



RESORTS WORLD BHD

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

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THIRD QUARTERLY REPORT

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

CONSOLIDATED INCOME STATEMENT

| | | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | | |
|----|-----|--|---|---|--|-----------|
| | | <u>Current year quarter 30.9.2000</u> | <u>Preceding year corresponding quarter 30.9.1999</u> | <u>Current year -to- date 30.9.2000</u> | <u>Preceding year corresponding period 30.9.1999</u> | |
| | | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | |
| 1. | (a) | Turnover | 544,863 | 552,551 | 1,653,531 | 1,665,082 |
| | (b) | Investment income | 256 | 318 | 6,562 | 318 |
| | (c) | Other income including interest income | 26,716 | 4,747 | 46,740 | 20,951 |
| 2. | (a) | Operating profit before interest on borrowings, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items | 224,582 | 160,565 | 627,640 | 574,679 |
| | (b) | Interest on borrowings | (24,866) | 0 | (38,836) | 0 |
| | (c) | Depreciation and amortisation | (41,443) | (38,814) | (118,638) | (118,004) |
| | (d) | Exceptional items | (73,367) | 0 | (134,965) | 0 |
| | (e) | Operating profit after interest on borrowings, depreciation and amortisation and exceptional items but before income tax minority interests and extraordinary items | 84,906 | 121,751 | 335,201 | 456,675 |

| | | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | | |
|---|------|--|---|---------------------------------------|--|---------|
| | | <u>Current year quarter</u> | <u>Preceding year corresponding quarter</u> | <u>Current year-to - date</u> | <u>Preceding year corresponding Period</u> | |
| | | <u>30.9.2000</u> | <u>30.9.1999</u> | <u>30.9.2000</u> | <u>30.9.1999</u> | |
| | | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | |
| 2 | (f) | Share in the results of an associated company | 34,966 | 24,579 | 37,767 | 62,448 |
| | (g) | Profit before taxation, minority interests and extraordinary items | 119,872 | 146,330 | 372,968 | 519,123 |
| | (h) | Taxation | (65,600) | (705) | (177,728) | 648 |
| | (i) | Profit after taxation before deducting minority interests | 54,272 | 145,625 | 195,240 | 519,771 |
| | (ii) | Minority interests | 52 | 60 | (702) | 57 |
| | (j) | Profit after taxation attributable to members of the Company | 54,324 | 145,685 | 194,538 | 519,828 |
| | (k) | (i) Extraordinary items | 0 | 0 | 0 | 0 |
| | | (ii) Less minority interest | 0 | 0 | 0 | 0 |
| | | (iii) Extraordinary items attributable to members of the Company | 0 | 0 | 0 | 0 |
| | (l) | Profit after taxation and extraordinary items attributable to members of the Company | 54,324 | 145,685 | 194,538 | 519,828 |
| 3 | (a) | Earnings per share based on 2(j) above. | | | | |
| | (i) | Basic (based on 1,091.8 million ordinary shares) (sen) | 5.0 | 13.3 | 17.8 | 47.6 |
| | (ii) | Fully diluted (based on 1,091.8 million ordinary shares) (sen) | 5.0 | 13.3 | 17.8 | 47.6 |

| | | | INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|-----|--------------------------|--|--|--|---|
| | | | <u>Current</u> <u>year</u> <u>quarter</u> <u>30.9.2000</u> <u>RM'000</u> | <u>Preceding year</u> <u>corresponding</u> <u>quarter</u> <u>30.9.1999</u> <u>RM'000</u> | <u>Current</u> <u>year-to</u> <u>- date</u> <u>30.9.2000</u> <u>RM'000</u> | <u>Preceding year</u> <u>corresponding</u> <u>Period</u> <u>30.9.1999</u> <u>RM'000</u> |
| 4 | (a) | Dividend per share (sen) | 0 | 0 | 8.0 | 8.0 |
| | (b) | Dividend description | | | Interim of 8.0 sen per ordinary share less 28% tax | Interim of 8.0 sen per ordinary share less 28% tax |
| | | | N/R | N/R | | |

Note : N/R – Not Required

**Resorts World Bhd
Consolidated Balance Sheet**

| | As at end of Current period 30.9.2000 (Unaudited) RM'000 | As at preceding financial year end 31.12.1999 (Audited) RM'000 |
|--|--|--|
| 1. FIXED ASSETS | 2,704,505 | 2,561,282 |
| 2. REAL PROPERTY ASSETS | 202,136 | 220,810 |
| 3. INVESTMENTS | 198,671 | 162,546 |
| 4. ASSOCIATED COMPANY | 1,016,163 | 998,807 |
| 5. CURRENT ASSETS | | |
| Property development | 36,345 | 35,087 |
| Stocks | 14,095 | 13,399 |
| Trade debtors | 49,081 | 31,978 |
| Amount due from associated company | 212,446 | 3,225 |
| Amount due from other related companies | 6,422 | 6,809 |
| Other debtors, deposits and prepayments | 39,317 | 54,597 |
| Short-term investments | 313,028 | 436,033 |
| Bank balances and deposits | 1,478,163 | 474,096 |
| | 2,148,897 | 1,055,224 |
| 6. LESS CURRENT LIABILITIES | | |
| Trade creditors | 15,973 | 14,501 |
| Other creditors and accruals | 250,491 | 262,181 |
| Amount due to holding company | 621,143 | 6,184 |
| Amount due to other related companies | 30,646 | 30,283 |
| Short-term borrowings | 382,888 | 0 |
| Provision for taxation | 277,985 | 268,530 |
| Dividend | 62,890 | 78,613 |
| | 1,642,016 | 660,292 |
| 7. NET CURRENT ASSETS | 506,881 | 394,932 |
| | 4,628,356 | 4,338,377 |
| 8. SHAREHOLDERS' FUNDS | | |
| SHARE CAPITAL | 545,922 | 545,922 |
| RESERVES | | |
| Share premium | 33,333 | 33,333 |
| Other reserves | 4,429 | 4,257 |
| Unappropriated profit | 3,574,041 | 3,442,393 |
| | 4,157,725 | 4,025,905 |
| 9. MINORITY INTERESTS | 10,718 | 183,129 |
| 10. LONG TERM LIABILITIES | 343,461 | 19,364 |
| 11. DEFERRED TAXATION | 22,571 | 18,146 |
| 12. PROVISION FOR RETIREMENT GRATUITIES | 93,881 | 91,833 |
| | 4,628,356 | 4,338,377 |
| NET TANGIBLE ASSETS PER SHARE | RM3.81 | 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 17,132,000. There is an adjustment of RM 413,000 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 | 165,765 |
| Total disposal proceeds | 51,072 |
| Total loss on disposals | 20,850 |

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

| | <u>RM'000</u> |
|--|---------------|
| Total investments at cost | 1,936,240 |
| Total investments at book value | 1,375,512 |
| Total investments at market value as at 30 September 2000 | 3,281,938 |

8. There have been no material changes in the composition of the Company and of the Group for the current year to date.
9. On 19 May 2000, the Company through Commerce International Merchant Bankers Berhad (“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 Limited (“SCL”).

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 SCL, subject to the following conditions:-

- (a) the issue of the New Securities by SCL 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 SCL;
- (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 SCL, except that they will not rank for any dividend or any other distributions that are or may be declared by SCL on or prior to the respective date of issue and allotment of the aforesaid shares.

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

Subsequently, RWL entered into three Note Purchase Agreements with SCL, two on 28 September 2000 and one on 9 October 2000 to purchase the following Floating Rate Convertible Unsecured Loan Notes (“CULNs”):

- (a) USD213 million Series A CULNs tranche issued on 2 October 2000 at SIBOR + 1% and due to mature on 20 August 2001; and;
- (b) USD267 million Series B CULNs tranche issued on 11 October 2000 at SIBOR + 1% and due to mature on 20 August 2001.

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:

| | 30.9.2000 | | |
|---|------------------|--------------------------------------|-----------------------------------|
| | | Foreign currency '000 | RM Equivalent '000 |
| Short-term borrowings | Unsecured | USD 100,760 | 382,888 |
| Short-term borrowings denominated in Ringgit Malaysia | Unsecured | - | 615,340 |
| 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 September 2000 amounting to RM9,977,000 comprises deferred membership fees.

13. There are no contingent liabilities as at 23 November 2000, being the latest practicable date.
14. As at 23 November 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 23 November 2000, being the latest practicable date.

16. Segment analysis for the current year to date.

| | <u>Turnover</u> | | <u>Profit/(Loss) Before Taxation</u> | | <u>Assets Employed</u> | |
|---|--------------------------------------|--|--|--|--------------------------------------|--|
| | <u>Current year-to- date</u> | <u>Preceding year correspon- ding period</u> | <u>Current year-to- date</u> | <u>Preceding year correspon- ding period</u> | <u>Current year-to- date</u> | <u>Preceding year correspon- ding period</u> |
| | <u>30.9.2000</u> | <u>30.9.1999</u> | <u>30.9.2000</u> | <u>30.9.1999</u> | <u>30.9.2000</u> | <u>30.9.1999</u> |
| | <u>RM' 000</u> | <u>RM' 000</u> | <u>RM' 000</u> | <u>RM' 000</u> | <u>RM' 000</u> | <u>RM' 000</u> |
| <u>By Activity</u> | | | | | | |
| Leisure & hospitality Properties | 1,568,975 | 1,556,067 | 487,450 | 432,658 | 2,634,429 | 2,384,036 |
| | 26,413 | 5,441 | (9,109) | 4,084 | 466,035 | 544,556 |
| | 1,595,388 | 1,561,508 | 478,341 | 436,742 | 3,100,464 | 2,928,592 |
| Investment in associated company | 1,016,373 | 281,824 | 37,767 | 62,448 | 1,016,163 | 977,569 |
| | 2,611,761 | 1,843,332 | 516,108 | 499,190 | 4,116,627 | 3,906,161 |
| <u>Non Segment Items</u> | | | | | | |
| Interest bearing investments | 0 | 0 | 7,905 | 20,951 | 1,666,399 | 514,144 |
| Equity investments & others | 58,143 | 103,574 | (151,045) | (1,018) | 487,346 | 359,077 |
| | 2,669,904 | 1,946,906 | 372,968 | 519,123 | 6,270,372 | 4,779,382 |
| Adjustment relating to share of operating revenue of associated company | (1,016,373) | (281,824) | 0 | 0 | 0 | 0 |
| | 1,653,531 | 1,665,082 | 372,968 | 519,123 | 6,270,372 | 4,779,382 |

17. The profit before taxation, minority interests and extraordinary items in the third quarter is higher than the preceding quarter mainly due to the higher amount of attributable profit from SCL, an associated company

18. The profit before taxation for the nine months to 30 September 2000 is RM 372,968,000 compared to RM 519,123,000 in the corresponding period last year. This decrease of 28% is mainly due to an exceptional loss of RM 134,965,000 arising from the provision for diminution in value of short-term quoted shares and RM 20,850,000 for losses arising from sale of short-term investments.

However, excluding the above charges, the underlying performance of the leisure and hospitality segment for nine months to 30 September 2000 has improved compared to the corresponding period last year. This increase is mainly due to an increased level of consumer spending and visitor arrivals.

The profit after taxation before deducting minority interest for the current quarter and the current year to date are not comparable with that of the previous corresponding period as 1999 was a tax waiver year and hence, no provision for Malaysian taxation was required.

There has not arisen in the interval between 30 September 2000 and 23 November 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 other than the effect of the goodwill arising from the subscription of new equity shares of SCL by the Group, as disclosed in Note 24 below.
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. There has been no dividends declared / recommended for the current year quarter ended 30 September 2000.
22. As at 30 September 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.

23. On 27 November 2000, CIMB announced on behalf of the Company that its wholly owned subsidiary company, RWL, had on 24 November 2000 entered into a share sale agreement with Arrasas Limited, a wholly-owned subsidiary of SCL, to dispose a total of 10,300,000 ordinary shares of NOK2.30 each ("Sale Shares") representing approximately 3.9% equity interest in NCL Holding ASA ("NCL") for a total cash consideration of NOK154.5 million (approximately RM61.5 million) or NOK 15.00 per NCL share.

The proceeds from the disposal will be utilised to part finance the cash subscription by RWL of the new equity shares of SCL as mentioned in Note 24 below.

RWL invested approximately RM171.4 million to acquire the Sale Shares in December 1999. The Group expects to realise a loss of approximately RM109.9 million from the disposal, of which RM72.4 million has been provided for in the results of the Group for the nine months ended 30 September 2000.

24. On 28 November 2000, CIMB announced on behalf of the Company that of the total amount of USD480 million CULNs as referred to in Note 9 above, USD442.5 million will be converted by RWL into 609,781,993 SCL ordinary shares of USD0.10 each on 29 November 2000. The balance of USD37.5 million of the CULNs not converted into ordinary shares of SCL will be repaid by SCL. The conversion price is based on the rate of HKD5.66 or USD0.7257 per share. The conversion price was arrived at by the Joint Placing Agents for SCL, namely HSBC Investment Bank Asia Limited/Credit Suisse First Boston (Hong Kong) Limited following placements made to other institutional and private investors at the same subscription price in conjunction with the listing of and quotation for all the shares of SCL on The Hong Kong Stock Exchange Limited ("HKSE"). Upon issuance of 609,781,993 new ordinary shares of USD0.10 each to RWL, RWL would own 1,486,886,993 shares representing 35.91% of the enlarged issued and paid-up share capital of SCL. The Company has been informed that the HKSE has approved in principle the listing of SCL on the HKSE. The listing of SCL shares on the HKSE is expected to commence on 30 November 2000.

The effect of the goodwill arising from this subscription of the new equity shares of SCL on the Group's profit after taxation is estimated to be RM1,120 million. This goodwill will be written off in the fourth quarter through the Profit and Loss Account in accordance with the Group's accounting policy.

BY ORDER OF THE BOARD

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

29 November 2000