



SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the second quarter ended 30 June 2018. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000 Restated	Current Year- To-Date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000 Restated
Revenue	4,823,315	4,953,576	10,074,071	9,722,175
Cost of sales	(3,025,775)	(3,138,982)	(6,216,950)	(6,168,925)
Gross profit	1,797,540	1,814,594	3,857,121	3,553,250
Other income	260,070	419,831	558,419	1,275,962
Net fair value gain/(loss) on derivative financial instruments	2,762	(7,321)	1,710	(24,126)
Impairment losses	(33,300)	(113,419)	(33,300)	(113,419)
Other expenses	(725,586)	(698,962)	(1,414,892)	(1,545,327)
Finance cost	(255,796)	(233,922)	(506,754)	(444,425)
Share of results in joint ventures and associates	71,726	(34,625)	95,572	(41,999)
Profit before taxation	1,117,416	1,146,176	2,557,876	2,659,916
Taxation	(293,892)	(265,183)	(616,911)	(541,582)
Profit for the period	823,524	880,993	1,940,965	2,118,334
Profit attributable to:				
Equity holders of the Company	383,515	454,136	986,219	1,122,557
Holders of perpetual capital securities of a subsidiary	-	88,919	-	180,783
Non-controlling interests	440,009	337,938	954,746	814,994
	823,524	880,993	1,940,965	2,118,334
Earnings per share (sen) for profit attributable to equity holders of the Company:				
- Basic	10.01	12.10	25.75	30.03
- Diluted	9.83	11.71	25.22	29.36

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000 Restated	Current Year- To-Date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000 Restated
Profit for the period	823,524	880,993	1,940,965	2,118,334
Other comprehensive income/(loss)				
Item that will not be reclassified subsequently to profit or loss:				
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>(38,035)</u>	-	<u>(20,163)</u>	-
	<u>(38,035)</u>	-	<u>(20,163)</u>	-
Items that will be reclassified subsequently to profit or loss:				
Available-for-sale financial assets				
- Fair value gain	-	22,412	-	102,819
- Reclassification to profit or loss	-	(133,389)	-	(218,475)
Cash flow hedges				
- Fair value (loss)/gain	(50,994)	(12,502)	(4,378)	9,914
- Reclassifications	6,020	(1,577)	2,203	(8,115)
Share of other comprehensive gain/(loss) of joint ventures and associates	23,797	(6,936)	9,011	(33,648)
Net foreign currency exchange differences	<u>(44,412)</u>	<u>(1,349,142)</u>	<u>(1,188,632)</u>	<u>(881,349)</u>
	<u>(65,589)</u>	<u>(1,481,134)</u>	<u>(1,181,796)</u>	<u>(1,028,854)</u>
Other comprehensive loss for the period, net of tax	<u>(103,624)</u>	<u>(1,481,134)</u>	<u>(1,201,959)</u>	<u>(1,028,854)</u>
Total comprehensive income/(loss) for the period	<u>719,900</u>	<u>(600,141)</u>	<u>739,006</u>	<u>1,089,480</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	390,989	(455,682)	242,815	330,383
Holders of perpetual capital securities of a subsidiary	-	(67,653)	-	175,115
Non-controlling interests	328,911	(76,806)	496,191	583,982
	<u>719,900</u>	<u>(600,141)</u>	<u>739,006</u>	<u>1,089,480</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

GENTING BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	As At 30 Jun 2018 RM'000	As At 31 Dec 2017 RM'000 Restated	As At 1 Jan 2017 RM'000 Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	36,396,384	36,228,776	34,783,543
Land held for property development	371,308	378,761	374,218
Investment properties	1,928,171	1,965,299	2,099,651
Leasehold land use rights	635,387	641,052	495,758
Intangible assets	5,703,603	5,903,823	6,527,377
Rights of use of oil and gas assets	3,554,211	3,608,135	4,069,663
Joint ventures	1,627,743	1,213,800	1,284,790
Associates	694,526	720,219	1,023,322
Available-for-sale financial assets	-	1,957,407	2,116,993
Financial assets at fair value through other comprehensive income	1,063,213	-	-
Financial assets at fair value through profit or loss	648,820	-	-
Derivative financial instruments	5,176	4,326	114,097
Deferred tax assets	164,609	200,414	237,867
Other non-current assets	6,011,163	6,019,731	6,164,241
	<u>58,804,314</u>	<u>58,841,743</u>	<u>59,291,520</u>
CURRENT ASSETS			
Property development costs	50,514	31,219	50,006
Inventories	610,481	580,372	583,026
Produce growing on bearer plants	6,243	6,132	9,209
Trade and other receivables	2,354,132	2,371,343	2,479,176
Amounts due from joint ventures and associates	7,444	5,284	10,733
Financial assets at fair value through other comprehensive income	217,682	-	-
Financial assets at fair value through profit or loss	608,964	7,443	10,799
Available-for-sale financial assets	-	868,130	1,619,735
Derivative financial instruments	3,511	3,891	7,708
Restricted cash	942,703	1,325,065	565,106
Cash and cash equivalents	28,310,872	29,491,877	25,318,527
	<u>33,112,546</u>	<u>34,690,756</u>	<u>30,654,025</u>
Assets classified as held for sale	34,511	75,662	1,600,918
	<u>33,147,057</u>	<u>34,766,418</u>	<u>32,254,943</u>
TOTAL ASSETS	<u>91,951,371</u>	<u>93,608,161</u>	<u>91,546,463</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	2,877,714	2,818,659	375,002
Treasury shares	(221,206)	(221,206)	(221,206)
Reserves	30,911,695	31,190,440	33,854,161
	<u>33,568,203</u>	<u>33,787,893</u>	<u>34,007,957</u>
Perpetual capital securities of a subsidiary	-	-	7,144,850
Non-controlling interests	22,959,220	23,317,327	23,549,175
TOTAL EQUITY	<u>56,527,423</u>	<u>57,105,220</u>	<u>64,701,982</u>
NON-CURRENT LIABILITIES			
Long term borrowings	24,056,605	24,950,191	15,745,048
Deferred tax liabilities	2,233,518	2,206,275	2,072,784
Derivative financial instruments	132,886	148,436	232,186
Other non-current liabilities	942,475	875,327	834,382
	<u>27,365,484</u>	<u>28,180,229</u>	<u>18,884,400</u>
CURRENT LIABILITIES			
Trade and other payables	5,003,027	5,386,281	5,186,201
Amounts due to joint ventures	75,903	112,376	127,976
Short term borrowings	1,943,517	2,019,086	2,219,637
Derivative financial instruments	61,911	46,104	73,384
Taxation	707,371	699,683	341,814
Dividend payable	229,902	-	-
	<u>8,021,631</u>	<u>8,263,530</u>	<u>7,949,012</u>
Liabilities classified as held for sale	36,833	59,182	11,069
	<u>8,058,464</u>	<u>8,322,712</u>	<u>7,960,081</u>
TOTAL LIABILITIES	<u>35,423,948</u>	<u>36,502,941</u>	<u>26,844,481</u>
TOTAL EQUITY AND LIABILITIES	<u>91,951,371</u>	<u>93,608,161</u>	<u>91,546,463</u>
NET ASSETS PER SHARE (RM)	8.76	8.83	9.13

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

GENTING BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	← Attributable to equity holders of the Company →						Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Foreign Exchange & Other Reserves RM'000					
At 1 January 2018, as previously reported	2,818,659	946,294	292,711	276,897	(52,112)	4,405,788	25,322,647	(221,206)	33,789,678	23,319,206	57,108,884
Effects of transitioning from FRSs to MFRSs, (see Note (I) (a))	-	-	(292,711)	-	-	18	295,227	-	2,534	2,680	5,214
Effects of adoption of MFRS 15 and MFRS 9, (see Note (I) (a))	-	-	-	4,651	-	-	(14,033)	-	(9,382)	(9,092)	(18,474)
At 1 January 2018, as restated*	2,818,659	946,294	-	281,548	(52,112)	4,405,806	25,603,841	(221,206)	33,782,830	23,312,794	57,095,624
Profit for the period	-	-	-	-	-	-	986,219	-	986,219	954,746	1,940,965
Other comprehensive loss	-	-	-	(20,163)	(28,633)	(694,563)	(45)	-	(743,404)	(458,555)	(1,201,959)
Total comprehensive (loss)/income for the period	-	-	-	(20,163)	(28,633)	(694,563)	986,174	-	242,815	496,191	739,006
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	(17,440)	-	-	17,440	-	-	-	-
Effects arising from changes in composition of the Group	-	-	-	-	-	-	(12,490)	-	(12,490)	(95,186)	(107,676)
Performance-based Employee Share Scheme by subsidiaries	-	-	-	-	-	-	3,451	-	3,451	(3,451)	-
Effects of share-based payment	-	-	-	-	-	-	-	-	-	39,395	39,395
Issue of shares upon exercise of warrants	59,055	(9,351)	-	-	-	-	-	-	49,704	-	49,704
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(790,523)	(790,523)
Appropriation:											
Special single-tier dividend for financial year ended 31 December 2017	-	-	-	-	-	-	(268,205)	-	(268,205)	-	(268,205)
Final single-tier dividend for financial year ended 31 December 2017	-	-	-	-	-	-	(229,902)	-	(229,902)	-	(229,902)
Balance at 30 June 2018	2,877,714	936,943	-	243,945	(80,745)	3,711,243	26,100,309	(221,206)	33,568,203	22,959,220	56,527,423

* Total equity includes restatement adjustments for MFRS 9 on 1 January 2018 of RM9.6 million.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

GENTING BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	← Attributable to equity holders of the Company →												
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Cash Flow Hedge Reserve RM'000	Foreign Exchange & Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000	Perpetual Capital Securities of a Subsidiary RM'000	Non- controlling Interests RM'000	Total Equity RM'000
At 1 January 2017, as previously reported	375,002	1,481,249	1,098,684	293,012	384,336	(85,317)	6,010,873	24,672,457	(221,206)	34,009,090	7,144,850	23,550,401	64,704,341
Effects of transitioning from FRSS to MFRSs (see Note (l) (a))	-	-	-	(293,012)	-	-	3	296,672	-	3,663	-	3,889	7,552
Effects of adoption of MFRS 15 (see Note (l) (a))	-	-	-	-	-	-	-	(4,796)	-	(4,796)	-	(5,115)	(9,911)
At 1 January 2017, as restated	375,002	1,481,249	1,098,684	-	384,336	(85,317)	6,010,876	24,964,333	(221,206)	34,007,957	7,144,850	23,549,175	64,701,982
Transfer from share premium	1,481,249	(1,481,249)	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	1,122,557	-	1,122,557	180,783	814,994	2,118,334
Other comprehensive (loss)/income	-	-	-	-	(113,457)	1,108	(679,780)	(45)	-	(792,174)	(5,668)	(231,012)	(1,028,854)
Total comprehensive (loss)/income for the period	-	-	-	-	(113,457)	1,108	(679,780)	1,122,512	-	330,383	175,115	583,982	1,089,480
Effects arising from changes in composition of the Group	-	-	-	-	-	-	-	10,193	-	10,193	-	36,570	46,763
Transfer upon expiry of share option scheme of a subsidiary	-	-	-	-	-	-	-	131	-	131	-	(131)	-
Effects of share-based payment	-	-	-	-	-	-	-	-	-	-	-	41,664	41,664
Issue of shares upon exercise of warrants	622,276	-	(98,533)	-	-	-	-	-	-	523,743	-	-	523,743
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(726,072)	(726,072)
Perpetual capital securities distribution payable and paid by a subsidiary	-	-	-	-	-	-	-	-	-	-	(181,000)	-	(181,000)
Tax credit arising from perpetual capital securities of a subsidiary	-	-	-	-	-	-	-	8,259	-	8,259	-	7,370	15,629
Appropriation:													
Special single-tier dividend for financial year ended 31 December 2016	-	-	-	-	-	-	-	(242,041)	-	(242,041)	-	-	(242,041)
Final single-tier dividend for financial year ended 31 December 2016	-	-	-	-	-	-	-	(226,574)	-	(226,574)	-	-	(226,574)
Balance at 30 June 2017	2,478,527	-	1,000,151	-	270,879	(84,209)	5,331,096	25,636,813	(221,206)	34,412,051	7,138,965	23,492,558	65,043,574

Note

With the Companies Act 2016 ("the Act") that came into effect on 31 January 2017, the credit standing in the share premium account of RM1,481.2 million has been transferred to share capital account. Pursuant to subsection 618(3) of the Act, the Group may exercise its right to use the amount standing to the credit of its share premium within 24 months after the commencement of the Act. The Board of Directors will make a decision thereon before 31 January 2019. The balance as at 30 June 2018 of RM2,877.7 million in share capital represents 3,858.0 million ordinary shares.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

GENTING BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Current Year-To-Date RM'000	Preceding Year Corresponding Period RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,557,876	2,659,916
Adjustments for:		
Depreciation and amortisation	1,049,533	1,097,367
Finance cost	506,754	444,425
Net fair value loss on financial assets at fair value through profit or loss	206,048	1,377
Impairment losses	33,300	113,419
Assets written off	29,493	29,040
Impairment and write off of receivables	18,218	93,190
Interest income	(431,484)	(501,773)
Share of results in joint ventures and associates	(95,572)	41,999
Net exchange (gain)/loss – unrealised	(21,665)	219,304
Investment income	(13,935)	(21,132)
Net fair value (gain)/loss on derivative financial instruments	(1,710)	24,126
Gain on disposal of assets and liabilities classified as held for sale	(349)	(302,173)
Net fair value (gain)/loss arising from produce growing on bearer plants	(137)	8
Net gain on disposal of available-for-sale financial assets	-	(224,921)
Construction profit	-	(58,645)
Other non-cash items	36,849	55,375
	<u>1,315,343</u>	<u>1,010,986</u>
Operating profit before changes in working capital	3,873,219	3,670,902
Net change in current assets	(221,112)	(157,630)
Net change in current liabilities	(281,470)	(97,211)
	<u>(502,582)</u>	<u>(254,841)</u>
Cash generated from operations	3,370,637	3,416,061
Tax paid (net of tax refund)	(352,397)	(290,429)
Onerous lease paid	(2,196)	(92,042)
Retirement gratuities paid	(1,929)	(2,467)
Other operating activities	(473)	-
	<u>(356,995)</u>	<u>(384,938)</u>
NET CASH FROM OPERATING ACTIVITIES	3,013,642	3,031,123
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,705,566)	(1,801,826)
Increase in investments, intangible assets and other long term financial assets	(531,402)	(159,439)
Interest received	271,765	243,031
Proceeds from disposal of investments	143,612	681,990
Proceeds from disposal of property, plant and equipment	74,949	2,095
Proceeds from disposal of assets and liabilities classified as held for sale	35,348	1,871,289
Other investing activities	26,002	81,292
	<u>(1,685,292)</u>	<u>918,432</u>
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(1,685,292)	918,432
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings and transaction costs	(862,687)	(2,076,878)
Dividends paid to non-controlling interests	(790,523)	(726,072)
Finance cost paid	(573,357)	(397,767)
Dividends paid	(268,205)	(468,615)
Buy-back of shares by a subsidiary	(98,456)	-
Restricted cash	365,430	(158,687)
Proceeds from bank borrowings and issuance of Medium Term Notes by a subsidiary	113,574	4,916,394
Proceeds from issue of shares upon exercise of warrants	49,704	523,743
Perpetual capital securities distribution paid by a subsidiary	-	(181,000)
Proceeds from issuance of Notes by a subsidiary	-	4,465,744
Other financing activities	51,214	72,104
	<u>(2,013,306)</u>	<u>5,968,966</u>
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(2,013,306)	5,968,966
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(684,956)	9,918,521
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	29,491,877	25,318,527
EFFECTS OF CURRENCY TRANSLATION	(496,049)	(583,055)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	28,310,872	34,653,993
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and deposits	22,763,215	28,373,300
Money market instruments	5,547,657	6,280,693
	<u>28,310,872</u>	<u>34,653,993</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017)

GENTING BERHAD

NOTES TO THE INTERIM FINANCIAL REPORT – SECOND QUARTER ENDED 30 JUNE 2018

(I) Compliance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting

(a) **Accounting Policies and Methods of Computation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements. The financial information for the current quarter and six months ended 30 June 2018 have been reviewed by the Company’s auditor in accordance with the International Standards on Review Engagements (“ISRE”) 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. For the periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2017. The effects of the transition from FRSs to MFRSs and the adoption of new MFRSs, amendments to standards and IC Interpretations, are disclosed below.

The interim financial report of the Group for the current quarter and six months ended 30 June 2018 is prepared in accordance with the MFRS Framework, including MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards”. Subject to certain transition elections and effects of adoption of MFRS 141 “Agriculture” as disclosed below, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect.

Transition from FRSs to MFRSs

(i) **MFRS 1 exemption options**

As provided in MFRS 1, first time adopters of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the following exemptions:

(1) Exemption for business combinations

The Group has elected to apply MFRS 3 “Business Combinations” prospectively from the date FRS 3 “Business Combinations” was adopted, i.e. 1 January 2011. Business combinations that occurred prior to that date have not been restated. In addition, the Group has also applied MFRS 10 “Consolidated Financial Statements” on the same date as FRS 3. This election does not have any impact on the Group.

(2) Property, plant and equipment – previous revaluation as deemed cost exemption

Under FRS, valuation adjustments on certain property, plant and equipment were incorporated into the financial statements. The Group has elected to use the previous revaluation as deemed cost under MFRS. Accordingly, the carrying amounts of these property, plant and equipment as at 1 January 2017 have not been restated. The revaluation reserve of RM293.0 million as at 1 January 2017 was reclassified to retained earnings.

(3) MFRS 9 “Financial Instruments”

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 “Financial Instruments: Recognition and Measurement” and FRS 7 “Financial Instruments: Disclosures” for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings and other reserves as at 1 January 2018.

(4) MFRS 15 “Revenue from Contracts with Customers”

The Group has elected the exemption in MFRS 1 which allows the Group not to restate any contracts that are completed as at the date of transition of 1 January 2017.

(5) Assets and liabilities of subsidiaries, joint ventures and associates

The assets and liabilities of subsidiaries, joint ventures and associates which have adopted the MFRS Framework or International Financial Reporting Standards (“IFRS”) earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidation adjustments.

The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRS statement of financial position as at 1 January 2017 and throughout all periods presented in the interim financial report.

(ii) Effects of adoption of MFRS 141 “Agriculture”

Prior to the adoption of MFRS 141 “Agriculture” and the revised standard, Agriculture: Bearer Plants (Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 141 “Agriculture”), produce growing on bearer plants was not recognised. Following the adoption of these MFRSs, produce growing on bearer plants are measured at fair value less costs to sell with fair value changes recognised in profit or loss as the produce grows. The produce growing on bearer plants of the Group comprises fresh fruit bunches (“FFB”) prior to harvest. Management has deliberated on the oil content of such unharvested FFB which is unripe and concluded that since the oil content of unharvested FFB accrues exponentially up to 15 days prior to harvest, such unharvested FFB more than 15 days are excluded from the valuation as their fair values are considered negligible. The fair value of unharvested FFB is computed based on market approach which takes into consideration the market prices of such unharvested FFB less harvesting, transport and other costs to sell.

Adoption of new MFRSs, amendments to standards and IC interpretations

Following the adoption of MFRS framework, the Group has adopted the following new accounting standards and amendments to standards which are applicable and effective for annual periods beginning on 1 January 2018:

- MFRS 9 “Financial Instruments”.
- MFRS 15 “Revenue from Contracts with Customers”.
- Amendments to MFRS 116 “Property, Plant and Equipment”.
- Amendments to MFRS 140 “Classification on Change in Use”.
- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”.

The adoption of these new MFRSs, amendments and IC interpretations did not have any material impact on the interim financial report of the Group except for the following:

(i) MFRS 9 “Financial Instruments”

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (i) classification and measurement of financial assets; (ii) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (iii) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of MFRS 9 adoption are described below:

(1) Classification and measurement

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”).

The Group has made an irrevocable election to classify RM1,039.2 million of the Group’s equity investments previously classified as available-for-sale as financial assets at FVOCI. Fair value changes on equity investments at FVOCI are presented in other comprehensive income (“OCI”) and are not subsequently transferred to profit or loss. Upon sale of equity investments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

Certain available-for-sale investments in equity and debt instruments and income funds that do not meet the criteria for classification either as FVOCI or at amortised cost have been classified as FVTPL. Accordingly, RM1,785.9 million has been reclassified as financial assets at FVTPL and their related fair value losses of RM4.6 million were transferred from the fair value reserves to retained earnings on 1 January 2018.

The other financial assets held by the Group include:

- equity investments currently measured at FVTPL will continue to be measured on the same basis under MFRS 9; and
- debt instruments currently classified as loans and receivables and measured at amortised cost meet the conditions to be classified at amortised cost under MFRS 9.

There is no impact on the Group for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities.

(2) Impairment

MFRS 9 changes the recognition of impairment provision for financial assets by introducing an expected credit loss model. Upon the adoption of MFRS 9, the Group has revised its impairment methodology which depends on whether there has been a significant increase in credit risk. The Group assesses possible increase in credit risk for financial assets measured at amortised cost, contract assets and lease receivables at the end of each reporting period. The impairment provision is estimated at an amount equal to a 12 months expected credit loss at the current reporting date if there has not been a significant increase in credit risk. The assessment has resulted in a decrease of RM5.1 million in retained earnings and RM4.5 million in non-controlling interests with a corresponding adjustment to trade receivables as at 1 January 2018.

(3) Hedge accounting

The new hedge accounting guidance in MFRS 9 aligns the hedge accounting treatment more closely with the Group’s risk management practices. The Group has applied the new hedge accounting requirements prospectively. The adoption of the new accounting requirements did not have any material impact on the reporting period.

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application of MFRS 9.

(ii) MFRS 15 “Revenue from Contracts with Customers”

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group has applied this standard retrospectively and has elected the exemption in MFRS 1 not to restate contracts that were completed before 1 January 2017.

The Group has also elected the following practical expedients upon the adoption of MFRS 15:

- (1) completed contracts that began and ended in the same comparative reporting period as well as completed contracts at the beginning of the earliest period presented, are not restated; and
- (2) for all reporting periods presented before the date of initial application, the amount of transaction price allocated to the remaining performance obligation and an explanation of when the Group expects to recognise the amount as revenue are not disclosed.

Upon adoption of MFRS 15, property development costs and land held for property development will be measured at the lower of costs and net realisable value in accordance with MFRS 102 "Inventories". The provision for foreseeable losses on the development of affordable housing previously recognised under FRSIC 17 "Development of Affordable Housing" had been reversed and the comparatives are restated accordingly.

In addition to that, the Group's adjustments on the adoption of MFRS 15 also include the effect of changes to the timing of revenue recognition for the timeshare membership fees.

The effects of transitioning from FRSS to MFRSS, and adoption of MFRS 15 and MFRS 9 are as follows:

Condensed Consolidated Income Statement

	As previously stated under FRSS	Effects of transition from FRSS to MFRSS	Effects of adoption of MFRS 15	30 June 2017 as restated
	RM'000	RM'000	RM'000	RM'000
<u>Quarter ended 30 June 2017</u>				
Revenue	4,953,177	-	399	4,953,576
Cost of sales	(3,138,657)	-	(325)	(3,138,982)
Other income	420,196	(365)	-	419,831
Other expenses	(698,954)	(8)	-	(698,962)
Profit before taxation	1,146,475	(373)	74	1,146,176
Taxation	(265,345)	84	78	(265,183)
Profit for the period	881,130	(289)	152	880,993
Profit attributable to:				
Equity holders of the Company	454,224	(158)	70	454,136
Non-controlling interests	337,987	(131)	82	337,938
Earnings per share (sen):				
- Basic	12.11	(0.01)	-	12.10
- Diluted	11.71	-	-	11.71
<u>Six months ended 30 June 2017</u>				
Revenue	9,721,376	-	799	9,722,175
Cost of sales	(6,168,600)	-	(325)	(6,168,925)
Other expenses	(1,545,319)	(8)	-	(1,545,327)
Profit before taxation	2,659,450	(8)	474	2,659,916
Taxation	(541,661)	1	78	(541,582)
Profit for the period	2,117,789	(7)	552	2,118,334
Profit attributable to:				
Equity holders of the Company	1,122,337	(47)	267	1,122,557
Non-controlling interests	814,669	40	285	814,994
Earnings per share (sen):				
- Basic	30.03	(0.01)	0.01	30.03
- Diluted	29.35	-	0.01	29.36

Condensed Consolidated Statement of Comprehensive Income

	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Effects of adoption of MFRS 15	30 June 2017 as restated
	RM'000	RM'000	RM'000	RM'000
<u>Quarter ended 30 June 2017</u>				
Profit for the period	881,130	(289)	152	880,993
Net foreign currency exchange differences	(1,349,151)	9	-	(1,349,142)
Other comprehensive loss for the period, net of tax	(1,481,143)	9	-	(1,481,134)
Total comprehensive loss for the period	(600,013)	(280)	152	(600,141)
Total comprehensive loss attributable to:				
Equity holders of the Company	(455,598)	(154)	70	(455,682)
Non-controlling interests	(76,762)	(126)	82	(76,806)
<u>Six months ended 30 June 2017</u>				
Profit for the period	2,117,789	(7)	552	2,118,334
Net foreign currency exchange differences	(881,380)	31	-	(881,349)
Other comprehensive loss for the period, net of tax	(1,028,885)	31	-	(1,028,854)
Total comprehensive income for the period	1,088,904	24	552	1,089,480
Total comprehensive income attributable to:				
Equity holders of the Company	330,152	(36)	267	330,383
Non-controlling interests	583,637	60	285	583,982

Condensed Consolidated Statement of Financial Position

	As previously stated under FRSs	Effects of transition from FRSs to MFRSs	Effects of adoption of MFRS 15	31 Dec 2017 as restated	Effects of adoption of MFRS 9	1 Jan 2018 as restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2017 / 1 January 2018						
Non-current assets						
Land held for property development	384,332	-	(5,571)	378,761	-	378,761
Available-for-sale financial assets	1,957,407	-	-	1,957,407	(1,957,407)	-
Financial assets at fair value through other comprehensive income	-	-	-	-	791,050	791,050
Financial assets at fair value through profit or loss	-	-	-	-	1,165,857	1,165,857
Deferred tax assets	201,258	-	(844)	200,414	-	200,414
Other non-current assets	6,019,731	-	-	6,019,731	492	6,020,223
Current assets						
Produce growing on bearer plants	-	6,132	-	6,132	-	6,132
Trade and other receivables	2,371,343	-	-	2,371,343	(9,588)	2,361,755
Financial assets at fair value through other comprehensive income	-	-	-	-	248,130	248,130
Financial assets at fair value through profit or loss	7,443	-	-	7,443	620,000	627,443
Available-for-sale financial assets	868,130	-	-	868,130	(868,130)	-
Non-current liabilities						
Deferred tax liabilities	2,205,357	918	-	2,206,275	-	2,206,275
Other non-current liabilities	864,927	-	10,400	875,327	-	875,327
Current liability						
Trade and other payables	5,394,218	-	(7,937)	5,386,281	-	5,386,281
Equity						
Revaluation reserve	292,711	(292,711)	-	-	-	-
Fair value reserve	276,897	-	-	276,897	4,651	281,548
Foreign exchange & other reserves	4,405,788	18	-	4,405,806	-	4,405,806
Retained earnings	25,322,647	295,227	(4,319)	25,613,555	(9,714)	25,603,841
Non-controlling interests	23,319,206	2,680	(4,559)	23,317,327	(4,533)	23,312,794
Net assets per share (RM)	8.83	-	-	8.83	-	8.83

Condensed Consolidated Statement of Financial Position (Cont'd)

	As previously stated under FRSs RM'000	Effects of transition from FRSs to MFRSs RM'000	Effects of adoption of MFRS 15 RM'000	1 Jan 2017 as restated RM'000
<u>As at 1 January 2017</u>				
Non-current assets				
Land held for property development	378,931	-	(4,713)	374,218
Deferred tax assets	238,890	-	(1,023)	237,867
Current asset				
Produce growing on bearer plants	-	9,209	-	9,209
Non-current liabilities				
Deferred tax liabilities	2,071,127	1,657	-	2,072,784
Other non-current liabilities	822,424	-	11,958	834,382
Current liability				
Trade and other payables	5,193,984	-	(7,783)	5,186,201
Equity				
Revaluation reserve	293,012	(293,012)	-	-
Foreign exchange & other reserves	6,010,873	3	-	6,010,876
Retained earnings	24,672,457	296,672	(4,796)	24,964,333
Non-controlling interests	23,550,401	3,889	(5,115)	23,549,175
Net assets per share (RM)	9.13	-	-	9.13

(b) **Seasonal or Cyclical Factors**

On an overall basis, the business operations of the Group's Leisure & Hospitality Division and Plantation Division are subject to seasonal fluctuations. The results of the Leisure & Hospitality Division are affected by major festive seasons and holidays. FFB production is seasonal in nature. Production of FFB normally peaks in the second half of the year but this cropping pattern can be affected by changes in weather conditions. More detailed commentary is set out in Notes 1 and 2 in Part II of this interim financial report.

(c) **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no other unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the six months ended 30 June 2018.

(d) **Material Changes in Estimates**

There have been no other significant changes made in estimates of amounts reported in prior financial years.

(e) **Changes in Debt and Equity Securities**

During the six months ended 30 June 2018, the Company issued 6,244,149 new ordinary shares for cash arising from the exercise of warrants at exercise price of RM7.96 per ordinary share.

Other than the above, there were no other material issuance, cancellation, share buy-back, resale and repayment of debt securities or equity securities for the six months ended 30 June 2018.

(f) **Dividends Paid**

Dividends paid during the six months ended 30 June 2018 are as follows:

RM'million

Special single-tier dividend paid on 3 April 2018 for the financial year ended 31 December 2017

- 7.0 sen per ordinary share

268.2

(g) **Segment Information**

The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker whereby the Group's business is considered from both geographic and industry perspective. The performance of the operating segments is based on a measure of adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA"). Items not forming part of the adjusted EBITDA include net fair value gain or loss on financial assets, gain or loss on disposal of assets, assets written off, gain or loss on changes in shareholding in joint ventures and associates, project costs written off, impairment losses, reversal of previously recognised impairment losses and pre-opening and development expenses.

(g) **Segment Information (Cont'd)**

Segment analysis for the six months ended 30 June 2018 is set out below:

RM'million	Leisure & Hospitality					Plantation				Power	Property	Oil & Gas	Investments & Others	Total
	Malaysia	Singapore	United Kingdom and Egypt	United States of America and Bahamas	Total	Malaysia	Indonesia	Downstream Manufacturing	Total					
Revenue														
Total revenue	3,776.9	3,666.2	848.4	691.1	8,982.6	372.9	253.8	476.5	1,103.2	469.1	98.9	169.0	64.8	10,887.6
Inter/intra segment	(589.0)	(0.2)	-	-	(589.2)	(216.3)	-	-	(216.3)	-	(3.3)	(2.5)	(2.2)	(813.5)
External	<u>3,187.9</u>	<u>3,666.0</u>	<u>848.4</u>	<u>691.1</u>	<u>8,393.4</u>	<u>156.6</u>	<u>253.8</u>	<u>476.5</u>	<u>886.9</u>	<u>469.1</u>	<u>95.6</u>	<u>166.5</u>	<u>62.6</u>	<u>10,074.1</u>
Adjusted EBITDA	<u>1,371.9</u>	<u>1,886.3</u>	<u>60.1</u>	<u>142.4</u>	<u>3,460.7</u>	<u>177.1</u>	<u>71.1</u>	<u>5.0</u>	<u>253.2</u>	<u>203.9</u>	<u>36.2</u>	<u>117.7</u>	<u>(143.3)</u>	<u>3,928.4</u>
Main foreign currency	RM	SGD	GBP	USD		RM	^IDR	RM		^IDR	RM/USD	^RMB		
Exchange ratio of 1 unit/ 100 units^ of foreign currency to RM		2.9695	5.4259	3.9384			0.0286			0.0286	3.9384	61.850		

RM'million

A reconciliation of adjusted EBITDA to profit before tax is as follows:

Adjusted EBITDA	3,928.4
Net fair value gain on derivative financial instruments	1.7
Net fair value loss on financial assets at FVTPL	(206.1)
Gain on disposal of assets and liabilities classified as held for sale	0.3
Impairment losses	(33.3)
Depreciation and amortisation	(1,049.5)
Interest income	431.5
Finance cost	(506.8)
Share of results in joint ventures and associates	95.6
Others *	(103.9)
Profit before taxation	<u>2,557.9</u>

* Others include pre-opening and development expenses, assets written off and gain or loss on disposal of assets.

(g) Segment Information (Cont'd)

RM'million	Leisure & Hospitality				Total	Plantation			Total	Power	Property	Oil & Gas	Investments & Others	Total
	Malaysia	Singapore	United Kingdom and Egypt	United States of America and Bahamas		Malaysia	Indonesia	Downstream Manufacturing						
Segment Assets	11,445.0	15,628.2	4,442.4	8,099.5	39,615.1	1,228.4	4,154.0	455.2	5,837.6	4,640.5	2,694.9	3,997.9	4,486.7	61,272.7
Segment Liabilities	2,248.3	1,243.6	377.7	536.0	4,405.6	78.2	154.8	18.2	251.2	649.4	164.8	664.6	310.6	6,446.2
Main foreign currency	RM	SGD	GBP	USD		RM	^IDR	RM		^IDR	RM/USD	^RMB/^IDR		
Exchange ratio of 1 unit/ 100 units^ of foreign currency to RM		2.9482	5.3199	4.0165			0.0284			0.0284	4.0165	61.4289 / 0.0284		

RM'million

A reconciliation of segment assets to total assets is as follows:

Segment assets	61,272.7
Interest bearing instruments	28,050.3
Joint ventures	1,627.8
Associates	694.5
Unallocated corporate assets	271.6
Assets classified as held for sale	34.5
Total assets	91,951.4

A reconciliation of segment liabilities to total liabilities is as follows:

Segment liabilities	6,446.2
Interest bearing instruments	26,000.1
Unallocated corporate liabilities	2,940.9
Liabilities classified as held for sale	36.8
Total liabilities	35,424.0

(g) **Segment Information (Cont'd)**

Notes

1. Total revenue from the Leisure & Hospitality segment of RM8,393.4 million for the six months ended 30 June 2018 comprised gaming revenue and non-gaming revenue of RM6,792.7 million and RM1,600.7 million respectively. In respect of the Leisure & Hospitality non-gaming revenue:
 - i) Hotel room revenue is recognised based on room occupancy.
 - ii) Revenue from sales of food and beverage is recognised when the services are rendered to the customers.
 - iii) Attractions revenue is recognised when tickets are used. Revenue from annual passes is amortised over the period of their validity.
2. Plantation revenue from sales of palm produce and its derivatives is recognised upon the delivery of goods at the point when control of the goods has been passed to the customers.
3. Revenue from the sale of oil and electricity, net of taxes, is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when oil or electricity has been delivered to the customer.
4. Revenue from property development projects is recognised upon the finalisation of sale and purchase agreements and is measured as the projects' activities progress over time by reference to the property development costs incurred to date as a percentage of the total estimated development costs of the respective projects. Revenue from sales of completed properties is recognised upon delivery of properties at the point when control of the properties has been passed to the buyers.

(h) **Property, Plant and Equipment**

During the six months ended 30 June 2018, acquisitions and disposals of property, plant and equipment by the Group were RM1,827.4 million and RM16.3 million respectively.

(i) **Material Events Subsequent to the End of the Financial Period**

- i) On 11 July 2018, Genting Malaysia Berhad ("GENM"), which is 49.4% owned by the Company, announced that its wholly owned subsidiary, GENM Capital Berhad, issued RM2.6 billion Medium Term Notes ("MTN") under the MTN Programme. The proceeds from the issuance of the MTN shall be utilised for operating expenses, capital expenditure, investment, refinancing, working capital requirements and/or general funding requirements of GENM Group including to finance the development and/or re-development of the properties and/or resorts of GENM Group, including those located in Genting Highlands, Pahang, Malaysia.
- ii) On 17 August 2018, the Company announced that as part of an internal re-organisation, Fujian Electric (Hong Kong) LDC ("FEHK"), a wholly owned subsidiary of Genting Power China Limited ("GPCL") and an indirect wholly owned subsidiary of the Company, completed the transfer of 49% equity interest of Fujian Pacific Electric Company Limited to Genting MZW Pte Ltd ("GMZW"), another wholly owned subsidiary of GPCL on 17 August 2018, satisfied by the issuance of new ordinary shares by GMZW to FEHK ("Transfer"). Following the Transfer, GMZW is 41.3% owned by GPCL and 58.7% owned by FEHK respectively.

Other than the above, there were no other material events subsequent to the end of the six months ended 30 June 2018 that have not been reflected in this interim financial report.

(j) **Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the six months ended 30 June 2018.

(k) **Changes in Contingent Liabilities or Contingent Assets**

There were no material changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2017.

(l) **Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 30 June 2018 are as follows:

	RM'million
Contracted	5,168.5
Not contracted	15,298.9
	<u>20,467.4</u>
Analysed as follows:	
- Property, plant and equipment	19,740.1
- Investments	582.1
- Rights of use of oil and gas assets	102.8
- Intangible assets	22.7
- Leasehold land use rights	19.7
	<u>20,467.4</u>

(m) **Significant Related Party Transactions**

Significant related party transactions which were entered into on agreed terms and prices for the six months ended 30 June 2018 are set out below. The relationship of the related parties are as disclosed in the annual audited financial statements for the financial year ended 31 December 2017 and the approved shareholders' mandates for recurrent related party transactions.

Group	Current quarter RM'000	Current financial Year-to-date RM'000
i) Provision of the management and/or support services and licensing fees by the Group to Resorts World Inc Pte Ltd ("RWI") Group.	<u>234</u>	<u>490</u>
ii) Provision of share registration services and secretarial services by a wholly owned subsidiary of the Company to Genting Hong Kong Limited ("GENHK") Group.	<u>7</u>	<u>14</u>
iii) Licensing fee for the use of the name "Genting" charged by wholly owned subsidiaries of the Company to Genting Simon Sdn Bhd ("GSSB") and Genting Highlands Premium Outlets Sdn Bhd ("GHPO").	<u>723</u>	<u>813</u>
iv) Provision of services in connection with the clinical study by TauRx Pharmaceuticals Ltd Group, an associate of the Group, to a subsidiary of the Company.	<u>1,737</u>	<u>5,443</u>
v) Interest income earned by the Group from their associates.	<u>707</u>	<u>1,329</u>
vi) Provision of management services by Genting Awanpura Sdn Bhd, a wholly owned subsidiary of Genting Plantations Berhad ("GENP"), which is 51.5% owned by the Company, to GSSB and GHPO.	<u>270</u>	<u>519</u>

(m) **Significant Related Party Transactions (Cont'd)**

	Current quarter RM'000	Current financial Year-to-date RM'000
<u>Group</u>		
vii) Sale of refined palm oil products by Genting MusimMas Refinery Sdn Bhd to Inter-Continental Oils & Fats Pte Ltd.	108,843	356,764
viii) Sale of fresh fruit bunches by PT Agro Abadi Cemerlang to Sepanjang Group.	2,564	4,955
ix) Licensing fee for the use of "Resorts World" and "Genting" intellectual property in the United States of America and the Bahamas charged by RWI Group to GENM Group.	17,636	34,645
x) Provision of management and consultancy services on theme park and resort development operations by International Resort Management Services Pte Ltd ("IRMS") to GENM Group.	1,246	2,898
xi) Rental charges for premises by GENM Group to Warisan Timah Holdings Sdn Bhd.	577	1,146
xii) Provision of water supply services by an entity connected with shareholder of BB Entertainment Ltd ("BBEL") to GENM Group.	706	955
xiii) Rental charges for office space by GENM Group to GENHK Group.	1,688	3,374
xiv) Provision of maintenance and construction services by an entity connected with shareholder of BBEL to GENM Group.	25,766	28,810
xv) Licensing fee for the use of gaming software and system charged by RWI Group to GENM Group.	1,167	2,192
xvi) Provision of information technology consultancy, development, implementation, support and maintenance services and other management services by GENM Group to GENHK Group.	109	246
xvii) Rental charges for office space by GENM Group to RWI Group.	146	291
xviii) Provision of aviation related services by GENM Group to GENHK Group.	1,101	1,479
xix) Provision of utilities, maintenance and security services by GENM Group to GHPO.	475	1,003
xx) Purchase of holiday packages by GENM Group from GENHK Group.	350	886

(m) **Significant Related Party Transactions (Cont'd)**

	Current quarter RM'000	Current financial Year-to-date RM'000
<u>Group</u>		
xxi) Sale of goods and services by Genting Singapore Limited ("GENS") Group, an indirect 52.8% subsidiary of the Company, to GENHK Group.	<u>759</u>	<u>1,600</u>
xxii) Purchase of goods and services by GENS Group from GENHK Group.	<u>2,111</u>	<u>3,981</u>
xxiii) Sale of goods and services by GENS Group to DCP (Sentosa) Pte Ltd.	<u>803</u>	<u>1,664</u>
xxiv) Purchase of goods and services by GENS Group from DCP (Sentosa) Pte Ltd.	<u>15,146</u>	<u>28,106</u>
xxv) Sale of goods and services by GENS Group to IRMS.	<u>186</u>	<u>373</u>
xxvi) Purchase of goods and services by GENS Group from IRMS.	<u>64</u>	<u>64</u>
<u>Company</u>		
i) Licensing fees from the subsidiaries to the Company for the use of name and accompanying logo of "Genting", "Resorts World" and "Awana" owned by the Company.	<u>54,022</u>	<u>108,851</u>
ii) Management fees from Genting Hotel & Resorts Management Sdn Bhd ("GHRM"), a wholly owned subsidiary of the Company, to the Company for the provision of the necessary resort management services to enable GHRM to perform its various obligations under the Resort Management Agreement with GENM.	<u>115,502</u>	<u>227,362</u>
iii) Finance cost charged by subsidiaries to the Company on the interest bearing portion of the amount due to subsidiaries.	<u>44,866</u>	<u>89,239</u>
iv) Provision of information technology consultancy, development, implementation, support and maintenance service, other management services and rental of information technology equipment by subsidiaries to the Company.	<u>1,111</u>	<u>1,787</u>
v) Rental charges for office space and related services by a subsidiary of GENM.	<u>683</u>	<u>1,367</u>
vi) Provision of management and/or support services by the Company to its subsidiaries, associates and joint ventures.	<u>5,093</u>	<u>9,819</u>

(n) **Fair Value of Financial Instruments**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2018, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

RM'million	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	538.6	601.6	117.6	1,257.8
Financial assets at fair value through other comprehensive income	337.7	-	943.2	1,280.9
Derivative financial instruments	-	4.5	4.2	8.7
	<u>876.3</u>	<u>606.1</u>	<u>1,065.0</u>	<u>2,547.4</u>
Financial liability				
Derivative financial instruments	-	194.8	-	194.8

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 31 December 2017.

The following table presents the changes in financial instruments classified within Level 3:

	RM'million
As at 1 January 2018, as previously reported	1,274.1
Effects of adoption of MFRS 9 (see Note (I)(a))	(0.5)
As at 1 January 2018, as restated	<u>1,273.6</u>
Foreign exchange differences	(23.3)
Additions	298.8
Fair value changes – recognised in income statement	(202.8)
Investment income and interest income	8.1
Reclassification to investment in joint ventures	(289.4)
As at 30 June 2018	<u>1,065.0</u>

There have been no transfers between the levels of the fair value hierarchy during the six months ended 30 June 2018.

GENTING BERHAD
 ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES – SECOND QUARTER ENDED 30 JUNE 2018

(II) Compliance with Appendix 9B of Bursa Securities Listing Requirements

1. Performance Analysis

Financial review for the current quarter and financial year to date compared with the corresponding periods last year.

	Individual Period (2 nd quarter)				Cumulative Period			
	Current Year Quarter 30/06/2018 RM'million	Preceding Year Corresponding Quarter 30/06/2017 RM'million Restated	Changes		Current Year to date 30/06/2018 RM'million	Preceding Year Corresponding Period 30/06/2017 RM'million Restated	Changes	
			+/- RM'million	+/ %			+/- RM'million	+/ %
Revenue								
Leisure & Hospitality								
- Malaysia	1,590.1	1,444.2	145.9	+10	3,187.9	2,788.1	399.8	+14
- Singapore	1,656.8	1,853.7	-196.9	-11	3,666.0	3,693.0	-27.0	-1
- UK and Egypt	436.0	411.2	24.8	+6	848.4	878.5	-30.1	-3
- US and Bahamas	344.8	384.9	-40.1	-10	691.1	765.9	-74.8	-10
	4,027.7	4,094.0	-66.3	-2	8,393.4	8,125.5	267.9	+3
Plantation								
- Malaysia	166.3	225.3	-59.0	-26	372.9	446.7	-73.8	-17
- Indonesia	124.6	126.0	-1.4	-1	253.8	272.1	-18.3	-7
- Downstream Manufacturing	194.6	196.6	-2.0	-1	476.5	322.5	154.0	+48
	485.5	547.9	-62.4	-11	1,103.2	1,041.3	61.9	+6
- Intra segment	(105.6)	(124.8)	19.2	+15	(216.3)	(232.0)	15.7	+7
	379.9	423.1	-43.2	-10	886.9	809.3	77.6	+10
Power	251.5	267.9	-16.4	-6	469.1	473.3	-4.2	-1
Property	47.0	57.6	-10.6	-18	95.6	96.5	-0.9	-1
Oil & Gas	80.9	73.8	7.1	+10	166.5	157.9	8.6	+5
Investments & Others	36.3	37.2	-0.9	-2	62.6	59.7	2.9	+5
	4,823.3	4,953.6	-130.3	-3	10,074.1	9,722.2	351.9	+4
Profit before tax								
Leisure & Hospitality								
- Malaysia	688.9	581.3	107.6	+19	1,371.9	1,159.9	212.0	+18
- Singapore	803.9	918.5	-114.6	-12	1,886.3	1,815.1	71.2	+4
- UK and Egypt	29.6	35.7	-6.1	-17	60.1	113.4	-53.3	-47
- US and Bahamas	77.6	92.8	-15.2	-16	142.4	134.2	8.2	+6
	1,600.0	1,628.3	-28.3	-2	3,460.7	3,222.6	238.1	+7
Plantation								
- Malaysia	57.0	101.6	-44.6	-44	177.1	188.6	-11.5	-6
- Indonesia	38.5	39.9	-1.4	-4	71.1	99.5	-28.4	-29
- Downstream Manufacturing	4.6	2.7	1.9	+70	5.0	2.3	2.7	>100
	100.1	144.2	-44.1	-31	253.2	290.4	-37.2	-13
Power	114.1	124.0	-9.9	-8	203.9	184.3	19.6	+11
Property	17.1	25.7	-8.6	-33	36.2	39.9	-3.7	-9
Oil & Gas	56.8	52.1	4.7	+9	117.7	112.4	5.3	+5
Investments & Others	15.5	(138.4)	153.9	>100	(143.3)	(347.0)	203.7	+59
	1,903.6	1,835.9	67.7	+4	3,928.4	3,502.6	425.8	+12
Adjusted EBITDA								
Net fair value gain/(loss) on derivative financial instruments	2.8	(7.3)	10.1	>100	1.7	(24.1)	25.8	>100
Net fair value loss on financial assets at FVTPL	(206.5)	(1.2)	-205.3	>-100	(206.1)	(1.4)	-204.7	>-100
Net gain on disposal of available-for-sale financial assets	-	139.1	-139.1	-100	-	224.9	-224.9	-100
Gain on disposal of assets and liabilities classified as held for sale	0.3	-	0.3	NM	0.3	302.2	-301.9	-100
Impairment losses	(33.3)	(113.4)	80.1	+71	(33.3)	(113.4)	80.1	+71
Depreciation and amortisation	(523.3)	(550.0)	26.7	+5	(1,049.5)	(1,097.4)	47.9	+4
Interest income	221.2	188.2	33.0	+18	431.5	501.8	-70.3	-14
Finance cost	(255.8)	(233.9)	-21.9	-9	(506.8)	(444.4)	-62.4	-14
Share of results in joint ventures and associates	71.7	(34.6)	106.3	>100	95.6	(42.0)	137.6	>100
Others	(63.2)	(76.7)	13.5	+18	(103.9)	(148.9)	45.0	+30
	1,117.5	1,146.1	-28.6	-2	2,557.9	2,659.9	-102.0	-4

NM = Not meaningful

Quarter ended 30 June 2018 compared with quarter ended 30 June 2017

Revenue of the Group for the current quarter was RM4,823.3 million, a decrease of 3% compared with the previous year's corresponding quarter's revenue of RM4,953.6 million.

Revenue and adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") of Resorts World Sentosa ("RWS") decreased in the current quarter. VIP rolling volume in the gaming segment showed encouraging growth but was impacted by unfavourable luck factor. RWS's signature attractions performed well during the current quarter with average visitation exceeding 18,000 daily. Its hotels continued to outperform industry with average occupancy of over 91% for the current quarter.

Resorts World Genting ("RWG") recorded higher revenue in the current quarter attributed mainly to improved hold percentage in the mid to premium players segments. The opening of new attractions under the Genting Integrated Tourism Plan ("GITP") also contributed to the increase. The higher revenue and lower costs relating to premium players business, partially offset by higher operating costs incurred for the new facilities under GITP, contributed to higher adjusted EBITDA.

The leisure and hospitality businesses in United Kingdom ("UK") and Egypt generated higher revenue in the current quarter primarily attributable to higher contribution from Crockfords Cairo and interactive business. However, its adjusted EBITDA decreased due mainly to higher debt written off.

Lower leisure and hospitality revenue in United States of America ("US") and Bahamas was due mainly to the weaker US Dollar exchange rate to the Malaysian Ringgit. The lower adjusted EBITDA was due mainly to lower revenue from Resorts World Casino New York City's ("RWNYC") operations.

Plantation-Malaysia recorded lower revenue and adjusted EBITDA in the current quarter due to the effects of softer palm products selling prices and lower FFB production. Revenue from Plantation-Indonesia decreased marginally due mainly to lower revenue from PT Varita Majutama, an indirect subsidiary which has plantation land in West Papua, Indonesia. This decrease was partially offset by higher revenue from GENP's Plantation-Indonesia segment due mainly to higher FFB production which negated the impact of weaker selling prices. Downstream Manufacturing recorded lower revenue due to weaker selling prices for refined palm products. Adjusted EBITDA improved overall as biodiesel and refinery operations recorded higher capacity utilisation from higher offtake.

Revenue and adjusted EBITDA of the Power Division came mainly from sale of electricity by the Indonesian Banten coal-fired power plant following the start of commercial operations on 28 March 2017. Lower revenue and adjusted EBITDA from the Banten Plant were due mainly to the weaker US Dollar exchange rate to the Malaysian Ringgit.

Higher revenue and adjusted EBITDA from the Oil & Gas Division were due mainly to higher average oil prices.

Investments & Others recorded an adjusted EBITDA gain in the current quarter due mainly to net foreign exchange gains on net foreign currency denominated financial assets compared with net foreign exchange losses in the previous year's corresponding quarter.

Profit before tax for the current quarter was RM1,117.5 million compared with RM1,146.1 million in the previous year's corresponding quarter. There was a net fair value loss of RM206.5 million on the Group's financial assets at FVTPL in the current quarter partially offset by the share of net profit from joint ventures and associates compared with a share of net loss in the previous year's quarter. The previous year's corresponding quarter had included a gain on disposal of available-for-sale financial assets and an impairment loss of RM76.6 million on the carrying value of the Group's investment in Lanco Kondapalli Power Limited, an associated company during that period, due to the adverse performance of its power plant in India for a prolonged period.

Six months ended 30 June 2018 compared with six months ended 30 June 2017

Group revenue for the current six months was RM10,074.1 million, recording an increase of 4% compared with RM9,722.2 million in the previous year's six months.

Revenue and adjusted EBITDA from RWS for the current six months were comparable with that of the previous year with growth in both the gaming and non-gaming businesses.

The increase in revenue from RWG was due mainly to higher business volume from the mass market and higher hold percentage from the mid to premium segments of the business. The opening of new attractions under GITP has also contributed significantly to the increase in revenue. Consequently, adjusted EBITDA increased partially offset by higher operating costs incurred for the new facilities under GITP.

Lower revenue from the leisure and hospitality businesses in UK and Egypt was due to lower volume of business from its premium gaming segment, partially mitigated by higher revenue from Crockfords Cairo and interactive business. Consequently, lower revenue and lower debt recovery resulted in a lower adjusted EBITDA in the current six months.

Revenue from the leisure and hospitality businesses in the US and Bahamas decreased due mainly to the weaker US Dollar exchange rate to the Malaysian Ringgit. Despite the lower revenue, higher adjusted EBITDA was recorded due mainly to lower operating loss from Bimini operations as a result of improved operational efficiencies.

Revenue and adjusted EBITDA from Plantation-Malaysia and Plantation-Indonesia decreased in the current six months as the impact of weaker palm products selling prices outweighed the higher FFB production. However, Downstream Manufacturing recorded higher revenue and adjusted EBITDA due to higher offtake of refinery products.

Revenue from Power Division for the current six months comprised mainly revenue from sale of electricity by the Indonesian Banten Plant whilst revenue for the previous year's six months arose from construction revenue from the Banten Plant before the start of commercial operations on 28 March 2017 and sale of electricity thereafter.

The Oil & Gas Division recorded higher revenue and adjusted EBITDA due mainly to higher average oil prices.

The six months profit before tax for the current year of RM2,557.9 million was a marginal decrease over the previous year's six months profit of RM2,659.9 million. The decrease was due mainly to a net fair value loss of RM206.1 million on the Group's financial assets at FVTPL in the current six months partially mitigated by higher adjusted EBITDA and a share of net profit from joint ventures and associates compared with a share of net loss in the previous year. The previous year's six months profit before tax had included gain of RM302.2 million recognised from the completion of the disposal of GENS Group's 50% interest in its associate, Landing Jeju Development Co., Ltd and a gain on disposal of available-for-sale financial assets of RM224.9 million.

2. Material Changes in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

Financial review for the current quarter compared with the immediate preceding quarter.

	Current Quarter 30/06/2018 RM'million	Immediate Preceding Quarter 31/03/2018 RM'million	Changes +/- RM'million	+/- %
Revenue				
Leisure & Hospitality				
- Malaysia	1,590.1	1,597.8	-7.7	-
- Singapore	1,656.8	2,009.2	-352.4	-18
- UK and Egypt	436.0	412.4	23.6	+6
- US and Bahamas	344.8	346.3	-1.5	-
	4,027.7	4,365.7	-338.0	-8
Plantation				
- Malaysia	166.3	206.6	-40.3	-20
- Indonesia	124.6	129.2	-4.6	-4
- Downstream Manufacturing	194.6	281.9	-87.3	-31
	485.5	617.7	-132.2	-21
- Intra segment	(105.6)	(110.7)	5.1	+5
	379.9	507.0	-127.1	-25
Power	251.5	217.6	33.9	+16
Property	47.0	48.6	-1.6	-3
Oil & Gas	80.9	85.6	-4.7	-5
Investments & Others	36.3	26.3	10.0	+38
	4,823.3	5,250.8	-427.5	-8
Profit before tax				
Leisure & Hospitality				
- Malaysia	688.9	683.0	5.9	+1
- Singapore	803.9	1,082.4	-278.5	-26
- UK and Egypt	29.6	30.5	-0.9	-3
- US and Bahamas	77.6	64.8	12.8	+20
	1,600.0	1,860.7	-260.7	-14
Plantation				
- Malaysia	57.0	120.1	-63.1	-53
- Indonesia	38.5	32.6	5.9	+18
- Downstream Manufacturing	4.6	0.4	4.2	>100
	100.1	153.1	-53.0	-35
Power	114.1	89.8	24.3	+27
Property	17.1	19.1	-2.0	-10
Oil & Gas	56.8	60.9	-4.1	-7
Investments & Others	15.5	(158.8)	174.3	>100
Adjusted EBITDA	1,903.6	2,024.8	-121.2	-6
Net fair value gain/(loss) on derivative financial instruments	2.8	(1.1)	3.9	>100
Net fair value (loss)/gain on financial assets at FVTPL	(206.5)	0.4	-206.9	>-100
Gain on disposal of assets and liabilities classified as held for sale	0.3	-	0.3	NM
Impairment losses	(33.3)	-	-33.3	NM
Depreciation and amortisation	(523.3)	(526.2)	2.9	+1
Interest income	221.2	210.3	10.9	+5
Finance cost	(255.8)	(251.0)	-4.8	-2
Share of results in joint ventures and associates	71.7	23.9	47.8	>100
Others	(63.2)	(40.7)	-22.5	-55
	1,117.5	1,440.4	-322.9	-22

NM = Not meaningful

The Group's profit before taxation for the current quarter was RM1,117.5 million compared with RM1,440.4 million in the preceding quarter. The lower profit before taxation was due mainly to lower adjusted EBITDA from RWS and the Plantation Division as well as a net fair value loss of RM206.5 million on the Group's financial assets at FVTPL and an impairment loss of RM33.3 million on certain assets relating to RWG. This decrease was partially mitigated by net foreign exchange gains on net foreign currency denominated financial assets in the current quarter compared with net foreign exchange losses in the preceding quarter.

Adjusted EBITDA of RWS decreased compared with that of the preceding quarter, with lower revenue recorded from both the gaming and non-gaming segments.

The leisure and hospitality businesses in US and Bahamas recorded higher adjusted EBITDA in the current quarter due to lower operating costs.

Lower adjusted EBITDA recorded from Plantation-Malaysia in the current quarter was due to lower palm products selling prices and lower FFB production. Plantation-Indonesia and Downstream Manufacturing recorded higher adjusted EBITDA due to higher FFB production and higher biodiesel sales respectively.

The higher adjusted EBITDA from the Power Division was due mainly to higher net generation by the Banten Plant in the current quarter.

* *The comments on performance in Notes 1 and 2 above are based on the results of the respective subsidiaries and associates of the Company. Some of the subsidiaries are separately listed on the Malaysian and Singapore stock exchanges. Please refer to the respective listed subsidiaries' announcements of their interim results for a detailed review of their respective performance.*

<u>Listed subsidiaries</u>	<u>Announcement date</u>
Genting Singapore Limited	3 August 2018
Genting Plantations Berhad	28 August 2018
Genting Malaysia Berhad	29 August 2018

3. Prospects

The performance of the Group for the remaining period of the current financial year may be impacted as follows:

- (a) In Malaysia, the GENM Group remains focused on the development of the GITP at RWG. Pre-opening activities continue to ramp up as the GENM Group prepares for the roll out of the Skytropolis indoor theme park and the highly anticipated 20th Century Fox World Theme Park. The GENM Group will continue to focus on expanding into regional markets by enhancing its digital marketing efforts to improve customer reach and attract foreign visitations to the resort. Additionally, the GENM Group is steadfast in growing business volumes and improving yield contribution at the resort by further leveraging on the new GITP assets. To this end, the GENM Group remains committed to intensifying database marketing efforts and upholding its high standards of service delivery;
- (b) As Asia's premier lifestyle destination, RWS will stage a series of exciting gourmet and lifestyle events. Following the popularity of the gastronomic events last year, over the next two months, RWS will be bringing back the "RWS Street Eats" featuring iconic street eats from Southeast Asia and "The Great Food Festival", Singapore's largest curated food and lifestyle event led by international celebrity chefs.

In Japan, the anticipated Integrated Resorts Implementation Bill was enacted by the Japanese Diet on 20 July 2018. The GENS Group has been gearing up for this expansion opportunity and has been hiring a new team of Japanese nationals in different disciplines to prepare for the bid;

- (c) In the UK, the GENM Group remains resolute in delivering sustainable performance by managing business volatility in the premium players segment. Amid the challenging operating environment, the GENM Group will focus on strengthening its position in the non-premium players segment by improving overall business efficiency and growing market share. The GENM Group will also continue to place emphasis on stabilising operations at Resorts World Birmingham and growing volume of business at the property;
- (d) In the US, RWNYC maintained its position as market leader by gaming revenue in the Northeast US region. Nevertheless, the GENM Group will continue enhancing and intensifying direct marketing efforts to drive visitation and frequency of play at the property to ensure that RWNYC continues to deliver a steady performance despite increasing competition. Meanwhile, the development of the USD400 million expansion at RWNYC is well underway. The project, which is anticipated to open in phases starting from the end of 2019, will transform RWNYC into a premium integrated resort destination with a multitude of gaming and non-gaming amenities. In Miami, the GENM Group will continue leveraging on the upgraded Hilton Miami Downtown to attract visitation and higher spend at the property. In the Bahamas, the GENM Group is committed to improving overall operational efficiencies and growing business volumes at the resort by focusing marketing efforts on the leisure market;
- (e) The GENP Group's results for the second half of 2018 is mainly guided by the performance of its mainstay Plantation segment, which in turn is contingent upon the direction of palm products prices and its FFB production volume. Whilst the demand and supply dynamics for edible oils remain fundamental to palm products prices, other factors that determine its direction include weather patterns, currency exchange movements, global economic conditions, as well as the relevant government policies covering import/export tax and duty regimes and biodiesel mandates.

The GENP Group's year-on-year FFB production growth is expected to continue into the second half of 2018, driven by its Indonesian estates with the progression of existing mature areas into higher yielding brackets along with higher harvesting areas. However, the output from its Malaysian estates is expected to be moderated by the escalation of replanting activities.

Given the prevailing soft property market sentiments, the GENP Group will continue with offerings that are aligned to market demands. With the sustained success of the Johor Premium Outlets, a third phase is scheduled to be opened by the end of this year. Genting Highlands Premium Outlets is expected to continue performing well as it registers its first full year of operations.

The Downstream Manufacturing segment will focus on improving its refinery operation's offtake and capacity utilisation. The segment will continue supplying for the local B7 biodiesel requirements and has also seen a renewed demand for discretionary biodiesel blending, given the prevailing favourable spread between palm oil and gas oil;

- (f) The operational availability and efficiency of the Banten power plant in Indonesia is expected to be stable and continue to contribute positively to the Group's performance. In Gujarat, India, the contribution from the Jangi wind farm is expected to be lower as the monsoon season ends after August; and
- (g) The steady global oil prices above USD70/barrel and improvement in production from Chengdaoxi oil field in China are expected to maintain positive contribution from Genting CDX Singapore Pte Ltd. With the approval from the Ministry of Energy and Mineral Resources of Indonesia on the Plan of Development for the Kasuri block, Genting Oil Kasuri Pte Ltd ("GOKPL") will enter into the development phase of the project, commencing with front end engineering design work in second half of 2018. Utilising 1.7 trillion cubic feet of discovered gas reserves, GOKPL plans to supply 170 million cubic feet per day of natural gas for 20 years to a petrochemical plant in West Papua, which is to be built by a third party.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the year.

5. Taxation

The breakdown of tax charges for the current quarter and six months ended 30 June 2018 are set out below:

	Current Year Quarter 30/06/2018 RM'million	Preceding Year Corresponding Quarter 30/06/2017 RM'million Restated	Current financial Year-to-date 30/06/2018 RM'million	Preceding Year Corresponding Period 30/06/2017 RM'million Restated
Current taxation				
Malaysian income tax charge	90.4	87.1	188.4	172.5
Foreign income tax charge	146.9	176.9	337.1	340.8
	<u>237.3</u>	<u>264.0</u>	<u>525.5</u>	<u>513.3</u>
Deferred tax charge	55.1	1.0	89.8	27.1
	<u>292.4</u>	<u>265.0</u>	<u>615.3</u>	<u>540.4</u>
Prior period taxation				
Income tax under provided	1.5	0.2	1.6	1.2
	<u>293.9</u>	<u>265.2</u>	<u>616.9</u>	<u>541.6</u>

The effective tax rate of the Group for the current quarter and six months ended 30 June 2018 is higher than the Malaysian statutory income tax rate due mainly to expenses not deductible for tax purposes partially offset by income not subject to tax and tax incentives.

6. Profit Before Taxation

Profit before taxation has been determined after inclusion of the following charges and credits:

	Current Year Quarter 30/06/2018 RM'million	Preceding Year Corresponding Quarter 30/06/2017 RM'million Restated	Current financial Year-to-date 30/06/2018 RM'million	Preceding Year Corresponding Period 30/06/2017 RM'million Restated
Charges:				
Finance cost	255.8	233.9	506.8	444.4
Depreciation and amortisation	523.3	550.0	1,049.5	1,097.4
Impairment and write off of receivables	2.0	42.1	18.2	93.2
Impairment losses	33.3	113.4	33.3	113.4
Inventories written off	0.1	0.1	0.2	0.3
Intangible assets written off	4.0	-	4.0	-
Net fair value loss on financial assets at FVTPL	206.5	1.2	206.1	1.4
Net foreign exchange (gain)/loss	<u>(78.4)</u>	<u>88.4</u>	<u>36.5</u>	<u>261.4</u>
Credits:				
Interest income	221.2	188.2	431.5	501.8
Investment income	7.5	11.0	13.9	21.1
Net gain on disposal of property, plant and equipment	4.4	0.7	8.2	1.0
Net surplus arising from Government acquisition	-	-	14.4	-
Gain on disposal of assets and liabilities classified as held for sale	0.3	-	0.3	302.2
Net gain on disposal of quoted available-for-sale financial assets	-	139.1	-	224.9
Net fair value gain/(loss) on derivative financial instruments	<u>2.8</u>	<u>(7.3)</u>	<u>1.7</u>	<u>(24.1)</u>

7. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at 22 August 2018.

8. Group Borrowings and Debt Securities

The details of the Group's borrowings and debt securities as at 30 June 2018 are as set out below:

	As at 30/06/2018			As at 31/12/2017	
	Secured/ Unsecured	Foreign Currency 'million		RM Equivalent 'million	RM Equivalent 'million
Short term borrowings	Secured	RM	-	0.2	-
	Secured	USD	209.8	842.7	827.7
	Secured	SGD	207.4	611.5	624.6
	Secured	GBP	14.7	78.3	80.3
	Secured	INR	95.7	5.6	7.0
	Secured	IDR	14,167.9	4.0	4.3
	Unsecured	RM	-	83.4	109.3
	Unsecured	USD	10.2	40.8	-
	Unsecured	GBP	52.1	277.0	365.9
				1,943.5	2,019.1
Long term borrowings	Secured	RM	-	87.8	88.0
	Secured	USD	1,166.7	4,686.1	5,084.8
	Secured	SGD	740.1	2,181.9	2,560.6
	Secured	GBP	84.2	448.1	458.8
	Secured	INR	2,763.2	162.9	184.1
	Secured	IDR	106,259.4	30.1	34.1
	Unsecured	RM	-	9,590.2	9,589.4
	Unsecured	USD	1,528.4	6,139.0	6,236.7
	Unsecured	JPY	19,870.3	730.5	713.7
				24,056.6	24,950.2
Total borrowings	Secured	RM	-	88.0	88.0
	Secured	USD	1,376.5	5,528.8	5,912.5
	Secured	SGD	947.5	2,793.4	3,185.2
	Secured	GBP	98.9	526.4	539.1
	Secured	INR	2,858.9	168.5	191.1
	Secured	IDR	120,427.3	34.1	38.4
	Unsecured	RM	-	9,673.6	9,698.7
	Unsecured	USD	1,538.6	6,179.8	6,236.7
	Unsecured	GBP	52.1	277.0	365.9
Unsecured	JPY	19,870.3	730.5	713.7	
				26,000.1	26,969.3

9. Outstanding Derivatives

As at 30 June 2018, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

Types of Derivative	Contract/ Notional Value RM'million	Fair Value Assets/ (Liabilities) RM'million
<u>Cross Currency Swaps</u>		
SGD	164.8	
- Less than 1 year		(6.6)
- 1 year to 3 years		(9.9)
- More than 3 years		(12.3)
<u>Interest Rate Swaps</u>		
USD	2,284.2	
- Less than 1 year		(22.6)
- 1 year to 3 years		(26.9)
- More than 3 years		(39.3)
GBP	532.0	
- Less than 1 year		(2.7)
- 1 year to 3 years		(1.2)
- More than 3 years		0.3
<u>Forward Foreign Currency Exchange</u>		
USD	189.4	
- Less than 1 year		1.4
<u>Forward Currency Exchange Option</u>		
USD	108.4	
- Less than 1 year		(0.2)
<u>Commodity Futures Contracts</u>		
USD	37.5	
- Less than 1 year		(0.3)
<u>Warrants</u>		
USD	-	
- 1 year to 3 years		4.2
<u>Commodity Swap</u>		
USD	-	
- Less than 1 year		(27.4)
- 1 year to 3 years		(39.9)
- More than 3 years		(2.7)

There is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2017:

- the credit risk, market risk and liquidity risk associated with these financial derivatives;
- the cash requirements of the financial derivatives; and
- the policy in place for mitigating or controlling the risks associated with these financial derivatives.

10. Fair Value Changes of Financial Liabilities

As at 30 June 2018, the Group does not have any financial liabilities measured at fair value through profit or loss.

11. Changes in Material Litigation

There were no pending material litigations since the last financial year ended 31 December 2017 and up to 22 August 2018.

12. Dividend Proposed or Declared

- (a) i) An interim single-tier dividend of 8.5 sen per ordinary share in respect of the financial year ending 31 December 2018 has been declared by the Directors.
- ii) The interim single-tier dividend declared and paid for the previous year's corresponding period was 8.5 sen per ordinary share.
- iii) The interim single-tier dividend shall be payable on 12 October 2018.
- iv) Entitlement to the interim single-tier dividend:
- Depositor shall qualify for entitlement to the interim single-tier dividend only in respect of:
- (i) Shares transferred into the Depositor's Securities Account before 4.00 pm on 19 September 2018 in respect of ordinary transfers; and
- (ii) Shares bought on Bursa Securities on a cum entitlement basis according to the Main Market Listing Requirements of Bursa Securities.
- (b) The total single-tier dividend payable for the financial year ending 31 December 2018 is 8.5 sen per ordinary share.

13. Earnings Per Share ("EPS")

- (a) The earnings used as the numerator in calculating basic and diluted EPS for the current quarter and six months ended 30 June 2018 is as follows:

	Current quarter RM'million	Current financial Year-to-date RM'million
Profit for the financial period attributable to equity holders of the Company (used as numerator for the computation of Basic EPS)	383.5	986.2
Net impact on earnings on potential exercise of Performance Share Scheme awarded to executives of the Company's subsidiaries and warrants issued to shareholders of the Company's subsidiary	<u>(1.2)</u>	<u>(2.4)</u>
Profit for the financial period attributable to equity holders of the Company (used as numerator for the computation of Diluted EPS)	<u>382.3</u>	<u>983.8</u>

- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted EPS for the current quarter and six months ended 30 June 2018 is as follows:

	Current quarter No. of shares 'million	Current financial Year-to-date No. of shares 'million
Weighted average number of ordinary shares in issue (used as denominator for the computation of Basic EPS)	3,831.6	3,830.5
Adjustment for potential conversion of warrants	<u>56.1</u>	<u>69.9</u>
Weighted average number of ordinary shares in issue (used as denominator for the computation of Diluted EPS)	<u>3,887.7</u>	<u>3,900.4</u>

14. Exemption for Kien Huat Realty Sdn Berhad (“KHR”) and persons acting in concert with it (“PACs”) from the obligation to undertake a mandatory take-over

On 6 November 2013, KHR and PACs obtained approval from the Securities Commission Malaysia to exempt KHR and PACs from the obligation to undertake a mandatory take-over offer on the remaining voting shares in the Company not already held by them upon the exercise of the warrants by KHR and/or PACs (“Exemption”). The Exemption is effective until:

- (i) the full exercise of the 424,632,772 warrants subscribed by KHR and the PACs; or
- (ii) the expiry of the warrants on 18 December 2018; or
- (iii) the Exemption is no longer relevant when the collective shareholding of KHR and PACs is more than 50% of the voting shares or voting rights of the Company.

whichever occurs first.

As at 22 August 2018, KHR and PACs collectively hold 1,698,531,090 voting shares and 424,632,772 warrants in the Company representing approximately 44.25% and 68.61% of the total outstanding voting shares and warrants in the Company, and have not acquired any voting shares, voting rights or warrants since the Exemption came into effect on 6 November 2013, other than the 424,632,772 warrants subscribed by them under the non-renounceable restricted issue of new warrants in December 2013.

Assuming only KHR and PACs exercise their warrants in full (but not other warrant holders), then the total voting shares held by KHR and PACs will increase to 2,123,163,862 representing approximately 49.80% in the Company, and a mandatory take-over offer obligation for the remaining voting shares in the Company will not arise from the exercise of the warrants provided that the Exemption remains in effect.

15. Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report of the Group's annual financial statements for the financial year ended 31 December 2017 did not contain any qualification.

16. Approval of Interim Financial Statements

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 August 2018.