



# 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 third quarter ended 30 September 2001.

The figures have not been audited.

## CONSOLIDATED INCOME STATEMENT

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD	
	<u>Current year quarter 30.9.2001</u>	<u>Preceding year corresponding Quarter 30.9.2000</u>	<u>Current year-to- date 30.9.2001</u>	<u>Preceding year corresponding period 30.9.2000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
1. (a) Revenue	<b>572,154</b>	544,863	<b>1,809,372</b>	1,653,531
(b) Investment income	<b>676</b>	256	<b>3,357</b>	6,562
(c) Other income	<b>2,390</b>	26,716	<b>8,022</b>	46,740
2. (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	<b>218,886</b>	224,582	<b>696,256</b>	627,640
(b) Finance cost	<b>(28,536)</b>	(24,866)	<b>(93,429)</b>	(38,836)
(c) Depreciation and amortisation	<b>(42,995)</b>	(41,443)	<b>(125,809)</b>	(118,638)
(d) Exceptional items	<b>(5,663)</b>	(73,367)	<b>(88,672)</b>	(134,965)
(e) Profit/(loss) before income tax, minority interests and extraordinary items	<b>141,692</b>	84,906	<b>388,346</b>	335,201
(f) Share of profits and losses of associated company	<b>54,936</b>	34,966	<b>60,106</b>	37,767

		UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD	
		<u>Current year quarter 30.9.2001 RM'000</u>	<u>Preceding year corresponding quarter 30.9.2000 RM'000</u>	<u>Current year-to - date 30.9.2001 RM'000</u>	<u>Preceding year corresponding Period 30.9.2000 RM'000</u>
2.	(g) Profit/(loss) before income tax, minority interests and extraordinary items after share of profits and losses of associated company	<b>196,628</b>	119,872	<b>448,452</b>	372,968
	(h) Income tax	<b>(59,707)</b>	(65,600)	<b>(177,501)</b>	(177,728)
	(i) (i) Profit/(loss) after income tax before deducting minority interests	<b>136,921</b>	54,272	<b>270,951</b>	195,240
	(ii) Minority interests	<b>52</b>	52	<b>339</b>	(702)
	(j) Pre-acquisition profit/(loss), if applicable	<b>0</b>	0	<b>0</b>	0
	(k) Net profit/(loss) from ordinary activities attributable to members of the company	<b>136,973</b>	54,324	<b>271,290</b>	194,538
	(l) (i) Extraordinary items	<b>0</b>	0	<b>0</b>	0
	(ii) Minority interests	<b>0</b>	0	<b>0</b>	0
	(iii) Extraordinary items attributable to members of the company	<b>0</b>	0	<b>0</b>	0
	(m) Net profit/(loss) attributable to members of the company	<b>136,973</b>	54,324	<b>271,290</b>	194,538

		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>30.9.2001</u>	<u>30.9.2000</u>	<u>30.9.2001</u>	<u>30.9.2000</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, if any				
	(i) Basic (based on 1,091,843,334 ordinary shares) (sen)	<b>12.5</b>	5.0	<b>24.8</b>	17.8
	(ii) Fully diluted (based on 1,091,843,334 ordinary shares) (sen)	<b>12.5</b>	5.0	<b>24.8</b>	17.8
4	(a) Dividend per share (sen)	<b>0</b>	0	<b>8.0</b>	8.0
	(b) Dividend description	N/R	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**

	Unaudited As at end of current period 30.09.2001 RM'000	Audited As at preceding financial year end 31.12.2000 RM'000
<b>ASSETS</b>		
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,121,834</b>	2,915,291
<b>2. REAL PROPERTY ASSETS</b>	<b>202,527</b>	202,136
<b>3. ASSOCIATED COMPANY</b>	<b>1,669,390</b>	1,564,946
<b>4. INVESTMENTS</b>	<b>107,889</b>	110,390
<b>5. OTHER LONG TERM ASSET</b>		
Trade receivables	21,174	10,082
<b>6. CURRENT ASSETS</b>		
Property development	27,211	26,575
Inventories	15,102	14,878
Trade and other receivables	87,413	82,375
Amount due from associated company	1,022	3,953
Amount due from other related companies	4,714	9,608
Short term investments	214,045	251,260
Bank balances and deposits	236,437	138,073
	<u><b>585,944</b></u>	<u>526,722</u>
<b>7. LESS CURRENT LIABILITIES</b>		
Trade and other payables	348,045	380,562
Amount due to holding company	9,413	698,592
Amount due to other related companies	61,268	50,487
Short term borrowings	0	382,888
Taxation	192,275	266,371
Dividends	62,890	62,890
	<u><b>673,891</b></u>	<u>1,841,790</u>
<b>8. NET CURRENT LIABILITIES</b>	<b>(87,947)</b>	(1,315,068)
	<u><b>5,034,867</b></u>	<u>3,487,777</u>
<b>FINANCED BY:</b>		
<b>9. SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b>	<b>545,922</b>	545,922
<b>RESERVES</b>		
Share premium	33,333	33,333
Unappropriated profit	2,648,269	2,439,869
Other reserves	4,429	4,429
	<u><b>3,231,953</b></u>	<u>3,023,553</u>
<b>10. MINORITY INTERESTS</b>	<b>10,119</b>	10,458
<b>11. LONG TERM LIABILITIES</b>		
Long term borrowings	1,079,200	319,200
Loan from holding company	574,870	0
Other long term liability	18,631	13,011
Deferred taxation	17,982	21,529
Provision for retirement gratuities	102,112	100,026
<b>TOTAL LONG TERM LIABILITIES</b>	<u><b>1,792,795</b></u>	<u>453,766</u>
	<u><b>5,034,867</b></u>	<u>3,487,777</u>
<b>12. NET TANGIBLE ASSETS PER SHARE</b>	<b>RM 2.96</b>	RM 2.77

**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 year quarter and year to date were due to the charges relating to investments.
3. There are no extraordinary items for the current quarter and year to date.
4. Taxation charges for the current year to date is as follows:

	<u>Current year to date RM'000</u>	<u>Preceding year corresponding period RM'000</u>
Current Taxation		
Malaysian taxation	179,627	152,349
Foreign taxation	321	545
Deferred Taxation	(3,547)	4,423
	<u>176,401</u>	<u>157,317</u>
Share of tax in associated company	1,100	20,411
	<u>177,501</u>	<u>177,728</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.

5. 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.
6. (a) The dealings in quoted securities for the current year quarter and year to date are as follows:

	<u>Current year quarter RM'000</u>	<u>Current year to date RM'000</u>
Total purchases at cost	7,462	7,462
Total disposal proceeds	12,973	86,030
Total gain / (loss) on disposals	3,773	(2,577)

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

	<u>RM'000</u>
Total investments at cost	163,827
Total investments at book value	115,627
Total investments at market value	63,551

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 28 November 2001, the Company through Commerce International Merchant Bankers Berhad, announced its proposal to seek its shareholders' approval to amend Article 86 of the Articles of Association of the Company to increase the maximum number of Directors from eight to twelve.

Information setting out the details of the Proposed Amendment will be sent to shareholders of the Company in due course.

- (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 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:

- (i) The Securities Commission;
- (ii) The Kuala Lumpur Stock Exchange ("KLSE") 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.

As at 21 November 2001, the KLSE has approved the issuance of the circular to shareholders of the Company in respect of the proposed ESOS.

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:

	<b>30.09.2001</b>		
		<b>Foreign currency '000</b>	<b>RM Equivalent '000</b>
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

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

12. As at 21 November 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
US Dollars	20,000	22/08/2001	25/04/2003 to 25/04/2006
US Dollars	20,000	30/08/2001	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 USD100 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	1,693	29/01/2001	26/11/2001 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 limit the Group's exposure in relation to underlying debt instruments resulting from adverse fluctuations in interest rates or foreign currency exchange rates and to diversify sources of funding.

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 November 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>30.9.2001 RM' 000</u>	<u>30.9.2000 RM' 000</u>	<u>30.9.2001 RM' 000</u>	<u>30.9.2000 RM' 000</u>	<u>30.9.2001 RM' 000</u>	<u>30.9.2000 RM' 000</u>
<b><u>By Activity</u></b>						
Leisure & hospitality Properties	1,715,231 3,834	1,568,975 26,413	565,870 (1,795)	487,450 (9,109)	3,152,502 433,251	2,634,429 466,035
	<b>1,719,065</b>	1,595,388	<b>564,075</b>	478,341	<b>3,585,753</b>	3,100,464
Investment in an associated company	1,421,314 3,140,379	1,016,373 2,611,761	60,106 624,181	37,767 516,108	1,669,390 5,255,143	1,016,163 4,116,627
<b><u>Non Segment Items</u></b>						
Interest bearing investments/borrowings	0	0	(85,407)	7,905	318,647	1,666,399
Equity investments & others	90,307 3,230,686	58,143 2,669,904	(90,322) 448,452	(151,045) 372,968	134,968 5,708,758	487,346 6,270,372
Adjustment relating to share of operating revenue of associated co.	(1,421,314) 1,809,372	(1,016,373) 1,653,531	0 448,452	0 372,968	0 5,708,758	0 6,270,372

15. The third quarter ended 30 September 2001 reported a profit before taxation, minority interests and extraordinary items for the Group of RM196.6 million compared to RM193.9 million in the preceding quarter. The increase was mainly due to improved results from Star Cruises Limited (“SCL”), an associated company. Excluding the results of SCL, the Group’s profit before income tax, minority interests and extraordinary items was RM141.7 million compared to RM184.9 million in the preceding quarter. The lower profit was mainly due to lower visitor arrivals and lower luck factor during the current quarter compared to the preceding quarter.

16. The Group registered revenue and profit before income tax of RM572.2 million and RM196.6 million respectively for the current quarter compared to revenue and profit before income tax of RM544.9 million and RM119.9 million respectively for the corresponding quarter in 2000. The higher revenue and profit registered in the current quarter as compared to the corresponding quarter in 2000 was mainly attributable to higher visitor arrivals and improved results from SCL. The improved result from SCL was mainly attributable to lower finance charges incurred in the current quarter. The profit before income tax of the corresponding quarter in 2000 was adversely affected by an exceptional charge of RM73.4 million which arose from the write down and allowance for diminution in value of short term quoted shares.

The Group registered revenue and profit before income tax of RM1,809.4 million and RM448.5 million respectively for the nine months to 30 September 2001 compared to revenue and profit before income tax of RM1,653.5 million and RM373.0 million respectively for the corresponding period last year. The improved revenue and profit for the current year was mainly due to the increase in visitor arrivals and the improved results from SCL. The increase in visitor arrivals was mainly due to the opening of additional hotel rooms in the new First World Hotel since December 2000 and the upgrading of the access road from the middle of the hill at Awana Genting Highlands to the peak of the resort which was completed in August 2001.

17. There has not arisen in the interval between 30 September 2001 and 21 November 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) No dividend has been declared or recommended for the current quarter ended 30 September 2001.  
(b) Total dividend paid for the current financial year ending 31 December 2001 was an interim dividend of 8.0 sen per ordinary share of 50 sen each, less 28% tax.
22. As at 30 September 2001, the Company has 1,502,000 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 options are deemed non dilutive.

**BY ORDER OF THE BOARD**

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

28 November 2001