	12.8	34.3

			INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
			<u>Current</u> <u>year</u> <u>quarter</u> <u>30.6.2000</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>quarter</u> <u>30.6.1999</u> <u>RM'000</u>	<u>Current</u> <u>year-to</u> <u>- date</u> <u>30.6.2000</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>Period</u> <u>30.6.1999</u> <u>RM'000</u>
4	(a)	Dividend per share (sen)	<b>8.0</b>	N/R	<b>8.0</b>	8.0
	(b)	Dividend description	<b>Interim of 8.0 sen per ordinary share less 28% tax</b>	N/R	<b>Interim of 8.0 sen per ordinary share less 28% tax</b>	Interim of 8.0 sen per ordinary share less 28% tax

Note : N/R – Not Required

**Resorts World Bhd  
Consolidated Balance Sheet**

	As at end of Current period 30.6.2000 (Unaudited) RM'000	As at preceding financial year end 31.12.1999 (Audited) RM'000
<b>1. FIXED ASSETS</b>	<b>2,643,863</b>	2,561,282
<b>2. REAL PROPERTY ASSETS</b>	<b>220,810</b>	220,810
<b>3. INVESTMENTS</b>	<b>198,671</b>	162,546
<b>4. ASSOCIATED COMPANY</b>	<b>997,105</b>	998,807
<b>5. CURRENT ASSETS</b>		
Property development	35,363	35,087
Stocks	13,798	13,399
Trade debtors	32,235	31,978
Amount due from associated company	204,701	3,225
Amount due from other related companies	65,932	6,809
Other debtors, deposits and prepayments	45,064	54,597
Short-term investments	272,434	436,033
Bank balances and deposits	1,474,381	474,096
	<u>2,143,908</u>	<u>1,055,224</u>
<b>6. LESS CURRENT LIABILITIES</b>		
Trade creditors	18,332	14,501
Other creditors and accruals	255,272	262,181
Amount due to holding company	530,276	6,184
Amount due to other related companies	27,861	30,283
Short-term borrowings	382,888	0
Provision for taxation	277,985	268,530
Dividend	141,503	78,613
	<u>1,634,117</u>	<u>660,292</u>
<b>7. NET CURRENT ASSETS</b>	<b>509,791</b>	394,932
	<u>4,570,240</u>	<u>4,338,377</u>
<b>8. SHAREHOLDERS' FUNDS</b>		
<b>SHARE CAPITAL</b>	<b>545,922</b>	545,922
<b>RESERVES</b>		
Share premium	33,333	33,333
Other reserves	4,428	4,257
Unappropriated profit	3,519,717	3,442,393
	<u>4,103,400</u>	<u>4,025,905</u>
<b>9. MINORITY INTERESTS</b>	<b>10,769</b>	183,129
<b>10. LONG TERM LIABILITIES</b>	<b>341,694</b>	19,364
<b>11. DEFERRED TAXATION</b>	<b>21,187</b>	18,146
<b>12. PROVISION FOR RETIREMENT GRATUITIES</b>	<b>93,190</b>	91,833
	<u>4,570,240</u>	<u>4,338,377</u>
<b>NET TANGIBLE ASSETS PER SHARE</b>	<b>RM3.76</b>	RM3.69

**NOTES TO THE QUARTERLY REPORT**

1. The accounting policies and methods of computation adopted for the quarterly financial statements are consistent with those adopted for the financial statements for the year ended 31 December 1999.
2. The exceptional item for the current year quarter and current year to date represents the provision for diminution in value of short-term quoted shares.
3. There are no extraordinary items for the current year to date.
4. Taxation charges for the current year to date include deferred tax charge of RM 1,654,000. There is an adjustment of RM 1,387,000 due to under-provision in respect of prior years.
5. The results for the current year to date do not include any pre-acquisition profits.
6. The results for the current year to date do not include any profit or loss on sale of investments and properties which are not in the ordinary course of business of the Group.
7. (a) The dealing in quoted securities for the current year to date is as follows:-

	<u>RM'000</u>
Total purchases at cost	78,270
Total disposal at cost	71,381
Loss on disposal	21,914

- (b) The details of the investments in quoted shares as at 30 June 2000 are as set out below:-

	<u>RM'000</u>
Total investments at cost	1,849,285
Total investments at book value	1,361,924
Total investments at market value as at 30 June 2000	3,837,719

8. There have been no material changes in the composition of the Company and of the Group for the current year to date.
9. (i) On 12 April 2000, the Company through Commerce International Merchant Bankers Berhad ("CIMB"), announced the following corporate proposals:
  - (a) Proposed acquisition of a parcel of leasehold land and disposal of two parcels of freehold land in Genting Highlands by subsidiaries of the Company.
  - (b) Proposed purchase of own shares representing up to ten percent (10%) of the issued and paid-up share capital of the Company through the Kuala Lumpur Stock Exchange.
  - (c) Proposed amendments to the Memorandum and Articles of Association of the Company pursuant to (b) above and in line with the amended provision of Section 67A of the Companies Act, 1965.

As at 17 August 2000, being the latest practicable date, all required approvals in respect of the above proposals have been obtained.

- (ii) On 19 May 2000, the Company through CIMB, announced the proposed cash subscription (“Proposed Cash Subscription”) by Resorts World Limited (“RWL”), a wholly-owned subsidiary of Sierra Springs Sdn. Bhd. (“SSSB”), which in turn is a wholly-owned subsidiary of the Company, of up to USD 480 million in new equity shares and / or new securities convertible into equity shares (collectively referred to as “New Securities”) of Star Cruises PLC (“SCPLC”).

On 4 August 2000, the Company via an ordinary resolution contained in a circular to the shareholders, had proposed to seek a mandate from the shareholders of the Company at the Extraordinary General Meeting (“EGM”) on 21 August 2000, to authorise SSSB, to authorise RWL to subscribe for cash, New Securities of SCPLC, subject to the following conditions:-

- (a) the issue of the New Securities by SCPLC is in conjunction with a placement or offering which is also available to other institutional and / or private investors;
- (b) the subscription price of the New Securities to be paid by RWL shall be at the same price as that subscribed by the other institutional and / or private investors;
- (c) the total number of the New Securities subscribed by RWL shall not exceed 60% of the total number of the New Securities to be issued by SCPLC;
- (d) the total subscription price of the New Securities subscribed by RWL shall not exceed USD 480 million;
- (e) the approval by the shareholders of the Company shall be valid only for a period of one year from the date of the EGM convened for this purpose unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting; and
- (f) the New Securities to be subscribed and new ordinary shares to be issued upon the conversion of the New Convertible Securities subscribed (if any) will be free from all charges, liens or other encumbrances and will rank pari passu in all respects with the then existing ordinary shares of SCPLC, except that they will not rank for any dividend or any other distributions that are or may be declared by SCPLC on or prior to the respective date of issue and allotment of the aforesaid shares.

The subscription price of the New Securities to be paid by RWL shall be determined by SCPLC via an open-price book-building process with the advice of its financial advisers. The duration for the open-price book-building process, which has yet to be determined, will only be determined by SCPLC with the advice from its financial advisers at a later stage.

The shareholders of the Company have duly approved the Proposed Cash Subscription at the above said EGM on 21 August 2000

10. The business operations of the Group's leisure and hospitality division are subject to seasonal fluctuations. The results are affected by major festive seasons and holidays.
11. During the current year-to-date, RWL via Resorts World (Labuan) Limited, a wholly-owned subsidiary of the Company, issued the following Euro Medium Term Notes (“Notes”):

Amount '000	Issue Date	Maturity Date	Interest Rate
SGD100,000	26/5/2000	26/5/2003	Fixed rate
USD26,000	16/6/2000	16/6/2003	Floating rate based on SIBOR
USD84,000	16/6/2000	16/6/2001	Floating rate based on SIBOR

The above Notes are guaranteed by the Company and are redeemable in full on the respective maturity dates.

Apart from the above, there have been no other issuance and repayment of debt and equity securities, shares buy-back, shares cancellation, shares held as treasury shares and resale of treasury shares for the current year-to-date.

12. The details of the Group borrowings are as set out below:

	30.6.2000		
		Foreign currency '000	RM Equivalent '000
Short-term borrowings	Unsecured	USD 100,760	382,888
Short-term borrowings denominated in Ringgit Malaysia	Unsecured	-	523,917
Long-term borrowings	Unsecured	SGD 100,000 USD 26,000	220,400 98,800
Long-term borrowings denominated in Ringgit Malaysia	Unsecured	-	14,284

Short-term borrowings denominated in Ringgit Malaysia forms part of the amount due to the holding company.

The total amount of long-term borrowings of RM 333,484,000 is shown as part of long-term liabilities on the balance sheet. The balance of the long-term liabilities as at 30 June 2000 amounting to RM8,210,000 comprises deferred membership fees.

13. There are no contingent liabilities as at 17 August 2000, being the latest practicable date.
14. As at 17 August 2000, being the latest practicable date, the Group has the following financial instruments with off balance sheet risks:

**(a) Singapore Dollar (“SGD”)/US Dollar (“USD”) Cross-Currency Swap (“CCS”)**

As disclosed in Note 11 above, the Group issued Euro Medium Term Notes (“Notes”) of SGD100 million on 26 May 2000. These Notes are due to mature on 26 May 2003.

The Group then entered into 2 CCS agreements, first on the issue date of the Notes and the second on 3 August 2000. The effect of the 2 CCS agreements are to convert the SGD Notes into a fixed rate USD liability.

The swaps terminate on the maturity of the loan, i.e. 26 May 2003.

**(b) USD Interest Rate Swap (“IRS”)**

As disclosed in Note 11 above, the Group also issued Notes for USD26 million. These Notes are due to mature on 16 June 2003.

The Group entered into an IRS agreement on 8 August 2000 and the effect of this transaction is to effectively fix the interest rate payable on that tranche of the loan.

These instruments are executed with a creditworthy financial institution and the Directors are of the view that the possibility of non-performance by the financial institution is remote on the basis of its financial strength.

Financial derivative hedging instruments are used in the Group's risk management of foreign currency and interest rate risk exposures of its financial liabilities. Hedge accounting principles are applied for the accounting of the underlying exposures and their hedge instruments. The underlying foreign currency liabilities are translated at their respective hedged exchange rate, and differential interest receipts and payments arising from interest rate derivative instruments are accrued, so as to match the net differentials with the related expenses on the hedged liabilities.

15. There is no pending material litigation as at 17 August 2000, being the latest practicable date.
16. Segment analysis for the current year to date.

	<u>Turnover</u>	<u>Profit/(Loss)</u>	<u>Assets</u>
	<u>30.6.2000</u>	<u>Before Taxation</u>	<u>Employed</u>
	<u>RM' 000</u>	<u>30.6.2000</u>	<u>30.6.2000</u>
		<u>RM' 000</u>	<u>RM' 000</u>
<b><u>By Activity</u></b>			
Leisure & hospitality	1,048,383	331,550	2,572,266
Properties	4,275	(8,466)	471,443
	<b>1,052,658</b>	<b>323,084</b>	<b>3,043,709</b>
Investment in associated company	571,953	2,801	997,105
	<b>1,624,611</b>	<b>325,885</b>	<b>4,040,814</b>
<b><u>Non Segment Items</u></b>			
Interest bearing investments	0	6,054	1,683,306
Equity investments and others	56,010	(78,843)	480,237
	<b>1,680,621</b>	<b>253,096</b>	<b>6,204,357</b>
Adjustment relating to share of operating revenue of associated company	(571,953)	0	0
	<b>1,108,668</b>	<b>253,096</b>	<b>6,204,357</b>

17. The performance of the Group in the second quarter is lower than the preceding quarter mainly due to an exceptional loss of RM 61,598,000 included in the current quarter's result arising from the provision for diminution in value of short-term quoted shares.
18. Overall, the business remains stable. However, casino operations continue to be affected by stiff competition from overseas casinos.

There has not arisen in the interval between 30 June 2000 and 17 August 2000, being the latest practicable date, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company and of the Group.

19. Barring unforeseen circumstances, the Directors are of the opinion that the Group's performance is expected to be satisfactory for the remaining period of the year. However, goodwill will arise in the event that the Group subscribes for the new equity shares of Star Cruises PLC, as disclosed in Note 9(ii) above. This goodwill will be written off through the Profit and Loss Account in accordance with the Group's accounting policy.
20. There are no explanatory comments on variances of actual profit from forecast profit and shortfall in the profit guarantee since it is not applicable.

21. (a) An interim dividend for the half year ended 30 June 2000 has been declared by the Directors.
- (b) (i) The interim dividend for the period ended 30 June 2000 amount to 8.0 sen per ordinary share of 50 sen each, less 28 % tax.
- (ii) The interim dividend declared for the previous year corresponding period ended 30 June 1999 amounted to 8.0 sen per ordinary share of 50 sen each, less 28 % tax.
- (iii) Total net interim dividend

	<b>2000</b>	<b>1999</b>
Interim – 8.0 sen less 28% tax (1999 : 8.0 sen less 28% tax) per share	<b>RM 62.9 million</b>	RM 62.9 million

(c) Interim dividend will be payable on 25 October 2000.

(d) Entitlement to the interim dividend

A Depositor shall qualify for entitlement to the interim dividend only in respect of:

- (i) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 6 October 2000 in respect of ordinary transfers; and
- (ii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

22. As at 30 June 2000, the Company has 1,607,000 unissued ordinary shares outstanding under The Resorts World Employees' Share Option Scheme (RWBESOS). In accordance with the provision laid down by the Malaysian Accounting Standard Board No.13 on earnings per share, share options are dilutive when they are issued for no consideration or where a portion of the outstanding share options are deemed dilutive in situations where the exercise price of the options is below its fair value.

Since the exercise price of the RWBESOS is above the fair value of the Company's shares for the current year quarter, the option is deemed non dilutive.

**BY ORDER OF THE BOARD**

**TAN SRI LIM GOH TONG**  
**Chairman and Chief Executive**  
**RESORTS WORLD BHD**

24 August 2000