



GENTING BERHAD

(Incorporated in Malaysia under Company No. 7916-A)

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SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the second quarter ended 30 June 2001. The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER PRECEDING YEAR	CUMULATIVE PERIOD PRECEDING YEAR		
		CURRENT YEAR QUARTER 30/06/2001 RM'000	CORRES- PONDING QUARTER 30/06/2000 RM'000	CURRENT YEAR- TO-DATE 30/06/2001 RM'000	CORRES- PONDING PERIOD 30/06/2000 RM'000
1(a)	Revenue	<u>752,305</u>	818,050	<u>1,561,328</u>	<u>1,528,192</u>
(b)	Investment income	<u>3,040</u>	7,341	<u>3,040</u>	<u>7,987</u>
(c)	Other income	<u>13,850</u>	26,846	<u>24,890</u>	<u>41,341</u>
2(a)	Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<u>355,350</u>	277,032	<u>671,550</u>	588,297
(b)	Finance cost	<u>(21,488)</u>	(11,541)	<u>(36,304)</u>	(16,436)
(c)	Depreciation and amortisation	<u>(58,619)</u>	(52,726)	<u>(117,810)</u>	(104,780)
(d)	Exceptional items	<u>(80,011)</u>	(150,704)	<u>(185,378)</u>	(150,704)
(e)	Profit/(loss) before income tax, minority interests and extraordinary items	<u>195,232</u>	62,061	<u>332,058</u>	316,377
(f)	Share of profits and losses of associated companies	<u>38,707</u>	27,983	<u>62,149</u>	<u>55,426</u>

		INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE PERIOD PRECEDING YEAR	
		CURRENT YEAR QUARTER 30/06/2001 RM'000	CORRES- PONDING QUARTER 30/06/2000 RM'000	CURRENT YEAR- TO-DATE 30/06/2001 RM'000	CORRES- PONDING PERIOD 30/06/2000 RM'000
(g)	Profit/(loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated companies	233,939	90,044	394,207	371,803
(h)	Income tax	(96,400)	(80,950)	(182,698)	(167,861)
(i)	(i) Profit/(loss) after income tax before deducting minority interests	137,539	9,094	211,509	203,942
	(ii) Minority interests	(60,777)	14,674	(65,808)	(42,191)
(j)	Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k)	Net profit/(loss) from ordinary activities attributable to Members of the Company	76,762	23,768	145,701	161,751
(l)	(i) Extraordinary items	-	-	-	-
	(ii) Minority interests	-	-	-	-
	(iii) Extraordinary items attributable to Members of the Company	-	-	-	-
(m)	Net profit/(loss) attributable to Members of the Company	76,762	23,768	145,701	161,751

		INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE PERIOD PRECEDING YEAR	
		CURRENT YEAR QUARTER 30/06/2001 RM'000	CORRES- PONDING QUARTER 30/06/2000 RM'000	CURRENT YEAR- TO-DATE 30/06/2001 RM'000	CORRES- PONDING PERIOD 30/06/2000 RM'000
3	Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any :				
	(a) Basic [based on 704,338,954 ordinary shares] (sen)	10.9	3.4	20.7	23.0
	(b) Fully diluted [based on 704,338,954 ordinary shares] (sen)	10.9	3.4	20.7	23.0
4	(a) Dividend per share (sen)	6.5	6.5	6.5	6.5
	(b) Dividend description	Interim dividend per ordinary share, less 28% tax	Interim dividend per ordinary share, less 28% tax	Interim dividend per ordinary share, less 28% tax	Interim dividend per ordinary share, less 28% tax

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CONSOLIDATED BALANCE SHEET

	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2001 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2000 RM'000	
ASSETS			
1.	PROPERTY, PLANT AND EQUIPMENT	4,375,122	4,194,854
2.	REAL PROPERTY ASSETS	624,510	631,225
3.	ASSOCIATED COMPANIES	1,997,754	1,927,242
4.	OTHER LONG TERM INVESTMENTS	111,118	113,966
5.	EXPLORATION COST	405,891	439,178
6.	LONG TERM RECEIVABLES	33,149	10,081
7.	CURRENT ASSETS		
	Property development	118,781	117,340
	Inventories	211,508	227,843
	Trade receivables	127,991	126,871
	Other receivables, deposits and prepayments	102,833	114,557
	Amount due from associated companies	1,063	4,061
	Short term investments	797,690	546,824
	Bank balances and deposits	817,781	846,711
		<u>2,177,647</u>	<u>1,984,207</u>
8.	LESS CURRENT LIABILITIES		
	Trade payables	108,112	106,749
	Other payables and accrued expenses	354,557	430,487
	Short term borrowings	122	385,585
	Taxation	187,180	268,953
	Dividends	96,353	63,390
		<u>746,324</u>	<u>1,255,164</u>
9.	NET CURRENT ASSETS	<u>1,431,323</u>	<u>729,043</u>
		<u>8,978,867</u>	<u>8,045,589</u>
FINANCED BY			
10.	SHAREHOLDERS' EQUITY		
	SHARE CAPITAL	352,169	352,169
	RESERVES		
	Share premium	97,803	97,803
	Revaluation reserve	384,462	384,548
	Unappropriated profit	4,608,341	4,495,517
	Exchange differences	48,989	54,053
		<u>5,491,764</u>	<u>5,384,090</u>
11.	MINORITY INTERESTS	2,106,936	2,046,590
12.	LONG TERM LIABILITIES		
	Long term loans	1,166,589	406,588
	Deferred taxation	15,190	15,238
	Provision for retirement gratuities	181,071	179,833
	Other liabilities	17,317	13,250
	TOTAL LONG TERM LIABILITIES	<u>1,380,167</u>	<u>614,909</u>
		<u>8,978,867</u>	<u>8,045,589</u>
13.	NET TANGIBLE ASSETS PER SHARE (RM)	7.80	7.64

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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 audited financial statements for the year ended 31 December 2000.
2. The exceptional items for the current quarter and financial year-to-date refer to charges in respect of investments and exploration costs written off by the Oil and Gas Division. The comparative figure represents provision for diminution in value of short term quoted shares.
3. There are no extraordinary items for the current quarter and financial year-to-date.
4. The breakdown of tax charges for the current financial year-to-date are as set out below :

	30/06/2001	30/06/2000
	RM'000	RM'000
Current taxation		
Malaysian taxation	163,852	144,777
Foreign taxation	421	737
	164,273	145,514
Under provision in respect of prior years	853	296
	165,126	145,810
Deferred taxation	517	3,112
Share of taxation of associated companies	17,055	18,939
	182,698	167,861

The effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory tax rate due mainly to non deductibility of expenses for tax purposes such as charges relating to investments, loss on disposal of quoted shares, certain interest and other operating expenses as well as losses incurred in the Oil and Gas Division arising from exploration costs written off.

5. The results for the current quarter and financial year-to-date do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business.

6. (a) The dealings in quoted securities are as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Total purchase consideration	7,713	7,713
Total sales proceeds	1,754	89,076
Total profit/(loss) on sales	(807)	(6,006)

- (b) The details of the investments in quoted shares, excluding subsidiary companies and associated companies, as at 30 June 2001 are as set out below:

	RM'000
Total investments at cost	293,033
Total investments at book value	173,704
Total investments at market value	152,300

Certain long term quoted shares have not been written down to market values as the Directors deem that there is no permanent diminution in the value of these investments.

7. There have been no material changes in the composition of the Group for the current quarter and financial year-to-date.

8. (a) On 20 April 2001, the Company, through Commerce International Merchant Bankers Berhad announced the following proposals:

- i) Proposed amendments to the Articles of Association of the Company ("the Proposed Amendments") to incorporate and to reflect the new listing requirements as required by The Kuala Lumpur Stock Exchange ("KLSE") as well as other relevant regulatory and statutory requirements; and
- ii) Proposed fresh mandate from shareholders to purchase up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company ("the Proposed Share Buy-Back") through the KLSE.

The Proposed Amendments and the Proposed Share Buy-Back were approved by the shareholders of the Company at the Extraordinary General Meeting held on 26 June 2001.

- (b) On 28 August 2001, the Company, through Commerce International Merchant Bankers Berhad announced its proposal to implement a new executive share option scheme ("ESOS") for eligible executives and Executive Directors of the Company and its subsidiaries. The ESOS, when approved, will be set up in accordance with the latest Securities Commission's Guidelines.

The maximum number of shares to be offered under the proposed ESOS shall not exceed 5% of the issued and paid-up share capital of the Company at the time of the offer. The proposed ESOS shall be for a period of 10 years.

The proposed ESOS is subject to and conditional upon approvals being obtained from the following:

- i) The Securities Commission;
- ii) The Kuala Lumpur Stock Exchange for the listing of and quotation for the new ordinary shares to be issued pursuant to the exercise of the options under the proposed ESOS; and
- iii) The shareholders of the Company at an Extraordinary General Meeting to be convened.

9. There were no 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 financial year-to-date.
10. The details of the Group's borrowings and debt securities as at 30 June 2001 are as set out below:

	Secured/ Unsecured	Foreign Currency '000	RM Equivalent '000
Short term borrowings	Secured	-	-
	Unsecured	AUD 63	122
Long term borrowings	Secured	-	82,000
	Unsecured	SGD 100,000	220,400
		USD 26,000	98,800
		USD 200,000	760,000
	-	5,389	

11. There were no changes in contingent liabilities since the last financial year ended 31 December 2000 and up to 21 August 2001.
12. As at 21 August 2001, the Group has the following financial instruments with off balance sheet risks :

(a) Foreign Currency Contracts

Currency	Contract Amounts '000	Transaction Dates	Expiry Dates
Swiss Francs	1,149	24/04/2001 to 20/08/2001	27/08/2001 to 14/12/2001
French Francs	21,656	24/04/2001 to 17/08/2001	21/08/2001 to 14/12/2001
US Dollars	12,722	29/01/2001 to 20/08/2001	22/08/2001 to 12/02/2002
Japanese Yen	263,443	24/04/2001 to 20/08/2001	22/08/2001 to 25/10/2001
Singapore Dollar	2,634	24/04/2001 to 10/08/2001	22/08/2001 to 14/12/2001
Swedish Kroner	59	10/08/2001	26/09/2001
Euro	5,883	14/08/2001 to 15/08/2001	23/08/2001 to 22/03/2002
Australian Dollar	160	12/06/2001	24/08/2001 to 24/12/2001

As foreign currency contracts are entered into to hedge the Group's committed purchases in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licensed banks.

(b) Singapore Dollar ("SGD")/US Dollar ("USD") Cross-Currency Swap ("CCS")

The Group issued Euro Medium Term Notes ("Notes") of SGD100 million at fixed interest rate on 26 May 2000. These Notes are due to mature on 26 May 2003.

The Group then entered into two CCS agreements, first on the issue date of the Notes and the second on 3 August 2000. The effect of the two CCS agreements is 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.

(c) USD Interest Rate Swap (“IRS”)

- i) The Group also issued Notes for USD26 million on 16 June 2000. 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.

- ii) On 25 April 2001, the Group has drawdown a loan amounting to USD200 million which was subjected to a floating interest rate based on LIBOR.

Subsequently, the Group entered into IRS agreements as follows:

Contract Amounts USD'000	Transaction Dates	Maturity Dates
30,000	13 August 2001	25/04/2003 to 25/04/2006
30,000	16 August 2001	25/04/2003 to 25/04/2006

The effect of the above swaps is to effectively fix the interest rate payable on that tranche of the loan with effect from 25 October 2001 and up to their respective maturity dates as set out above. The Group intends to enter into further interest rate swaps to convert the remaining portion of the loan of USD140 million from a floating rate to a fixed rate of interest.

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

Derivative financial instruments, which include interest rate swap agreements and interest rate and currency swap agreements, are used in the Group's risk management of foreign currency and interest rate risk exposures of its financial liabilities.

The Group uses interest rate swap agreements and interest rate and currency swap agreements in order to diversify sources of funding and to limit the Group's exposure in relation to underlying debt instruments resulting from adverse fluctuations in interest rates or foreign currency exchange rates.

Hedge accounting principles are applied for the accounting of the underlying exposures and their respective hedge derivative instruments. The related interest differentials paid or received under the swap agreements are recognised over the terms of the agreements in interest expense. The underlying foreign currency liabilities, which have been effectively hedged by currency swap agreements, and designated as a hedge, are translated in the respective hedged currencies, at their prevailing rates as at the reporting date.

13. There are no pending material litigations since the last financial year ended 31 December 2000 and up to 21 August 2001.

14. Segment analysis for the current financial year-to-date is set out below:

	Revenue		Profit/(Loss) Before Tax		Assets Employed	
	30/06/2001 RM'000	30/06/2000 RM'000	30/06/2001 RM'000	30/06/2000 RM'000	30/06/2001 RM'000	30/06/2000 RM'000
By activity						
Leisure & Hospitality	1,158,313	1,048,569	515,837	433,596	3,048,368	2,574,258
Plantations	67,905	86,543	6,557	21,151	484,004	476,281
Properties	22,902	43,345	5,771	2,481	1,143,596	1,212,482
Paper	194,390	209,663	3,635	36,226	953,475	836,342
Oil & Gas	25,005	-	(99,680)	(44,380)	434,700	441,157
	1,468,515	1,388,120	432,120	449,074	6,064,143	5,540,520
Investment in associated companies	1,052,040	723,881	62,149	55,426	2,014,481	1,333,596
Non-segment items						
- interest-bearing investments	-	-	(11,415)	24,906	1,434,585	2,550,145
- equity investments & others	92,813	140,072	(88,647)	(157,603)	211,982	845,811
	2,613,368	2,252,073	394,207	371,803	9,725,191	10,270,072
Adjustment relating to share of operating revenue of associated companies	(1,052,040)	(723,881)	-	-	-	-
	1,561,328	1,528,192	394,207	371,803	9,725,191	10,270,072

15. The Group registered a profit before taxation of RM233.9 million for the current quarter as compared to a profit before taxation of RM160.3 million in the preceding quarter. The preceding quarter's results had been affected by an amount of RM109.2 million comprising of charges relating to investments, share of loss of Star Cruises Ltd, an associated company of the Group and the write off of costs incurred in the Oil and Gas Division.

16. The Group registered a revenue and profit before taxation of RM752.3 million and RM233.9 million respectively for the current quarter as compared to a revenue and profit before taxation of RM818.1 million and RM90.0 million respectively for the previous year corresponding quarter. The lower revenue earned in the current quarter is mainly attributable to the lower proceeds received from the disposal of short-term quoted shares. The higher profit before taxation is mainly attributable to an improvement in the underlying performance of the Leisure and Hospitality Division due to an increase in visitor arrivals and a lower exceptional charge of RM80.0 million as compared to an exceptional charge of RM150.7 million in the previous year corresponding quarter.

The Group registered a revenue and profit before taxation of RM1,561.3 million and RM394.2 million respectively for the current financial year-to-date compared to a revenue and profit before taxation of RM1,528.2 million and RM371.8 million respectively for the previous year corresponding period. The underlying performance of the Leisure and Hospitality Division for the current financial year-to-date has improved due to an increase in visitor arrivals. However, the profit before taxation for the current financial year-to-date has been affected by the higher write-off of costs incurred in the Oil and Gas Division and the weaker palm oil and property markets.

17. i) On 2 July 2001, Laila Ltd, an indirect 95% owned subsidiary of the Company, entered into a Sale and Purchase Agreement with BP Global Investments Ltd for the disposal of the entire equity capital in Cairns Ltd, which holds a 45% interest in the Muturi Production Sharing Contract ("PSC") in Irian Jaya, Indonesia.

The total consideration in cash comprised initial payments of USD106.8 million followed by payments of Deferred Consideration, commencing in the month in which commercial petroleum production attributable to the Contract Area occurs and ending with the Muturi PSC Termination.

The Deferred Consideration is based upon 30% of Cairns' Participating Percentage of 45% , applicable in essence, to the Muturi Contractor's pre-tax income. A sum of USD103.0 million was paid to Laila Ltd on 2 July 2001, whilst the balance sum of USD3.8 million will be paid on or before 31 January 2002. The initial cash proceeds of USD106.8 million will be used to finance future investments by the Company.

The disposal will not have any material effect on the net tangible assets of the Company and of the Group based on the latest audited financial statements for the financial year ended 31 December 2000.

- ii) On 19 July 2001, Asiatic Development Bhd, a 54.9% owned subsidiary of the Company, received an additional compensation pursuant to a Court Order and Certificate of Payment ("COCP") in respect of a piece of freehold land and plantation compulsorily acquired by the government in 1996. The said compensation together with overdue interest, is expected to give rise to an exceptional gain of about RM26 million. The said compensation was received without prejudice to the right of the defendant to file an application to set aside the COCP. On 1 August 2001, the defendant has filed a Summon in Chambers to set aside the COCP.

Other than the above, there has not arisen in the interval between 30 June 2001 and 21 August 2001, 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.

18. The business operations of the Group's Leisure and Hospitality Division, Plantation Division and Paper Division are subject to seasonal fluctuations. The results of the Leisure and Hospitality Division are affected by major festive seasons and holidays. The production of fresh fruit bunches ("FFB") is seasonal in nature where crop normally peaks in the second half of the year.
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 financial year.
20. The Group did not issue any profit forecast or profit guarantee for the year.
21. (a) i) An interim ordinary dividend for the half year ended 30 June 2001 has been declared by the Directors.
- ii) The interim dividend for the half-year ended 30 June 2001 shall amount to 6.5 sen per ordinary share of 50 sen each, less 28% tax.
- iii) The interim dividend declared for the previous year's corresponding period amounted to 6.5 sen per ordinary share of 50 sen each, less 28% tax.
- iv) The interim dividend shall be payable on 31 October 2001.
- v) Entitlement to the interim dividend

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

- Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 11 October 2001 in respect of ordinary transfers; and
 - Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.
- (b) Total dividend payable for the current financial year-to-date is 6.5 sen per ordinary share of 50 sen each, less 28% tax.

22. As at 30 June 2001, the Company has 3,377,000 unissued ordinary shares outstanding under the Genting Employees' Share Option Scheme ("GESOS"). In accordance with the provisions laid down by MASB 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 GESOS is above the fair value of the Company's shares for the current quarter and the financial year-to-date, the option is deemed non dilutive.

By order of the board

TAN SRI LIM GOH TONG
Chairman and Chief Executive
28 August 2001