



**SECOND QUARTERLY REPORT**

Quarterly report on consolidated results for the six months ended 30 June 2014. The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	UNAUDITED INDIVIDUAL QUARTER Second quarter ended 30 June		UNAUDITED CUMULATIVE PERIOD Six months ended 30 June	
	<u>2014</u> <u>RM'000</u>	<u>2013</u> <u>RM'000</u>	<u>2014</u> <u>RM'000</u>	<u>2013</u> <u>RM'000</u>
<b>Revenue</b>	1,910,867	2,224,464	3,936,917	4,086,458
Cost of sales	<b>(1,387,191)</b>	(1,433,536)	<b>(2,732,417)</b>	(2,661,590)
<b>Gross profit</b>	<b>523,676</b>	790,928	<b>1,204,500</b>	1,424,868
Other income	<b>50,665</b>	49,739	<b>99,227</b>	89,247
Other expenses	<b>(244,796)</b>	(259,555)	<b>(500,572)</b>	(530,637)
Profit from operations before impairment losses	<b>329,545</b>	581,112	<b>803,155</b>	983,478
Impairment losses	-	-	-	(35)
<b>Profit from operations</b>	<b>329,545</b>	581,112	<b>803,155</b>	983,443
Finance costs	<b>(10,812)</b>	(11,144)	<b>(21,191)</b>	(20,647)
<b>Profit before taxation</b>	<b>318,733</b>	569,968	<b>781,964</b>	962,796
Taxation	<b>(75,882)</b>	(112,935)	<b>(189,418)</b>	(88,046)
<b>Profit for the financial period</b>	<b>242,851</b>	457,033	<b>592,546</b>	874,750
<b>Profit attributable to:</b>				
Equity holders of the Company	<b>254,433</b>	460,406	<b>612,722</b>	879,863
Non-controlling interests	<b>(11,582)</b>	(3,373)	<b>(20,176)</b>	(5,113)
	<b>242,851</b>	457,033	<b>592,546</b>	874,750
<b>Earnings per share attributable to equity holders of the Company:</b>				
Basic and diluted earnings per share (sen)	<b>4.49</b>	8.12	<b>10.80</b>	15.51

*(The Condensed Consolidated Income Statement should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2013.)*

**GENTING MALAYSIA BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD	
	Second quarter ended 30 June		Six months ended 30 June	
	<u>2014</u> <u>RM'000</u>	<u>2013</u> <u>RM'000</u>	<u>2014</u> <u>RM'000</u>	<u>2013</u> <u>RM'000</u>
<b>Profit for the financial period</b>	<b>242,851</b>	457,033	<b>592,546</b>	874,750
<b>Other comprehensive income/(loss)</b>				
Items that will be reclassified subsequently to profit or loss:				
Available-for-sale financial assets				
- Fair value gain/(loss)	<b>10,604</b>	(11,024)	<b>(167,611)</b>	461,821
- Reclassification to profit or loss upon disposal	-	(3,813)	-	(3,813)
Cash flow hedges				
- Fair value gain	<b>1,184</b>	-	<b>422</b>	-
Foreign currency exchange differences	<b>(152,240)</b>	316,259	<b>(61,633)</b>	284,738
<b>Other comprehensive (loss)/income, net of tax</b>	<b>(140,452)</b>	301,422	<b>(228,822)</b>	742,746
<b>Total comprehensive income for the financial period</b>	<b>102,399</b>	758,455	<b>363,724</b>	1,617,496
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	<b>114,222</b>	761,828	<b>384,030</b>	1,622,609
Non-controlling interests	<b>(11,823)</b>	(3,373)	<b>(20,306)</b>	(5,113)
	<b>102,399</b>	758,455	<b>363,724</b>	1,617,496

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2013.)*

**GENTING MALAYSIA BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	<b>UNAUDITED</b>	<b>As at</b>
	<b>As at</b>	<b>31.12.2013</b>
	<b>30.06.2014</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,568,799	6,088,342
Land held for property development	184,672	184,672
Investment properties	1,810,348	1,829,070
Intangible assets	4,383,793	4,386,503
Available-for-sale financial assets	1,269,166	1,506,457
Derivative financial instruments	2,005	1,545
Long term receivables	277,518	263,302
Deferred tax assets	176,214	174,564
	<u>14,672,515</u>	<u>14,434,455</u>
<b>Current assets</b>		
Inventories	95,120	87,614
Trade and other receivables	661,706	485,109
Amounts due from other related companies	26,383	27,341
Amounts due from joint ventures	-	2,022
Financial asset at fair value through profit or loss	3,868	3,757
Available-for-sale financial assets	1,106,666	1,091,642
Restricted cash	16,588	-
Cash and cash equivalents	3,516,198	3,720,034
	<u>5,426,529</u>	<u>5,417,519</u>
Assets classified as held for sale	19,242	-
	<u>5,445,771</u>	<u>5,417,519</u>
<b>TOTAL ASSETS</b>	<u><u>20,118,286</u></u>	<u><u>19,851,974</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	593,804	593,804
Reserves	15,925,199	15,762,336
Treasury shares	(900,307)	(898,185)
	<u>15,618,696</u>	<u>15,457,955</u>
<b>Non-controlling interests</b>	<u>(660)</u>	<u>19,646</u>
<b>TOTAL EQUITY</b>	<u><u>15,618,036</u></u>	<u><u>15,477,601</u></u>
<b>Non-current liabilities</b>		
Other long term liabilities	180,257	188,250
Long term borrowings	1,432,634	1,482,608
Deferred tax liabilities	665,745	663,217
	<u>2,278,636</u>	<u>2,334,075</u>
<b>Current liabilities</b>		
Trade and other payables	1,625,375	1,616,121
Amount due to holding company	15,428	16,932
Amounts due to other related companies	84,778	111,440
Amount due to a joint venture	28,826	26,612
Short term borrowings	192,645	197,312
Taxation	53,395	71,881
Dividend payable	221,167	-
	<u>2,221,614</u>	<u>2,040,298</u>
<b>TOTAL LIABILITIES</b>	<u><u>4,500,250</u></u>	<u><u>4,374,373</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>20,118,286</u></u>	<u><u>19,851,974</u></u>
<b>NET ASSETS PER SHARE (RM)</b>	<u><u>2.75</u></u>	<u><u>2.73</u></u>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2013.)*

**GENTING MALAYSIA BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014**

	Attributable to equity holders of the Company							Non-controlling		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Available-for-sale Financial Assets Reserve RM'000	Cash Flow Hedges Reserve RM'000	Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Interests RM'000	
At 1 January 2014	593,804	1,170,620	1,667,076	1,545	247,747	(898,185)	12,675,348	15,457,955	19,646	15,477,601
Total comprehensive income/(loss) for the period	-	-	(167,611)	422	(61,503)	-	612,722	384,030	(20,306)	363,724
Transactions with owners:										
Buy-back of shares	-	-	-	-	-	(2,122)	-	(2,122)	-	(2,122)
Appropriation: Final single-tier dividend declared for the year ended 31 December 2013	-	-	-	-	-	-	(221,167)	(221,167)	-	(221,167)
Total transactions with owners	-	-	-	-	-	(2,122)	(221,167)	(223,289)	-	(223,289)
At 30 June 2014	593,804	1,170,620	1,499,465	1,967	186,244	(900,307)	13,066,903	15,618,696	(660)	15,618,036
At 1 January 2013	593,804	1,170,620	1,235,200	-	(416,047)	(894,061)	11,467,096	13,156,612	-	13,156,612
Total comprehensive income/(loss) for the period	-	-	458,008	-	284,738	-	879,863	1,622,609	(5,113)	1,617,496
Transactions with owners:										
Effects arising from changes in composition of the Group	-	-	-	-	-	-	-	-	38,209	38,209
Buy-back of shares	-	-	-	-	-	(1,977)	-	(1,977)	-	(1,977)
Appropriation: Final dividend declared for the year ended 31 December 2012	-	-	-	-	-	-	(212,698)	(212,698)	-	(212,698)
Total transactions with owners	-	-	-	-	-	(1,977)	(212,698)	(214,675)	38,209	(176,466)
At 30 June 2013	593,804	1,170,620	1,693,208	-	(131,309)	(896,038)	12,134,261	14,564,546	33,096	14,597,642

*(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 2013.)*

**GENTING MALAYSIA BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2014**

**UNAUDITED**  
**Six months ended**  
**30 June**

	2014 RM'000	2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	781,964	962,796
Adjustments for:		
Depreciation and amortisation	301,835	269,285
Property, plant and equipment written off	1,341	848
Loss on disposal of property, plant and equipment	142	894
Impairment losses	-	35
Gain on disposal on available-for-sale financial assets	-	(3,813)
Finance costs	21,191	20,647
Interest income	(45,100)	(34,720)
Investment income	(59,772)	(8,866)
Other non-cash items and adjustments	5,090	(2,290)
	<b>224,727</b>	<b>242,020</b>
<b>Operating profit before working capital changes</b>	<b>1,006,691</b>	<b>1,204,816</b>
Net change in current assets	(129,235)	(50,959)
Net change in current liabilities	(56,869)	136,325
	<b>(186,104)</b>	<b>85,366</b>
<b>Cash generated from operations</b>	<b>820,587</b>	<b>1,290,182</b>
Net tax paid	(222,306)	(217,478)
Retirement gratuities paid	(3,121)	(4,600)
Other net operating payments	(7,480)	(7,542)
	<b>(232,907)</b>	<b>(229,620)</b>
<b>Net Cash Flow From Operating Activities</b>	<b>587,680</b>	<b>1,060,562</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(746,412)	(687,422)
Purchase of intangible asset	(4,824)	-
Purchase of investments	(19,439)	(177,948)
Other investing activities	53,502	92,531
<b>Net Cash Flow From Investing Activities</b>	<b>(717,173)</b>	<b>(772,839)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Buy-back of shares	(2,122)	(1,977)
Proceeds from borrowings	-	371,898
Repayment of borrowings and transaction costs	(61,259)	(174,611)
Restricted cash	8,692	-
Finance costs paid	(16,423)	(13,997)
Others	11,462	21,509
<b>Net Cash Flow From Financing Activities</b>	<b>(59,650)</b>	<b>202,822</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>(189,143)</b>	<b>490,545</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>3,720,034</b>	<b>3,223,939</b>
<b>EFFECT OF CURRENCY TRANSLATION</b>	<b>(14,693)</b>	<b>21,737</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>3,516,198</b>	<b>3,736,221</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and deposits	2,439,114	2,778,021
Money market instruments	1,077,084	958,200
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>3,516,198</b>	<b>3,736,221</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2013.)*

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

**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 six months ended 30 June 2014 have been reviewed by the Company’s auditors 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 2013. 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 2013 except for the adoption of amendments to published standards that are applicable to the Group for the financial period beginning 1 January 2014:

- Amendments to MFRS 10, Investment Entities  
MFRS 12 and MFRS 127
- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets

The adoption of these amendments to published standards does not have a material impact on the interim financial information of the Group.

**b) *Seasonal or Cyclical Factors***

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.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the six months ended 30 June 2014.

**d) *Material Changes in Estimates***

There were no material changes in estimates of amounts reported in prior financial years.

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

During the six months ended 30 June 2014, the Company had repurchased 500,000 ordinary shares of 10 sen each of its issued share capital from the open market for a consideration of approximately RM2,122,000. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965.

There were no other issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the six months ended 30 June 2014.

**f) *Dividend Paid***

No dividend has been paid for the six months ended 30 June 2014.

**g) Segment Information**

The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The performance of the operating segments is based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). This measurement basis excludes the effects of non-recurring items from the reporting segments, such as impairment losses, pre-operating expenses and assets written off.

Segment analysis for the six months ended 30 June 2014 is set out below:

	<u>Leisure &amp; Hospitality</u>			<u>Property</u>	<u>Investments &amp; Others</u>	<u>Total</u>
	<u>Malaysia RM'000</u>	<u>United Kingdom RM'000</u>	<u>United States of America and Bahamas RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Revenue</b>						
Total revenue	2,644,785	682,983	509,638	37,414	142,995	4,017,815
Inter segment	(2,781)	-	-	(6,308)	(71,809)	(80,898)
External	<u>2,642,004</u>	<u>682,983</u>	<u>509,638</u>	<u>31,106</u>	<u>71,186</u>	<u>3,936,917</u>
<b>Adjusted EBITDA</b>	<u>948,901</u>	<u>10,315</u>	<u>42,909</u>	<u>5,119</u>	<u>58,238</u>	<u>1,065,482</u>
<b>Total Assets</b>	<u>4,104,352</u>	<u>3,858,524</u>	<u>3,892,810</u>	<u>2,544,394</u>	<u>5,718,206</u>	<u>20,118,286</u>

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

Adjusted EBITDA for reportable segments	1,065,482
Pre-operating expenses	(5,592)
<b>EBITDA</b>	<u>1,059,890</u>
Depreciation and amortisation	(301,835)
Interest income	45,100
Finance costs	(21,191)
<b>Profit before taxation</b>	<u>781,964</u>

**h) Property, Plant and Equipment**

During the six months ended 30 June 2014, acquisitions of property, plant and equipment by the Group were RM761.9 million.

**i) Material Event Subsequent to the end of Financial Period**

There were no material events subsequent to the end of current financial period ended 30 June 2014 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 2014.

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

There were no material changes in the contingent liabilities or contingent assets since the financial year ended 31 December 2013.

**l) Capital Commitments**

Authorised capital commitments not provided for in the financial statements as at 30 June 2014 are as follows:

	<b>RM'000</b>
Contracted	2,365,040
Not contracted	3,531,600
	<u>5,896,640</u>
Analysed as follows:	
- Property, plant and equipment	5,492,187
- Investments	404,453
	<u>5,896,640</u>

**m) Significant Related Party Transactions**

In the normal course of business, the Group undertakes on agreed terms and prices, transactions with related companies and other related parties. The related party transactions of the Group carried out during the six months ended 30 June 2014 are as follows:

	<b>Current quarter RM'000</b>	<b>Current financial year-to-date RM'000</b>
i) Provision of technical know-how and management expertise in the resort's operations by Genting Berhad ("GENT") Group to the Group.	100,508	212,637
ii) Licensing fee for the use of "Genting", "Resorts World" and "Awana" logo charged by GENT to the Group.	45,877	94,544
iii) Licensing fee for the use of "Resorts World" and "Genting" intellectual property outside Malaysia charged by GENT Group to the Group.	249	520
iv) Provision of GENT Group Management and Support Services by GENT Group to the Group.	1,445	3,090
v) Rental charges for premises by the Company to Oriregal Creations Sdn Bhd.	381	762
vi) Rental charges and related services by the Group to GENT Group.	987	1,964
vii) Rental charges and related services by the Group to Genting Plantations Berhad ("GENP") Group.	623	1,248
viii) Licensing fee for the use of "Resorts World" and "Genting" intellectual property in the United States of America and the Bahamas charged by Resorts World Inc Pte Ltd ("RWI") Group to the Group.	13,625	26,858
ix) Provision of information technology consultancy, development, implementation, support and maintenance service and other management services by the Group to GENT Group.	1,192	2,488
x) Provision of information technology consultancy, development, implementation, support and maintenance service and other management services by the Group to GENP Group.	1,014	1,793
xi) Provision of information technology consultancy, development, implementation, support and maintenance service and other management services by the Group to Genting Hong Kong Limited ("GENHK") Group.	202	568
xii) Provision of management and support services by the Group to SE Mass II, LLC.	1,105	2,394
xiii) Provision of management and support services by the Group to GENT Group.	489	852
xiv) Acquisition of aircraft by the Group from GENHK Group.	-	57,538
xv) Rental charges by Genting Development Sdn Bhd to the Group.	292	562
xvi) Provision of professional and marketing services by the Group to RWI Group.	3,410	9,644



**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 assets or liabilities that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2014, the Group's financial instruments measured and recognised at fair value on a recurring basis are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial asset at fair value through profit or loss	3,868	-	-	3,868
Available-for-sale financial assets	1,806,161	567,951	1,720	2,375,832
Derivative financial instruments	-	2,005	-	2,005
	<u>1,810,029</u>	<u>569,956</u>	<u>1,720</u>	<u>2,381,705</u>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 31 December 2013.

**GENTING MALAYSIA BERHAD**  
**ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES – FINANCIAL PERIOD ENDED**  
**30 JUNE 2014**

**Part II: Compliance with Appendix 9B of Bursa Securities Listing Requirements**

**1) Review of Performance**

The results of the Group are tabulated below:

	INDIVIDUAL QUARTER			PRECEDING QUARTER		SIX MONTHS ENDED 30 JUNE		
	2Q2014	2Q2013	Var %	1Q2014	Var %	2014	2013	Var %
	RM'Mil	RM'Mil		RM'Mil		RM'Mil	RM'Mil	
<b>Revenue</b>								
Leisure & Hospitality								
- Malaysia	1,280.9	1,461.7	-12%	1,361.1	-6%	2,642.0	2,805.6	-6%
- United Kingdom	301.5	509.6	-41%	381.5	-21%	683.0	773.1	-12%
- United States of America and Bahamas	253.0	228.4	11%	256.6	-1%	509.6	454.6	12%
	1,835.4	2,199.7	-17%	1,999.2	-8%	3,834.6	4,033.3	-5%
Property	15.4	15.8	-3%	15.7	-2%	31.1	34.4	-10%
Investments & others	60.0	9.0	>100%	11.2	>100%	71.2	18.8	>100%
	1,910.8	2,224.5	-14%	2,026.1	-6%	3,936.9	4,086.5	-4%
<b>Adjusted EBITDA</b>								
Leisure & Hospitality								
- Malaysia	446.8	548.2	-18%	502.1	-11%	948.9	949.6	-
- United Kingdom	(65.9)	73.1	>100%	76.2	>100%	10.3	97.2	-89%
- United States of America and Bahamas	28.3	85.1	-67%	14.7	93%	43.0	165.9	-74%
	409.2	706.4	-42%	593.0	-31%	1,002.2	1,212.7	-17%
Property	1.0	8.7	-89%	4.1	-76%	5.1	22.1	-77%
Others	50.3	9.5	>100%	7.9	>100%	58.2	13.8	>100%
	460.5	724.6	-36%	605.0	-24%	1,065.5	1,248.6	-15%
Pre-operating expenses	(3.2)	(25.3)	87%	(2.4)	-33%	(5.6)	(30.6)	82%
<b>EBITDA</b>	<b>457.3</b>	<b>699.3</b>	<b>-35%</b>	<b>602.6</b>	<b>-24%</b>	<b>1,059.9</b>	<b>1,218.0</b>	<b>-13%</b>
Depreciation and amortisation	(152.5)	(133.3)	-14%	(149.3)	-2%	(301.8)	(269.3)	-12%
Interest income	24.8	15.1	64%	20.3	22%	45.1	34.7	30%
Finance costs	(10.8)	(11.1)	3%	(10.4)	-4%	(21.2)	(20.6)	-3%
<b>Profit before taxation</b>	<b>318.8</b>	<b>570.0</b>	<b>-44%</b>	<b>463.2</b>	<b>-31%</b>	<b>782.0</b>	<b>962.8</b>	<b>-19%</b>

## 1) Review of Performance (Cont'd)

### a) Quarter ended 30 June 2014 ("2Q 2014") compared with quarter ended 30 June 2013 ("2Q 2013")

The Group's revenue in 2Q 2014 was RM1,910.8 million, which was a decrease of 14% compared with RM2,224.5 million in 2Q 2013.

The lower revenue was mainly attributable to:

1. lower revenue from the casino business in United Kingdom ("UK") by RM208.1 million, mainly due to lower hold percentage and volume of business of its London casino operations; and
2. lower revenue from the leisure and hospitality business in Malaysia by RM180.8 million, mainly due to lower hold percentage in the premium players business; mitigated by
3. higher investment income by RM51.0 million mainly due to the dividend income from the Group's investment in Genting Hong Kong Limited ("GENHK"); and
4. higher revenue from the leisure and hospitality business in United States of America ("US") and Bahamas by RM24.6 million mainly contributed by the commencement of operations at Resorts World Bimini in Bahamas ("Bimini operations") on 28 June 2013.

The Group's adjusted EBITDA in 2Q 2014 was RM460.5 million compared with RM724.6 million in 2Q 2013. The lower adjusted EBITDA was mainly attributable to:

1. leisure and hospitality business in Malaysia which reported a lower adjusted EBITDA of RM446.8 million compared with RM548.2 million in 2Q 2013. The adjusted EBITDA margin was 35% as compared to 38% in 2Q 2013 mainly due to lower revenue and higher payroll costs;
2. casino business in the UK which registered an adjusted loss before interest, tax, depreciation and amortisation of RM65.9 million compared with an adjusted EBITDA of RM73.1 million in 2Q 2013 mainly due to lower revenue mitigated by lower bad debt written off in 2Q 2014; and
3. lower adjusted EBITDA by RM56.8 million from the leisure and hospitality business in the US and Bahamas mainly due to operational challenges as a result of the infrastructure and hotel capacity constraints at Bimini which contributed a loss before interest, tax, depreciation and amortisation of RM52.9 million. Resorts World Casino New York City ("RWNYC") also recorded a lower adjusted EBITDA primarily due to higher payroll costs; mitigated by
4. higher investment income by RM51.0 million mainly due to the dividend income from GENHK.

The Group's profit before taxation of RM318.8 million in 2Q 2014 was lower by 44% compared with RM570.0 million in 2Q 2013. The lower profit before taxation was mainly due to:

1. lower adjusted EBITDA as mentioned above; and
2. higher depreciation and amortisation charges by RM19.2 million mainly from the Group's operations in UK and US; mitigated by
3. lower pre-operating expenses by RM22.1 million mainly due to expenses incurred for the start up of Bimini operations in 2Q 2013.

**b) Financial period for the six months ended 30 June 2014 (“1H 2014”) compared with six months ended 30 June 2013 (“1H 2013”)**

The Group’s revenue in the 1H 2014 was RM3,936.9 million, a decrease of 4% compared with RM4,086.5 million in the 1H 2013.

The lower revenue was mainly attributable to:

1. lower revenue from the leisure and hospitality business in Malaysia by RM163.6 million, mainly due to lower hold percentage in the premium players business; and
2. lower revenue from the leisure and hospitality business in the UK by RM90.1 million, mainly due to lower hold percentage of its London casino operations despite a higher volume of business; mitigated by
3. higher revenue from the leisure and hospitality business in the US and Bahamas by RM55.0 million, mainly contributed by the commencement of Bimini operations; and
4. higher investment income by RM52.4 million mainly due to the dividend income from GENHK.

The Group’s adjusted EBITDA in 1H 2014 was RM1,065.5 million compared with RM1,248.6 million in 1H 2013. The lower adjusted EBITDA was mainly attributable to:

1. lower adjusted EBITDA by RM122.9 million from the leisure and hospitality business in US and Bahamas mainly due to operational challenges of the Bimini operations which contributed a loss before interest, tax, depreciation and amortisation of RM104.5 million. RWNYP also recorded a lower adjusted EBITDA mainly due to lower revenue and higher payroll costs;
2. lower adjusted EBITDA by RM86.9 million from the casino business in the UK mainly due to lower revenue mitigated by lower bad debt written off in 1H 2014; and
3. adjusted EBITDA for Malaysia operations was consistent with 1H 2013 mainly due to lower revenue and higher payroll costs mitigated by contributions in support of the Group’s social responsibility efforts made in 1Q 2013; mitigated by
4. higher investment income by RM52.4 million mainly due to the dividend income from GENHK.

The Group’s profit before taxation for 1H 2014 was lower by RM180.8 million or 19% compared with 1H 2013. The lower profit before taxation was mainly due to:

1. lower adjusted EBITDA as mentioned above; and
2. higher depreciation and amortisation charges by RM32.5 million mainly from the Group’s operations in Malaysia and UK; mitigated by
3. lower pre-operating expenses by RM25.0 million mainly due to expenses incurred for the start up of Bimini operations in 1H 2013.

**2) Material Changes in Profit before Taxation for the Current Quarter (“2Q 2014”) compared with the Immediate Preceding Quarter (“1Q 2014”)**

Profit before taxation for 2Q 2014 of RM318.8 million was lower by 31% compared to 1Q 2014 of RM463.2 million. The lower profit before taxation was mainly due to:

1. casino business in the UK which registered an adjusted loss before interest, tax, depreciation and amortisation of RM65.9 million compared with an adjusted EBITDA of RM76.2 million in 1Q 2014 mainly due to lower revenue and higher bad debt written off in 2Q 2014; and
2. lower adjusted EBITDA by RM55.3 million from the leisure and hospitality business in Malaysia mainly due to lower revenue and higher other operating expenses mitigated by lower costs relating to premium players business; mitigated by
3. higher investment income by RM48.8 million mainly due to the dividend income from GENHK; and
4. higher adjusted EBITDA by RM13.6 million from the leisure and hospitality business in the US and Bahamas mainly due to higher volume of business from RWNYP operations.

### 3) Prospects

Global economic activities are expected to gain momentum in the second half of the year as the economic environments of major advanced economies continue to grow. Domestically, the overall business and economic indicators remain relatively stable and growth is expected to be sustainable.

The region's gaming markets are showing signs of slowing growth as evidenced by reported numbers from the Singapore and Macau markets. Whilst the region's tourism industry outlook remains largely positive, recent events affecting air travel may continue to dampen sentiment in the region.

Overall, the Group remains positive on the longer term outlook for the leisure and hospitality industry.

In Malaysia, the outdoor theme park, Arena of Stars and certain sections of the First World Plaza at RWG have been closed to facilitate the upgrading and expansion plans in relation to the Genting Integrated Tourism Plan. The upgrading works for the Arena of Stars are expected to complete by November 2014. Despite the closures, the Group expects its core business to remain resilient and continues to develop plans to boost visitations to RWG through new fun and exciting indoor activities, attractions and events. The Group will also continue to optimize operational efficiencies, further enhance its yield management initiatives and increase marketing efforts to grow its mid and premium core business segments.

The UK economy has continued to show positive signs of recovery in first half of 2014. The Group remains committed to further grow its premium players business and it expects higher volumes to mitigate the volatility of the high roller market at the London casinos. The Group is also continuing the re-vitalisation of its business in the domestic markets against a backdrop of a broadly flat market. Construction and development of Resorts World Birmingham continues and it is expected to open in the second quarter of 2015.

In the US, RWNYC continues to deliver encouraging results and grow its market share in the State of New York. The Group will continue to develop its marketing initiatives to increase and attract new visitations and to grow its customer database. In Bimini, the business operations have yet to reach the expected level with the ongoing expansion of its infrastructure and capacity. The opening of the deep water jetty and new luxury hotel by end of 2014 will improve accessibility and room capacity. With these, the visitations to Bimini are expected to grow.

### 4) Variance of Actual Profit from Forecast Profit

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

### 5) Taxation

Taxation charges for the current quarter and six months ended 30 June 2014 are as follows:

	<b>Current quarter ended 30 June 2014</b>	<b>Six months ended 30 June</b>
	<b>RM'000</b>	<b>RM'000</b>
Current taxation		
Malaysian income tax charge	95,922	206,012
Foreign income tax credit	(17,552)	(4,536)
	<u>78,370</u>	<u>201,476</u>
Deferred tax credit	(2,000)	(11,887)
	<u>76,370</u>	<u>189,589</u>
Prior period taxation		
Income tax over provided	(488)	(171)
	<u>75,882</u>	<u>189,418</u>

The effective tax rates of the Group for the current quarter and six months ended 30 June 2014 are lower than the statutory tax rate mainly due to income not subject to tax, tax incentives and income subject to tax in different jurisdictions; offset by non-deductible expenses.

**6) Status of Corporate Proposals Announced**

There were no other corporate proposals announced but not completed as at 21 August 2014.

**7) Group Borrowings**

The details of the Group's borrowings as at 30 June 2014 are as set out below:

	<u>Secured/Unsecured</u>	<u>Foreign Currency</u> <u>'000</u>	<u>RM Equivalent</u> <u>'000</u>
Short term borrowings	Secured	USD59,761	192,645
Long term borrowings	Secured	USD189,931	612,244
	Unsecured	GBP149,185	820,390

**8) Outstanding derivatives**

As at 30 June 2014, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

<b>Types of Derivative</b>	<b>Contract/Notional Value</b> <b>RM'000</b>	<b>Fair Value Assets</b> <b>RM'000</b>
<u>Interest Rate Swaps</u> GBP - More than 3 years	181,471	2,005

Other than the above, there is no significant change for the financial derivatives in respect of the following since the last financial year ended 31 December 2013:

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

**9) Fair Value Changes of Financial Liabilities**

As at 30 June 2014, the Group does not have any financial liabilities measured at fair value through profit or loss.

**10) Changes in Material Litigation**

There are no pending material litigations as at 21 August 2014.

## 11) Dividend Proposed or Declared

- (a) (i) An interim single-tier dividend of 3.00 sen per ordinary share of 10 sen each in respect of the financial year ending 31 December 2014 has been declared by the Directors.
- (ii) The interim dividend declared and paid for the previous year's corresponding period was 4.30 sen per ordinary share of 10 sen each, less 25% tax.
- (iii) The interim single-tier dividend shall be payable on 22 October 2014.
- (iv) Entitlement to the interim single-tier dividend:
- A 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 p.m. on 30 September 2014 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 2014 is 3.00 sen per ordinary share of 10 sen each.

## 12) Profit before Taxation

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

	<b>Current quarter ended 30 June 2014 RM'000</b>	<b>Six months ended 30 June 2014 RM'000</b>
<b><u>Charges:</u></b>		
Depreciation and amortisation	152,500	301,835
Property, plant and equipment written off	736	1,341
Net loss on disposal of property, plant and equipment	2	142
Net impairment loss on receivables	4,915	5,481
Finance costs	10,812	21,191
Net foreign currency exchange losses	5,585	3,446
<b><u>Credits:</u></b>		
Interest income	24,792	45,100
Investment income	55,792	59,772

### 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 2014 are as follows:

	<b>Current quarter ended 30 June 2014 RM'000</b>	<b>Current financial year-to-date ended 30 June 2014 RM'000</b>
Profit for the financial period attributable to equity holders of the Company (used as numerator for the computation of basic and diluted EPS)	<u>254,433</u>	<u>612,722</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 2014 are as follows:

	<b>Current quarter ended 30 June 2014 Number of Shares ('000)</b>	<b>Current financial year-to-date ended 30 June 2014 Number of Shares ('000)</b>
Weighted average number of ordinary shares in issue (*) (used as denominator for the computation of basic and diluted EPS)	<u>5,671,283</u>	<u>5,671,360</u>

(\*) The weighted average number of ordinary shares of RM0.10 each in issue during the current quarter and six months ended 30 June 2014 excludes the weighted average treasury shares held by the Company.

### 14) Realised and Unrealised Profits/Loss

The breakdown of the retained profits of the Group as at 30 June 2014, into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	<b>As at the end of current quarter RM'000</b>	<b>As at the end of last financial year RM'000</b>
Total retained profits of Genting Malaysia Berhad and its subsidiaries:		
- Realised	12,891,053	12,498,461
- Unrealised	<u>(496,466)</u>	<u>(491,413)</u>
	12,394,587	12,007,048
Total share of accumulated losses from joint ventures:		
- Realised	<u>(23,202)</u>	<u>(23,202)</u>
	12,371,385	11,983,846
Add: Consolidation adjustments	<u>695,518</u>	<u>691,502</u>
Total Group retained profits as per consolidated accounts	<u>13,066,903</u>	<u>12,675,348</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.



**15) Disclosure of Audit Report Qualification and Status of Matters Raised**

The audit report of the Group's annual financial statements for the year ended 31 December 2013 was not qualified.

**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 28 August 2014.