



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 second quarter ended 30 June 2001.

The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

			UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD	
			<u>Current</u> <u>year</u> <u>quarter</u> <u>30.6.2001</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>quarter</u> <u>30.6.2000</u> <u>RM'000</u>	<u>Current</u> <u>year-to-</u> <u>date</u> <u>30.6.2001</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>period</u> <u>30.6.2000</u> <u>RM'000</u>
1.	(a)	Revenue	599,892	569,452	1,237,218	1,108,668
	(b)	Investment income	2,681	5,660	2,681	6,306
	(c)	Other income	4,654	15,078	5,632	20,024
2.	(a)	Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	258,507	189,938	471,090	403,058
	(b)	Finance cost	(32,632)	(10,863)	(58,613)	(13,970)
	(c)	Depreciation and amortisation	(40,990)	(38,778)	(82,814)	(77,195)
	(d)	Exceptional items	0	(61,598)	(83,009)	(61,598)
	(e)	Profit/(loss) before income tax, minority interests and extraordinary items	184,885	78,699	246,654	250,295
	(f)	Share of profits and losses of associated company	8,990	948	5,170	2,801

		UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD		
		<u>Current</u> <u>year</u> <u>quarter</u> <u>30.6.2001</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>quarter</u> <u>30.6.2000</u> <u>RM'000</u>	<u>Current</u> <u>year-to</u> <u>- date</u> <u>30.6.2001</u> <u>RM'000</u>	<u>Preceding year</u> <u>corresponding</u> <u>Period</u> <u>30.6.2000</u> <u>RM'000</u>	
2.	(g)	Profit/(loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated company	193,875	79,647	251,824	253,096
	(h)	Income tax	(62,335)	(54,302)	(117,794)	(112,128)
	(i)	(i) Profit/(loss) after income tax before deducting minority interests	131,540	25,345	134,030	140,968
		(ii) Minority interests	229	666	287	(754)
	(j)	Pre-acquisition profit/(loss), if applicable	0	0	0	0
	(k)	Net profit/(loss) from ordinary activities attributable to members of the company	131,769	26,011	134,317	140,214
	(l)	(i) Extraordinary items	0	0	0	0
		(ii) Minority interests	0	0	0	0
		(iii) Extraordinary items attributable to members of the company	0	0	0	0
	(m)	Net profit/(loss) attributable to members of the company	131,769	26,011	134,317	140,214

		UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD		
		<u>Current</u> <u>year</u> <u>quarter</u>	<u>Preceding</u> <u>year</u> <u>corresponding</u> <u>quarter</u>	<u>Current</u> <u>year-to</u> <u>- date</u>	<u>Preceding</u> <u>year</u> <u>corresponding</u> <u>Period</u>	
		<u>30.6.2001</u>	<u>30.6.2000</u>	<u>30.6.2001</u>	<u>30.6.2000</u>	
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
3	(a)	Earnings per share based on 2(m) above after deducting any provision for preference dividends, ..				
	(i)	Basic (based on 1,091,843,334 ordinary shares) (sen)	12.1	2.4	12.3	12.8
	(ii)	Fully diluted (based on 1,091,843,334 ordinary shares) (sen)	12.1	2.4	12.3	12.8
4	(a)	Dividend per share (sen)	8.0	8.0	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	Interim of 8.0 sen per ordinary share less 28% tax	Interim of 8.0 sen per ordinary share less 28% tax

**Resorts World Bhd
Consolidated Balance Sheet**

	Unaudited As at end of current period 30.06.2001 RM'000	Audited As at preceding financial year end 31.12.2000 RM'000
ASSETS		
1. PROPERTY, PLANT AND EQUIPMENT	3,053,020	2,915,291
2. REAL PROPERTY ASSETS	202,527	202,136
3. ASSOCIATED COMPANY	1,614,919	1,564,946
4. INVESTMENTS	107,829	110,390
5. OTHER LONG TERM ASSET		
Trade receivables	17,486	10,082
6. CURRENT ASSETS		
Property development	27,211	26,575
Inventories	15,100	14,878
Trade receivables	23,793	29,431
Amount due from associated company	816	3,953
Amount due from other related companies	947	9,608
Other receivables, deposits and Prepayments	54,131	52,944
Short term investments	358,677	251,260
Bank balances and deposits	196,476	138,073
	<u>677,151</u>	<u>526,722</u>
7. LESS CURRENT LIABILITIES		
Trade payables	21,117	19,087
Other payables and accruals	281,247	361,475
Amount due to holding company	110,702	698,592
Amount due to other related companies	50,058	50,487
Short term borrowings	0	382,888
Taxation	184,612	266,371
Dividends	125,780	62,890
	<u>773,516</u>	<u>1,841,790</u>
8. NET CURRENT LIABILITIES	(96,365)	(1,315,068)
	<u>4,899,416</u>	<u>3,487,777</u>
FINANCED BY:		
9. SHAREHOLDERS' EQUITY		
SHARE CAPITAL	545,922	545,922
RESERVES		
Share premium	33,333	33,333
Unappropriated profit	2,511,296	2,439,869
Other reserves	4,429	4,429
	<u>3,094,980</u>	<u>3,023,553</u>
10. MINORITY INTERESTS	10,172	10,458
11. LONG TERM LIABILITIES		
Long term borrowings	1,079,200	319,200
Loan from holding company	574,870	0
Other long term liability	17,317	13,011
Deferred taxation	21,468	21,529
Provision for retirement gratuities	101,409	100,026
TOTAL LONG TERM LIABILITIES	1,794,264	453,766
	<u>4,899,416</u>	<u>3,487,777</u>
12. NET TANGIBLE ASSETS PER SHARE	RM 2.83	RM 2.77

NOTES TO THE QUARTERLY REPORT

- 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.
- The exceptional items for the current year to date was due to the charges relating to investments. There are no exceptional items for the current year quarter.
- There are no extraordinary items for the current quarter and year to date.
- Taxation charges for the current year to date is as follows:

	<u>Current year to date</u> <u>RM'000</u>	<u>Preceding year corresponding period</u> <u>RM'000</u>
Current Taxation		
Malaysian taxation	116,953	104,041
Foreign taxation	268	545
Deferred Taxation	(62)	3,039
	<u>117,159</u>	<u>107,625</u>
Share of tax in associated company	635	4,503
	<u>117,794</u>	<u>112,128</u>

The effective tax rate of the Group for the current year quarter is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

The effective tax rate of the Group for the current year to date is higher than the statutory tax rate mainly due to non-deductibility of charges relating to investments and certain expenses for tax purposes.

- The results for the current 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.
- (a) The dealings in quoted securities for the current year quarter and year to date are as follows:

	<u>Current year quarter</u> <u>RM'000</u>	<u>Current year to date</u> <u>RM'000</u>
Total purchases at cost	0	0
Total disposal proceeds	1,743	73,057
Total loss on disposals	818	6,350

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

	<u>RM'000</u>
Total investments at cost	161,819
Total investments at book value	123,026
Total investments at market value	101,286

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 Company and of the Group for the current quarter and year to date.
- 8 (a) On 20 April 2001, the Company through Commerce International Merchant Bankers Berhad, announced on 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) The Company has on 28 August 2001, 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 and will be spread over a period of 10 years.

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

- (a) The Securities Commission;
 - (b) 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
 - (c) 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 year to date.
10. The details of the Group’s borrowings are as set out below:

	30.06.2001		
		Foreign currency ‘000	RM Equivalent ‘000
Short-term borrowing denominated in Ringgit Malaysia	Unsecured	-	104,271
Long-term borrowings	Unsecured	SGD 100,000	220,400
	Unsecured	USD 226,000	858,800
Long-term borrowing denominated in Ringgit Malaysia	Unsecured	-	574,870
			1,654,070

As at 31 March 2001, an amount of RM682.4 million of short-term borrowing was included in the amount due to holding company of RM693.1 million. During the current quarter, the terms of the loan were varied to convert the loan to a term loan facility which resulted in a reclassification of RM574.9 million from current liabilities to long-term liabilities in the quarter.

As at 30 June 2001, the balance of the short-term loan and interest charges totalling RM104.3 million forms part of the amount owing to holding company.

11. There are no contingent liabilities as at 21 August 2001.

12. As at 21 August 2001, the Group has the following financial instruments with off balance sheet risks:

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

On 26 May 2000, the Group issued Euro Medium Term Notes (“Notes”) of SGD100 million at fixed interest rate. 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 effects of the 2 CCS agreements are to convert the entire issue of 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”)

(i) On 16 June 2000, the Group also issued Notes for USD26 million at floating interest rate based on SIBOR. 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 the entire loan principal of USD26 million.

(ii) On 25 April 2001, the Group had drawn down 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:

Currency	Contract Amounts '000	Date of Transactions	Maturity Dates
US Dollars	30,000	13/08/2001	25/04/2003 to 25/04/2006
US Dollars	30,000	16/08/2001	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.

(c) Foreign Currency Contracts

Currency	Contract Amounts '000	Date of Transactions	Expiry Dates
US Dollars	3,374	29/01/2001	27/08/2001 to 17/12/2001

As foreign currency contracts are entered into to hedge the Group’s commitments 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.

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 as at 21 August 2001.

14. Segment analysis for the current year to date.

	<u>Revenue</u>		<u>Profit /(Loss) Before Income Tax</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>30.6.2001 RM' 000</u>	<u>30.6.2000 RM' 000</u>	<u>30.6.2001 RM' 000</u>	<u>30.6.2000 RM' 000</u>	<u>30.6.2001 RM' 000</u>	<u>30.6.2000 RM' 000</u>
<u>By Activity</u>						
Leisure & hospitality	1,158,703	1,048,383	397,725	331,550	3,029,530	2,572,266
Properties	2,212	4,275	(1,492)	(8,466)	431,626	471,443
	1,160,915	1,052,658	396,233	323,084	3,461,156	3,043,709
Investment in an associated company	903,433	571,953	5,170	2,801	1,614,919	997,105
	2,064,348	1,624,611	401,403	325,885	5,076,075	4,040,814
<u>Non Segment Items</u>						
Interest bearing borrowings/ investments	0	0	(52,981)	6,054	460,480	1,683,306
Equity invest- ments & others	76,303	56,010	(96,598)	(78,843)	136,377	480,237
	2,140,651	1,680,621	251,824	253,096	5,672,932	6,204,357
Adjustment relat- ing to share of operating revenue of associated co.	(903,433)	(571,953)	0	0	0	0
	1,237,218	1,108,668	251,824	253,096	5,672,932	6,204,357

15. The second quarter ended 30 June 2001 recorded a profit before income tax, minority interests and extraordinary items for the Group of RM193.9 million compared to RM57.9 million in the preceding quarter. The preceding quarter's results had been affected mainly by charges relating to investments and share of losses in Star Cruises Limited ("SCL"), an associated company, totalling RM86.8 million.

The underlying performance has improved mainly due to the better performance of the leisure and hospitality division and SCL. The leisure and hospitality division saw an increase in visitor arrivals. The improved results of SCL is mainly attributable to the lower finance charges incurred in the current year quarter.

16. The Group registered a revenue and profit before income tax of RM599.9 million and RM193.9 million respectively for the current quarter compared to revenue and profit before income tax of RM569.5 million and RM79.6 million respectively for the corresponding quarter in 2000. The higher revenue and profit registered in the current quarter is mainly attributable to the better performance of the leisure and hospitality division as a result of an increase in visitor arrivals. In addition, the profit before income tax of the corresponding quarter in 2000 was adversely affected by an exceptional charge of RM61.6 million which arose from the allowance for diminution in value of short term quoted shares.

The Group registered a revenue and profit before income tax of RM1,237.2 million and RM251.8 million respectively for the half year ended 30 June 2001 compared to a revenue and profit before income tax of RM1,108.7 million and RM253.1 million respectively for the corresponding period last year. The improved revenue is mainly due to an increase in visitor arrivals. The marginally lower profit before income tax is mainly due to higher financing costs and charges relating to investments totalling RM141.6 million incurred in the current period to date compared to RM75.6 million in the corresponding period last year. The amount of RM75.6 million comprised financing charges and allowance for diminution in value of short term quoted shares.

17. 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 are subject to seasonal fluctuations. The results are affected by major festive seasons and holidays.
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.
20. The Group did not issue any profit forecast or profit guarantee for the year.
21. (a) (i) An interim dividend for the half year ended 30 June 2001 has been declared by the Directors.
- (ii) The interim dividend for the period ended 30 June 2001 shall amount to 8.0 sen per ordinary share of 50 sen each, less 28 % tax.
- (iii) The interim dividend declared for the previous year corresponding period ended 30 June 2000 amounted to 8.0 sen per ordinary share of 50 sen each, less 28 % tax.
- (iv) Interim dividend shall be payable on 25 October 2001.
- (v) 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 5 October 2001 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.

(b) Total dividend payable for the current financial year-to-date is 8.0 sen per ordinary share of 50sen each, less 28% tax

22. As at 30 June 2001, the Company has 1,569,000 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 ("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 RWBESOS is above the fair value of the Company's shares for the current quarter and the current year to date, the option is deemed non dilutive.

BY ORDER OF THE BOARD

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

28 August 2001