GENTING MALAYSIA

FOURTH QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 December 2018. The figures for the cumulative period for the financial year ended 31 December 2018 have been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	UNAUDITED INDIVIDUAL QUARTER Fourth quarter ended 31 December		CUMULATIVE PERIOD Financial year ended 31 December	
	2018	2017 (Restated)	**2018**	2017 (Restated)
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**2,507,040**	2,544,407	**9,927,607**	9,330,307
Cost of sales	**(1,859,812)**	(1,912,789)	**(7,265,369)**	(7,135,510)
Gross profit	**647,228**	631,618	**2,662,238**	2,194,797
Other income	**76,767**	168,870	**509,104**	545,239
Other expenses	**(256,791)**	(288,850)	**(1,076,748)**	(1,250,686)
Profit from operations before impairment losses	**467,204**	511,638	**2,094,594**	1,489,350
Reversal of previously recognised impairment losses	**-**	-	**27,126**	-
Impairment losses	**(24,186)**	-	**(1,969,908)**	(54,599)
Profit from operations	**443,018**	511,638	**151,812**	1,434,751
Finance costs	**(42,607)**	(33,918)	**(155,818)**	(114,895)
Profit/(loss) before taxation	**400,411**	477,720	**(4,006)**	1,319,856
Taxation	**304,977**	(47,001)	**(82,347)**	(247,220)
Profit/(loss) for the financial period/year	**705,388**	430,719	**(86,353)**	1,072,636
Profit/(loss) attributable to:				
Equity holders of the Company	**720,139**	449,786	**(19,588)**	1,161,295
Non-controlling interests	**(14,751)**	(19,067)	**(66,765)**	(88,659)
	705,388	430,719	**(86,353)**	1,072,636
Earnings/(loss) per share attributable to equity holders of the Company:				
Basic earnings/(loss) per share (sen)	**12.74**	7.94	**(0.35)**	20.51
Diluted earnings/(loss) per share (sen)	**12.69**	7.92	**(0.35)**	20.45

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

GENTING MALAYSIA BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	UNAUDITED INDIVIDUAL QUARTER Fourth quarter ended 31 December		CUMULATIVE PERIOD Financial year ended 31 December	
	2018	2017	**2018**	2017
		(Restated)		(Restated)
	RM'000	RM'000	**RM'000**	RM'000
Profit/(loss) for the financial period/year	**705,388**	430,719	**(86,353)**	1,072,636
Other comprehensive (loss)/income				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss)/gain on retirement benefit liability	**(9,572)**	4,962	**(9,572)**	4,962
Changes in the fair value of equity investments at fair value through other comprehensive income	**(10,880)**	-	**(30,733)**	-
	(20,452)	4,962	**(40,305)**	4,962
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- Fair value (loss)/gain	**(39)**	758	**(2,513)**	739
Foreign currency exchange differences	**(2,024)**	(352,316)	**84,751**	(736,174)
	(2,063)	(351,558)	**82,238**	(735,435)
Other comprehensive (loss)/income, net of tax	**(22,515)**	(346,596)	**41,933**	(730,473)
Total comprehensive income/(loss) for the financial period/year	**682,873**	84,123	**(44,420)**	342,163
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**700,467**	97,838	**29,759**	415,731
Non-controlling interests	**(17,594)**	(13,715)	**(74,179)**	(73,568)
	682,873	84,123	**(44,420)**	342,163

(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 MALAYSIA BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	As at 31.12.2018 RM'000	As at 31.12.2017 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	**14,840,897**	13,835,384
Land held for property development	**184,672**	184,672
Investment properties	**2,204,259**	2,178,833
Intangible assets	**4,527,329**	4,654,464
Financial assets at fair value through other comprehensive income	**117,157**	-
Available-for-sale financial assets	**-**	144,964
Other non-current assets	**254,528**	1,871,678
Deferred tax assets	**250,191**	39,324
	22,379,033	22,909,319
Current assets		
Inventories	**108,531**	111,508
Trade and other receivables	**657,563**	684,206
Amounts due from other related companies	**5,031**	2,084
Financial assets at fair value through profit or loss	**407,794**	7,443
Available-for-sale financial assets	**-**	120,000
Restricted cash	**100,856**	71,634
Cash and cash equivalents	**7,999,679**	5,996,559
	9,279,454	6,993,434
Assets classified as held for sale	**59,455**	65,670
	9,338,909	7,059,104
TOTAL ASSETS	**31,717,942**	29,968,423
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**1,764,424**	1,764,424
Reserves	**17,455,318**	18,491,972
Treasury shares	**(999,062)**	(911,258)
Shares held for employee share scheme	**-**	(21,678)
	18,220,680	19,323,460
Non-controlling interests	**(267,400)**	(193,221)
TOTAL EQUITY	**17,953,280**	19,130,239
Non-current liabilities		
Other long term liabilities	**316,475**	277,924
Long term borrowings	**9,282,676**	6,590,808
Deferred tax liabilities	**781,138**	716,346
Derivative financial instruments	**961**	-
	10,381,250	7,585,078
Current liabilities		
Trade and other payables	**2,736,515**	2,591,614
Amount due to holding company	**25,362**	21,615
Amounts due to other related companies	**96,795**	156,960
Short term borrowings	**477,584**	383,596
Derivative financial instruments	**1,806**	-
Taxation	**31,747**	40,139
	3,369,809	3,193,924
Liabilities classified as held for sale	**13,603**	59,182
	3,383,412	3,253,106
TOTAL LIABILITIES	**13,764,662**	10,838,184
TOTAL EQUITY AND LIABILITIES	**31,717,942**	29,968,423
NET ASSETS PER SHARE (RM)	**3.22**	3.41

(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 MALAYSIA BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company									
	Share Capital	Fair Value Reserve	Cash Flow Hedges Reserve	Other Reserves	Treasury Shares	Shares held for Employee Share Scheme	Retained Earnings	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 31 December 2017 as originally presented	1,764,424	-	-	1,521,430	(911,258)	(21,678)	16,982,093	19,335,011	(193,221)	19,141,790
Change in accounting policy	-	-	-	-	-	-	(11,551)	(11,551)	-	(11,551)
Restated total equity at 1 January 2018	1,764,424	-	-	1,521,430	(911,258)	(21,678)	16,970,542	19,323,460	(193,221)	19,130,239
Loss for the financial year	-	-	-	-	-	-	(19,588)	(19,588)	(66,765)	(86,353)
Other comprehensive (loss)/income	-	(30,733)	(2,513)	92,165	-	-	(9,572)	49,347	(7,414)	41,933
Total comprehensive (loss)/income for the financial year	-	(30,733)	(2,513)	92,165	-	-	(29,160)	29,759	(74,179)	(44,420)
Transactions with owners:										
Buy-back of shares	-	-	-	-	(111,426)	-	-	(111,426)	-	(111,426)
Performance-based employee share scheme	-	-	-	53,496	-	-	-	53,496	-	53,496
Employee share scheme shares vested to employees	-	-	-	(45,300)	23,622	21,678	-	-	-	-
Transfer of employee share scheme shares purchase price difference on shares vested	-	-	-	(5,253)	-	-	5,253	-	-	-
Appropriation:										
Special single-tier dividend declared for the financial year ended 31 December 2017	-	-	-	-	-	-	(452,281)	(452,281)	-	(452,281)
Final single-tier dividend declared for the financial year ended 31 December 2017	-	-	-	-	-	-	(282,931)	(282,931)	-	(282,931)
Interim single-tier dividend declared for the financial year ended 31 December 2018	-	-	-	-	-	-	(339,397)	(339,397)	-	(339,397)
Total transactions with owners	-	-	-	2,943	(87,804)	21,678	(1,069,356)	(1,132,539)	-	(1,132,539)
At 31 December 2018	1,764,424	(30,733)	(2,513)	1,616,538	(999,062)	-	15,872,026	18,220,680	(267,400)	17,953,280

(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 MALAYSIA BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company									
	Share Capital RM'000	Share Premium RM'000	Cash Flow Hedges Reserve RM'000	Other Reserves RM'000	Treasury Shares RM'000	Shares held for Employee Share Scheme RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 January 2017	593,804	1,170,620	(739)	2,250,313	(911,258)	(45,769)	16,808,047	19,865,018	(119,653)	19,745,365
Change in accounting policy	-	-	-	-	-	-	(13,149)	(13,149)	-	(13,149)
Restated total equity at the beginning of the financial year	593,804	1,170,620	(739)	2,250,313	(911,258)	(45,769)	16,794,898	19,851,869	(119,653)	19,732,216
Transfer of share premium	1,170,620	(1,170,620)	-	-	-	-	-	-	-	-
Profit/(loss) for the financial year (restated)	-	-	-	-	-	-	1,161,295	1,161,295	(88,659)	1,072,636
Other comprehensive income/(loss)	-	-	739	(751,265)	-	-	4,962	(745,564)	15,091	(730,473)
Total comprehensive income/(loss) for the financial year	-	-	739	(751,265)	-	-	1,166,257	415,731	(73,568)	342,163
Transactions with owners:										
Performance-based employee share scheme	-	-	-	46,473	-	-	-	46,473	-	46,473
Employee share scheme shares vested to employees	-	-	-	(24,091)	-	24,091	-	-	-	-
Appropriation:										
Special single-tier dividend declared for the financial year ended 31 December 2016	-	-	-	-	-	-	(412,976)	(412,976)	-	(412,976)
Final single-tier dividend declared for the financial year ended 31 December 2016	-	-	-	-	-	-	(351,113)	(351,113)	-	(351,113)
Interim single-tier dividend declared for the financial year ending 31 December 2017	-	-	-	-	-	-	(226,524)	(226,524)	-	(226,524)
Total transactions with owners	-	-	-	22,382	-	24,091	(990,613)	(944,140)	-	(944,140)
At 31 December 2017 (restated)	1,764,424	-	-	1,521,430	(911,258)	(21,678)	16,970,542	19,323,460	(193,221)	19,130,239

(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 MALAYSIA BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Financial year ended 31 December	
	2018	2017 (Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	**(4,006)**	1,319,856
Adjustments for:		
Depreciation and amortisation	**954,822**	939,926
Property, plant and equipment written off	**22,324**	8,607
Net gain on disposal of property, plant and equipment	**(977)**	(30,417)
Finance costs	**155,818**	114,895
Interest income	**(299,048)**	(304,337)
Investment income	**(14,033)**	(15,577)
Reversal of impairment losses	**(27,126)**	-
Impairment losses	**1,969,908**	54,599
Employee share grant scheme expenses	**53,496**	46,473
Net exchange (gain)/loss – unrealised	**(23,214)**	119,036
Other non-cash items and adjustments	**25,620**	41,799
	2,817,590	975,004
Operating profit before working capital changes	**2,813,584**	2,294,860
Net change in current assets	**(76,213)**	34,181
Net change in current liabilities	**78,292**	99,355
	2,079	133,536
Cash generated from operations	**2,815,663**	2,428,396
Net tax paid	**(198,307)**	(175,795)
Retirement gratuities paid	**(2,904)**	(2,928)
Onerous lease paid	**(3,968)**	(94,793)
	(205,179)	(273,516)
Net Cash Flow From Operating Activities	**2,610,484**	2,154,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,853,537)**	(2,659,021)
Proceeds from disposal of property, plant and equipment	**122,237**	12,775
Purchase of investments	**(423,919)**	(120,402)
Proceeds from disposal of investments	**120,000**	430,000
Interest received	**147,703**	103,939
Other investing activities	**66,289**	(47,938)
Net Cash Flow From Investing Activities	**(1,821,227)**	(2,280,647)
CASH FLOWS FROM FINANCING ACTIVITIES		
Buy-back of shares	**(111,426)**	-
Repayment of borrowings	**(250,083)**	(2,302,013)
Repayment of transaction costs	**(5,542)**	(37,808)
Proceeds from bank borrowings and issuance of Medium Term Notes	**2,943,152**	5,009,709
Restricted cash	**3,637**	(1,444)
Dividend paid	**(1,074,609)**	(990,613)
Finance costs paid	**(305,976)**	(235,953)
Net Cash Flow From Financing Activities	**1,199,153**	1,441,878
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**1,988,410**	1,316,111
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**5,996,559**	4,855,700
EFFECT OF CURRENCY TRANSLATION	**14,710**	(175,252)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7,999,679**	5,996,559
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and deposits	**3,875,079**	3,186,738
Money market instruments	**4,124,600**	2,809,821
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7,999,679**	5,996,559

(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.)

Part I: Compliance with Malaysian Financial Reporting Standard ("MFRS") 134

a) Accounting Policies and Methods of Computation

The interim financial report 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 figures for the cumulative period for the financial year ended 31 December 2018 have been audited.

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. 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 except for the adoption of standards and amendments to standards and interpretations that are mandatory for the Group for the financial year beginning 1 January 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 140	Classification on Change in Use - Investment Properties
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014 - 2016 Cycle	

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:

<u>MFRS 9 "Financial Instruments"</u>

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (a) classification and measurement of financial assets; (b) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (c) 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 RM145.0 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. Income funds that do not meet the criteria for classification either as FVOCI or at amortised cost have been classified as FVTPL.

The other financial assets held by the Group include:
- equity investments currently measured at fair value through profit or loss 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's accounting for financial liabilities as the new requirements only affect financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities.

a) *Accounting Policies and Methods of Computation (Cont'd)*

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 adopted MFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in MFRS 15, the Group has adopted the new rules retrospectively and has restated comparatives for the financial year ended 31 December 2017.

The Group's adjustment on the adoption of MFRS 15 is in relation to the effect of changes to the timing of revenue recognition for the timeshare membership fees.

The effects of adoption of MFRS 9 and MFRS 15 are disclosed in Note (o) of this interim report.

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*

The unusual items included in the interim financial report for the financial year ended 31 December 2018 related mainly to the impairment loss of RM1,834.3 million on the Group's investment in the promissory notes ("Notes") issued by the Mashpee Wampanoag Tribe ("Tribe") to finance the Tribe's development of an integrated gaming resort in Taunton, Massachusetts, United States of America ("US"). This impairment loss was due to the uncertainty of recovery of the Notes following the US Federal Government's decision in September 2018 concluding that the Tribe did not satisfy the conditions under the Indian Reorganisation Act that allow the Tribe to have the land in trust for an integrated gaming resort development. However, the Group continues to work closely with the Tribe on options which includes a legislation being introduced in the US Congress which, if passed, will entail the US Federal Government to reaffirm the land in trust for the benefit of the Tribe.

This impairment loss can be reversed when the Notes are assessed to be recoverable.

Other than the above, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 December 2018.

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*

Purchase of shares pursuant to Section 127 of the Companies Act 2016

During the financial year ended 31 December 2018, the Company had acquired 21.6 million ordinary shares from the open market for a cash consideration of RM111.4 million. The share buy-back was made pursuant to the approval obtained from the Company's shareholders at the Company's Annual General Meeting held on 5 June 2018 and amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements arising from the implementation of the Companies Act 2016. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127(4) of the Companies Act 2016.

During the financial year ended 31 December 2018, 6.8 million treasury shares amounting to RM23.6 million have been transferred to the Eligible Employees under the Employee Share Grant Scheme pursuant to Section 127(7)(c) of the Companies Act 2016.

e) Changes in Debt and Equity Securities (Cont'd)

Issuance of Medium Term Notes ("MTN")

On 11 July 2018, GENM Capital Berhad, a wholly-owned subsidiary of Genting Malaysia Berhad ("the Company"), issued RM2.6 billion in nominal value of MTNs comprising RM1.4 billion 5-year MTN at coupon rate of 4.98% per annum, RM0.75 billion 10-year MTN at coupon rate of 5.30% per annum and RM0.45 billion 15-year MTN at coupon rate of 5.58% per annum under its MTN Programme, which is guaranteed by the Company. The coupon is payable semi-annually.

Other than the above, there were no material issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the financial year ended 31 December 2018.

f) Dividend Paid

Dividend paid during the financial year ended 31 December 2018 is as follows:

	RM'Mil
Special single-tier dividend for the financial year ended 31 December 2017 paid on 30 March 2018 (8.0 sen per ordinary share)	452.3
Final single-tier dividend for the financial year ended 31 December 2017 paid on 28 June 2018 (5.0 sen per ordinary share)	282.9
Interim single-tier dividend for the financial year ended 31 December 2018 paid on 10 October 2018 (6.0 sen per ordinary share)	339.4
	1,074.6

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/(losses) before interest, tax, depreciation and amortisation ("EBITDA/(LBITDA)"). This measurement basis excludes the effects of gain or loss on disposal of assets, assets written off, impairment loss or reversal of previously recognised impairment loss, pre-opening expenses and other non-recurring items.

The Group is organised into the following main business segments:

Leisure & Hospitality - this segment comprises integrated resort activities which include gaming, hotels, food and beverages ("F&B"), theme parks, retail, entertainment attractions, tours and travel related services and other supporting services.

Properties - this segment is involved in property developments, property investment and management.

All other immaterial business segments including investment in equities, training services, reinsurance services, utilities services and information technology related services are aggregated and disclosed under "Investments & Others" as they are not of sufficient size to be reported separately.

g) Segment Information (Cont'd)

Segment analysis for the financial year ended 31 December 2018 is set out below:

	Leisure & Hospitality				Property	Investments & Others	Total
	Malaysia RM'Mil	**United Kingdom and Egypt RM'Mil**	**United States of America and Bahamas RM'Mil**	**Total RM'Mil**	**RM'Mil**	**RM'Mil**	**RM'Mil**
Revenue							
Total revenue	6,628.7	1,780.7	1,384.9	9,794.3	107.4	227.4	10,129.1
Inter segment	(34.1)	-	-	(34.1)	(11.1)	(156.3)	(201.5)
External	6,594.6	1,780.7	1,384.9	9,760.2	96.3	71.1	9,927.6
Adjusted EBITDA	2,297.3	182.4	305.8	2,785.5	42.1	45.2	2,872.8
Main foreign currency	RM	GBP	USD		RM/USD		
Exchange ratio of 1 unit of foreign currency to RM		5.3938	4.0366		4.0366		

During the financial year ended 31 December 2018, revenue from the leisure & hospitality segment of RM9,760.2 million comprised gaming revenue and non-gaming revenue of RM7,761.1 million and RM1,999.1 million respectively. Non-gaming revenue included hotel room revenue which is recognised based on room occupancy, F&B revenue which is recognised when the services are rendered to the customers and rental income which is recognised on a straight-line basis over the lease term.

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

	RM'Mil
Adjusted EBITDA for reportable segments	2,872.8
Pre-opening expenses	(116.3)
Property, plant and equipment written off	(22.3)
Net gain on disposal of property, plant and equipment	1.0
Impairment losses	(1,969.9)
Reversal of previously recognised impairment losses	27.1
Others	15.2
EBITDA	807.6
Depreciation and amortisation	(954.8)
Interest income	299.0
Finance costs	(155.8)
Loss before taxation	(4.0)

g) Segment Information (Cont'd)

	Leisure & Hospitality				Property	Investments & Others	Total
	Malaysia RM'Mil	**United Kingdom and Egypt RM'Mil**	**United States of America and Bahamas RM'Mil**	**Total RM'Mil**	**RM'Mil**	**RM'Mil**	**RM'Mil**
Segment Assets	11,977.8	4,327.5	5,527.8	21,833.1	2,505.2	1,263.1	25,601.4
Segment Liabilities	2,223.8	406.9	439.7	3,070.4	55.4	52.1	3,177.9
Main foreign currency	RM	GBP	USD		RM/USD		
Exchange ratio of 1 unit of foreign currency to RM		5.2993	4.1845		4.1845		

	RM'Mil
A reconciliation of segment assets to total assets is as follows:	
Segment assets	25,601.4
Interest bearing instruments	5,614.8
Unallocated corporate assets	442.2
Assets classified as held for sale	59.5
Total assets	31,717.9
A reconciliation of segment liabilities to total liabilities is as follows:	
Segment liabilities	3,177.9
Interest bearing instruments	9,760.3
Unallocated corporate liabilities	812.8
Liabilities classified as held for sale	13.6
Total liabilities	13,764.6

h) Property, Plant and Equipment

During the financial year ended 31 December 2018, acquisitions (including capitalised interest) of property, plant and equipment by the Group were RM2,047.4 million.

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

On 24 January 2019, the Company announced that the Kuala Lumpur High Court ("High Court") has granted the Company's application for leave to commence judicial review of a decision by the Ministry of Finance ("MOF") to amend terms of tax incentives previously granted to the Company ("MOF Decision") and a stay of MOF Decision pending disposal of the judicial review application before the High Court.

The Company's application for tax incentives for the Genting Integrated Tourism Plan ("GITP") was approved by MOF in December 2014, which amongst others, entitled the Company to claim for income tax exemption equivalent to 100% of qualifying capital expenditure incurred for a period of 10 years ("2014 Tax Incentive Approval"). The MOF made a decision to amend the 2014 Tax Incentive Approval in December 2017. The amendment does not remove the tax incentives previously granted but will effectively prolong the utilisation period of the tax allowances significantly.

Other than the above and the disclosure in Part II, Note 10 of this interim report, there were no material event subsequent to the end of the current financial year ended 31 December 2018 that has 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 financial year ended 31 December 2018.

k) *Changes in Contingent Liabilities or Contingent Assets*

On 26 November 2018, the Company filed a complaint in United States District Court for the Central District of California against Fox Entertainment Group, LLC, Twentieth Century Fox Film Corporation, Twenty-First Century Fox, Inc., FoxNext, LLC (collectively, "Fox"), and The Walt Disney Company in connection with the planned Fox-branded theme park ("Theme Park") at Resorts World Genting. The Company alleged claims for breach of contract, breach of the implied covenant of good faith and fair dealing, inducing breach of contract, and intentional interference with contract arising from Fox's alleged improper termination of the parties' 1 June 2013 Memorandum of Agreement. In connection with those claims, the Company is seeking to recover its investment in the Theme Park, as well as consequential and punitive damages in an amount to be proven at trial, with total damages estimated to exceed USD1 billion (the equivalent of approximately RM4.2 billion).

On 22 January 2019, Fox filed its counterclaims against the Company, in which it alleged that the Company owes Fox approximately USD46.4 million (equivalent to approximately RM191.7 million) in termination fees, plus interest, as well as consequential damages, reasonable costs and other relief under applicable law (the "Counterclaims"). The Company intends to oppose the Counterclaims and believes they are without merit.

The Group is of the view that the obligation to pay is neither remote nor probable as the litigation is in its initial phase and the outcome of the claim cannot be predicted with certainty. Therefore, this claim is disclosed as a contingent liability in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets". Please refer to Part II, note 10 of this interim report for further details.

Other than the above, there were no material changes in the contingent liabilities or contingent assets since the financial year ended 31 December 2017.

l) *Capital Commitments*

Authorised capital commitments not provided for in the financial statements as at 31 December 2018 are as follows:

	RM'Mil
Contracted	1,490.6
Not contracted	4,248.4
	5,739.0
Analysed as follows:	
- Property, plant and equipment	5,739.0

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 financial year ended 31 December 2018 are as follows:

		Current quarter RM'000	Current financial year RM'000
i)	Provision of technical know-how and management expertise in the resort's operations by Genting Berhad ("GENT") Group to the Group.	128,530	501,127
ii)	Licensing fee for the use of "Genting", "Resorts World" and "Awana" logo charged by GENT to the Group.	57,344	223,781
iii)	Licensing fee for the use of "Resorts World" and "Genting" intellectual property outside Malaysia charged by GENT Group to the Group.	261	993
iv)	Provision of management and support services by GENT Group to the Group.	2,767	9,171
v)	Rental charges and related services by the Group to GENT Group.	1,626	6,619
vi)	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.	17,224	69,607
vii)	Provision of information technology consultancy, development, implementation, support and maintenance services and other management services by the Group to GENT Group.	1,830	8,314
viii)	Provision of management and support services by the Group to GENT Group.	1,183	3,892
ix)	Provision of management and consultancy services on theme park and resort development operations by International Resort Management Services Pte Ltd to the Company.	1,249	5,406
x)	Rental charges for premises by the Group to Warisan Timah Holdings Sdn Bhd.	693	2,389
xi)	Provision of water supply services by an entity connected with shareholder of BB Entertainment Ltd ("BBEL") to the Group.	223	2,251
xii)	Rental charges for office space by the Group to Genting Hong Kong Limited ("GENHK") Group.	1,718	6,795
xiii)	Provision of maintenance and construction services by an entity connected with shareholder of BBEL to the Group.	28,257	65,289
xiv)	Licensing fee for the use of gaming software and system charged by RWI Group to the Group.	1,468	4,954
xv)	Provision of aviation related services by the Group to GENHK Group.	202	5,427
xvi)	Provision of utilities, maintenance, security and construction management services by the Group to Genting Highlands Premium Outlets Sdn Bhd ("GHPO").	508	2,129
xvii)	Purchase of holiday packages from GENHK Group.	409	1,386
xviii)	Recovery of project related expenses from GENT.	-	14,962
xix)	Lease rental received from GHPO under the long-term finance lease arrangement.	33,866	33,866
xx)	Purchase of electronic table games from RWI Group.	3,259	3,259

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

	Level 1 RM'Mil	Level 2 RM'Mil	Level 3 RM'Mil	Total RM'Mil
Financial assets				
Financial assets at fair value through profit or loss	6.2	401.6	-	407.8
Financial assets at fair value through other comprehensive income	-	-	117.1	117.1
	6.2	401.6	117.1	524.9
Financial liability				
Derivative financial instruments	-	2.8	-	2.8

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.

o) Adoption of MFRS 9 and MFRS 15 and Reclassification

The effects of adoption of MFRS 15 are as follows:

	As previously stated RM'000	Effects of adoption of MFRS 15 RM'000	31 December 2017 As restated RM'000
Income Statement			
Financial year ended 31 December 2017			
Revenue	9,328,709	1,598	9,330,307
Profit before taxation	1,318,258	1,598	1,319,856
Profit for the financial year	1,071,038	1,598	1,072,636
Profit attributable to:			
Equity holders of the Company	1,159,697	1,598	1,161,295
Non-controlling interests	(88,659)	-	(88,659)
Earnings per share (sen):			
- Basic	20.48	0.03	20.51
- Diluted	20.42	0.03	20.45

o) Adoption of MFRS 9 and MFRS 15 and Reclassification (Cont'd)

The effects of adoption of MFRS 9 and MFRS 15 and reclassification are as follows:

	As previously stated RM'000	Effects of adoption of MFRS 15 RM'000	Reclassification (see Note below) RM'000	31 December 2017 As restated RM'000	Effects of adoption of MFRS 9 RM'000	1 January 2018 RM'000
Consolidated statement of financial position As at 31 December 2017 / 1 January 2018						
Non-current assets						
Available-for-sale financial assets	144,964	-	-	144,964	(144,964)	-
Financial assets at fair value through other comprehensive income	-	-	-	-	144,964	144,964
Current assets						
Available-for-sale financial assets	120,000	-	-	120,000	(120,000)	-
Financial assets at fair value through profit or loss	7,443	-	-	7,443	120,000	127,443
Equity						
Retained earnings	16,982,093	(11,551)	-	16,970,542	-	16,970,542
Non-current liabilities						
Other long term liabilities	267,524	10,400	-	277,924	-	277,924
Current liabilities						
Trade and other payables	2,664,598	1,151	(74,135)	2,591,614	-	2,591,614
Short term borrowings	309,461	-	74,135	383,596	-	383,596

<u>Note:</u>
The Group has reclassified interest payable from trade and other payables to short term borrowings to conform with the current year's presentation.

o) Adoption of MFRS 9 and MFRS 15 and Reclassification (Cont'd)

The effects of adoption of MFRS 15 are as follows:

	As previously stated RM'000	Effects of adoption of MFRS 15 RM'000	1 January 2017 RM'000
Statement of Financial Position As at 1 January 2017			
Equity			
Retained earnings	16,808,047	(13,149)	16,794,898
Non-current liabilities			
Other long term liabilities	220,337	11,958	232,295
Current liabilities			
Trade and other payables	2,738,495	1,191	2,739,686

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

1) Review of Performance

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

The results of the Group are tabulated below:

	INDIVIDUAL QUARTER				FINANCIAL YEAR ENDED 31 DECEMBER			
		(Restated)				(Restated)		
	4Q2018	4Q2017	Var		2018	2017	Var	
	RM'Mil	RM'Mil	RM'Mil	%	RM'Mil	RM'Mil	RM'Mil	%
Revenue								
Leisure & Hospitality								
- Malaysia	**1,698.6**	1,693.8	4.8	<1%	**6,594.6**	5,836.8	757.8	13%
- United Kingdom and Egypt	**426.6**	498.6	-72.0	-14%	**1,780.7**	1,893.4	-112.7	-6%
- United States of America and Bahamas	**343.0**	306.1	36.9	12%	**1,384.9**	1,435.2	-50.3	-4%
	2,468.2	2,498.5	-30.3	-1%	**9,760.2**	9,165.4	594.8	6%
Property	**26.3**	30.5	-4.2	-14%	**96.3**	104.6	-8.3	-8%
Investments & others	**12.5**	15.4	-2.9	-19%	**71.1**	60.3	10.8	18%
	2,507.0	2,544.4	-37.4	-1%	**9,927.6**	9,330.3	597.3	6%
Adjusted EBITDA								
Leisure & Hospitality								
- Malaysia	**582.2**	597.6	-15.4	-3%	**2,297.3**	1,806.1	491.2	27%
- United Kingdom and Egypt	**62.1**	63.8	-1.7	-3%	**182.4**	231.0	-48.6	-21%
- United States of America and Bahamas	**92.0**	38.1	53.9	>100%	**305.8**	231.9	73.9	32%
	736.3	699.5	36.8	5%	**2,785.5**	2,269.0	516.5	23%
Property	**13.8**	11.9	1.9	16%	**42.1**	54.4	-12.3	-23%
Investments & others	**(1.6)**	(41.4)	39.8	96%	**45.2**	(114.4)	159.6	>100%
Adjusted EBITDA	**748.5**	670.0	78.5	12%	**2,872.8**	2,209.0	663.8	30%
Pre-opening expenses	**(69.4)**	(21.4)	-48.0	->100%	**(116.3)**	(80.5)	-35.8	-44%
Property, plant and equipment written off	**(0.7)**	(5.0)	4.3	86%	**(22.3)**	(8.6)	-13.7	->100%
Net gain on disposal of property, plant and equipment	**2.1**	29.1	-27.0	-93%	**1.0**	30.4	-29.4	-97%
Impairment losses	**(24.2)**	-	-24.2	NC	**(1,969.9)**	(54.6)	-1,915.3	->100%
Reversal of previously recognised impairment losses	**-**	-	-	-	**27.1**	-	27.1	NC
Others	**0.2**	(1.1)	1.3	>100%	**15.2**	(25.4)	40.6	>100%
EBITDA	**656.5**	671.6	-15.1	-2%	**807.6**	2,070.3	-1,262.7	-61%
Depreciation and amortisation	**(242.7)**	(242.4)	-0.3	-<1%	**(954.8)**	(939.9)	-14.9	-2%
Interest income	**29.2**	82.4	-53.2	-65%	**299.0**	304.3	-5.3	-2%
Finance costs	**(42.6)**	(33.9)	-8.7	-26%	**(155.8)**	(114.9)	-40.9	-36%
Profit/(loss) before taxation	**400.4**	477.7	-77.3	-16%	**(4.0)**	1,319.8	-1,323.8	->100%

NC: Not comparable

1) Review of Performance (Cont'd)

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

The results of the Group are tabulated below:

	INDIVIDUAL QUARTER 4Q2018 RM'Mil	**PRECEDING QUARTER 3Q2018 RM'Mil**	**Var RM'Mil**	**%**
Revenue				
Leisure & Hospitality				
- Malaysia	**1,698.6**	1,704.6	-6.0	-<1%
- United Kingdom and Egypt	**426.6**	505.7	-79.1	-16%
- United States of America and Bahamas	**343.0**	350.7	-7.7	-2%
	2,468.2	2,561.0	-92.8	-4%
Property	**26.3**	23.0	3.3	14%
Investments & others	**12.5**	14.9	-2.4	-16%
	2,507.0	2,598.9	-91.9	-4%
Adjusted EBITDA				
Leisure & Hospitality				
- Malaysia	**582.2**	641.2	-59.0	-9%
- United Kingdom and Egypt	**62.1**	60.2	1.9	3%
- United States of America and Bahamas	**92.0**	71.4	20.6	29%
	736.3	772.8	-36.5	-5%
Property	**13.8**	0.3	13.5	>100%
Investments & others	**(1.6)**	41.7	-43.3	->100%
Adjusted EBITDA	**748.5**	814.8	-66.3	-8%
Pre-opening expenses	**(69.4)**	(14.6)	-54.8	->100%
Property, plant and equipment written off	**(0.7)**	(2.4)	1.7	71%
Net gain/(loss) on disposal of property, plant and equipment	**2.1**	(1.2)	3.3	>100%
Impairment losses	**(24.2)**	(1,912.4)	1,888.2	99%
Reversal of previously recognised impairment losses	**-**	23.7	-23.7	-100%
Others	**0.2**	0.2	-	-
EBITDA/(LBITDA)	**656.5**	(1,091.9)	1,748.4	>100%
Depreciation and amortisation	**(242.7)**	(233.4)	-9.3	-4%
Interest income	**29.2**	98.2	-69.0	-70%
Finance costs	**(42.6)**	(40.0)	-2.6	-7%
Profit/(loss) before taxation	**400.4**	(1,267.1)	1,667.5	>100%

NC: Not comparable

1) Review of Performance (Cont'd)

a) Quarter ended 31 December 2018 ("4Q 2018") compared with quarter ended 31 December 2017 ("4Q 2017")

The Group's revenue in 4Q 2018 was RM2,507.0 million, a decrease of 1% compared with RM2,544.4 million in 4Q 2017. This was mainly due to lower revenue from the leisure and hospitality businesses in United Kingdom ("UK") and Egypt by RM72.0 million or 14% as a result of lower volume of business and lower hold percentage from its premium gaming segment.

The Group's adjusted EBITDA in 4Q 2018 was RM748.5 million compared with RM670.0 million in 4Q 2017, an increase of 12%. The higher adjusted EBITDA was mainly attributable to:

1. an increase in adjusted EBITDA from the leisure and hospitality businesses in US and Bahamas by RM53.9 million or more than two-fold improvement, mainly contributed by higher revenue from RWNYC operations and lower operating loss from Bimini operations as a result of improved operational efficiencies; and

2. lower adjusted loss before interest, tax, depreciation and amortisation ("LBITDA") from the "investments and others" segments by RM39.8 million, mainly due to lower unrealised foreign exchange translation loss on the Group's USD denominated assets due to the strengthening of USD against RM during current quarter.

The Group's profit before taxation was RM400.4 million in 4Q 2018, decrease of 16% compared with RM477.7 million in 4Q 2017 mainly due to:

1. lower interest income by RM53.2 million mainly due to the impairment of the Group's investment in the Notes issued by the Tribe in 3Q 2018, as mentioned in Part 1(c) above; and

2. lower net gain on disposal of property, plant and equipment by RM27.0 million mainly from disposal of a property in the UK recorded in 4Q 2017; mitigated by

3. higher adjusted EBITDA as mentioned above.

b) Financial year ended 31 December 2018 ("FY 2018") compared with financial year ended 31 December 2017 ("FY 2017")

The Group's revenue in FY 2018 was RM9,927.6 million, an increase of 6% compared with RM9,330.3 million in FY 2017.

The increase was mainly attributable to:

1. higher revenue from the leisure and hospitality business in Malaysia by RM757.8 million or 13%, mainly contributed by an improved hold percentage in the mid to premium players segment coupled with higher business volume from the mass market. The opening of new attractions under Genting Integrated Tourism Plan ("GITP") has also contributed to the increase in revenue. This was offset by,

2. lower revenue from the leisure and hospitality business in UK and Egypt by RM112.7 million or 6%, mainly due to lower volume of business from its premium gaming segment, mitigated by higher contribution from Crockfords Cairo and interactive business; and

3. lower revenue from the leisure and hospitality business in US and Bahamas by RM50.3 million or 4%, mainly due to the weaker USD exchange rate to RM. Excluding this impact, revenue increased by 3%, mainly contributed by higher revenue from the Hilton Miami Downtown Hotel.

1) Review of Performance (Cont'd)

b) Financial year ended 31 December 2018 ("FY 2018") compared with financial year ended 31 December 2017 ("FY 2017") (Cont'd)

The Group's adjusted EBITDA in FY 2018 was RM2,872.8 million compared with RM2,209.0 million in FY2017, an increase of 30%. The higher adjusted EBITDA was mainly attributable to:

1. an increase in adjusted EBITDA from the leisure and hospitality business in Malaysia by RM491.2 million mainly due to higher revenue offset by higher operating costs incurred for the new facilities under GITP;
2. an adjusted EBITDA of RM45.2 million was recorded in FY 2018 from the "investments and others" segment compared to an adjusted LBITDA of RM114.4 million in FY 2017, mainly due to unrealised foreign exchange translation gain on the Group's USD denominated assets due to strengthening of USD against RM at year end; and
3. an increase in adjusted EBITDA from the leisure and hospitality businesses in US and Bahamas by RM73.9 million, mainly due to lower operating loss from Bimini operations as a result of improved operational efficiencies and higher revenue from Hilton Miami Downtown Hotel; offset by
4. a decrease in adjusted EBITDA from the leisure and hospitality businesses in UK and Egypt by RM48.6 million, mainly due to lower revenue mitigated by lower debts written off.

The Group's loss before taxation of RM4.0 million in FY 2018 compared to profit before taxation of RM1,319.8 million in FY 2017 mainly due to:

1. higher impairment losses by RM1,915.3 million mainly in relation to impairment loss of RM1,834.3 million on the Group's investment in the Notes issued by the Tribe as mentioned in Part 1(c); mitigated by,
2. higher adjusted EBITDA as mentioned above.

2) Material Changes in Profit before Taxation for the Current Quarter ("4Q 2018") compared with Loss before Taxation for the Immediate Preceding Quarter ("3Q 2018")

Profit before taxation for 4Q 2018 was RM400.4 million compared to loss before taxation for 3Q 2018 of RM1,267.1 million mainly due to:

1. higher impairment losses by of RM1,888.2 million mainly in relation to the Group's investment in the Notes issued by the Tribe in 3Q 2018;
2. lower adjusted EBITDA from leisure and hospitality business in Malaysia by RM59.0 million in 4Q 2018 mainly due to higher cost relating to the premium players business;
3. LBITDA from "investment and others" segment of RM1.6 million in 4Q 2018 compared with EBITDA of RM41.7 million in 3Q 2018, mainly due to unrealised foreign exchange translation gain on the Group's USD denominated assets recorded in 3Q 2018; and
4. lower interest income by RM69.0 million mainly due to the impairment of the Group's investment in the Notes issued by the Tribe in 3Q 2018, as mentioned in Part 1(c) above.

3) Prospects

Global economic conditions are expected to be challenging in 2019 amid softening global trade and heightened geopolitical and policy uncertainties in certain major economies and emerging markets. In Malaysia, economic growth is expected to continue albeit at a slower pace, supported by domestic demand.

Demand for international tourism is expected to remain relatively positive in 2019 although weakening economic sentiments may pose some downside risks. Consequently, the regional gaming market may also face increasing challenges, particularly in the premium players segment.

The Group remains cautiously optimistic on the opportunities and growth potential of the leisure and hospitality industry.

In Malaysia, the operating environment will be challenging as the Group adapts to the new fiscal operating landscape. In view of the severity of the casino duty increases announced in the Malaysian Budget 2019, the Group will continue reviewing and managing its cost structure. This includes reducing or delaying capital expenditures and the implementation of various cost rationalisation initiatives such as manpower optimisation. The Group will also continue placing emphasis on the execution of its marketing strategies as well as growing key business segments through yield management systems and database analytics. The Group will complete the roll out of the Skytropolis Funland indoor theme park and Imaginatrix, an attraction which combines physical rides with state-of-the-art virtual reality gaming technology. The development plans and options for the outdoor theme park are being reviewed amid ongoing legal proceedings. The Group remains committed to the outdoor theme park at Resorts World Genting as a growth initiative in Malaysia.

In the UK, the Group remains focused on delivering sustainable performance amid the challenging operating environment by managing business volatility in the premium players segment. The Group will also place emphasis on strengthening its position in the non-premium players segment by growing market share and improving overall business efficiency. Meanwhile, the Group will continue its efforts in driving business volumes and enhancing the operating performance of Resorts World Birmingham. The Group is also committed to improving the product mix and targeted marketing of its interactive business to grow and reinforce its position in this business segment.

In the US, RWNYC maintained its position as the leading gaming operator in the northeast US region despite increased competition. Nevertheless, the Group will continue intensifying direct marketing efforts to grow visitation and drive frequency of play at the property. Meanwhile, the Group remains focused on the ongoing expansion works at RWNYC which is expected to open in phases from the end of 2019. In Miami, the Group will continue to leverage the newly renovated Hilton Miami Downtown hotel to boost visitation and higher spend at the property. In the Bahamas, the Group remains committed to improving operational efficiency and infrastructure at Resorts World Bimini to grow visitation and revenue at the resort.

4) Variance of Actual Profit from Forecast Profit

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

5) *Taxation*

Taxation charges for the current quarter and financial year ended 31 December 2018 are as follows:

	Current quarter ended 31 December 2018 RM'000	Financial year ended 31 December 2018 RM'000
Current taxation		
Malaysian income tax (credit)/charge	(129,376)	141,718
Foreign income tax charge	21,228	65,060
	(108,148)	206,778
Deferred tax credit	(194,455)	(125,038)
	(302,603)	81,740
Prior period taxation		
Income tax (over)/under provided	(2,374)	607
	(304,977)	82,347

The effective tax rate of the Group for the current quarter ended 31 December 2018 is lower than the statutory tax rate. This was due to the reversal of additional tax expense of RM166.2 million incurred in the previous quarter as a result of a change in the basis of tax incentive utilisation. This reversal is following the High Court of Kuala Lumpur's ("High Court") decision to grant the Company's application for leave to commence judicial review of the Ministry of Finance's decision to amend terms of tax incentives previously granted to the Company ("MOF Decision") and a stay of the MOF Decision pending disposal of the judicial review application before the High Court. Please refer to Part I, Note (i) of this interim report for further details.

The effective tax rate of the Group for the financial year ended 31 December 2018 is higher than the statutory tax rate mainly due to non-deductible expenses mitigated by income not subject to tax and tax incentives.

6) *Status of Corporate Proposals Announced*

There was no corporate proposals announced but not completed as at 20 February 2019.

7) *Group Borrowings*

The details of the Group's borrowings as at 31 December 2018 are as set out below:

	As at 31.12.2018				As at 31.12.2017 (Restated)
	Secured/ Unsecured	Foreign Currency 'Mil		RM Equivalent 'Mil	RM Equivalent 'Mil
Short term borrowings	Secured	USD	13.1	54.8	-
	Secured	GBP	25.2	133.8	81.6
	Unsecured	GBP	-	-	229.5
	Unsecured	USD	36.3	151.6	-
	Unsecured	RM	N/A	137.4	72.5
				477.6	383.6
Long term borrowings	Secured	USD	268.8	1,124.8	1,136.9
	Secured	GBP	94.4	500.1	458.8
	Unsecured	USD	15.5	64.9	-
	Unsecured	RM	N/A	7,592.9	4,995.1
				9,282.7	6,590.8
Total borrowings	Secured	USD		1,179.6	1,136.9
	Secured	GBP		633.9	540.4
	Unsecured	GBP		-	229.5
	Unsecured	USD		216.5	-
	Unsecured	RM		7,730.3	5,067.6
				9,760.3	6,974.4

8) *Outstanding derivatives*

As at 31 December 2018, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

Types of Derivative	**Contract/Notional Value RM'000**	**Fair Value Assets/(Liabilities) RM'000**
Interest Rate Swaps		
GBP		
- Less than 1 year	79,489	(1,552)
- More than 1 year	370,948	(961)
		(2,513)
Foreign Currency Exchange Forward		
USD		
- Less than 1 year	62,768	272
Foreign Currency Exchange Option		
USD		
- Less than 1 year	62,768	(526)
		(254)

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 2017:

(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 31 December 2018, the Group does not have any financial liabilities measured at fair value through profit or loss.

10) *Changes in Material Litigation*

On 22 January 2019, Fox Entertainment Group, LLC, Twentieth Century Fox Film Corporation, FoxNext, LLC (collectively referred to as "FOX"), Twenty First Century Fox, Inc. ("21CF") and The Walt Disney Company ("Disney" and together with FOX and 21CF, collectively referred to as "Defendants") filed answers to the Company's lawsuit. At the same time, FOX filed a counter claim against the Company, in which it alleged that the Company owes FOX approximately USD46.4 million (equivalent to approximately RM191.7 million) in termination fees, plus interest, as well as consequential damages, reasonable costs and other relief under applicable law (the "Counterclaims"). The Company intends to oppose the Counterclaims and believes they are without merit.

Other than the above, there are no pending material litigations as at 20 February 2019.

11) Dividend Proposed or Declared

a) (i) The Board of Directors ("Board") has declared a special single-tier dividend of 8.0 sen per ordinary share;

(ii) The special single-tier dividend shall be payable on 4 April 2019;

(iii) Entitlement to the special single-tier dividend:

A Depositor shall qualify for entitlement to the special single-tier dividend only in respect of:

- Shares transferred into Depositor's Securities Account before 4.00 p.m on 14 March 2019 in respect of ordinary transfer; and

- Shares bought on Bursa Securities on a cum entitlement basis according to the Main Market Listing Requirement of Bursa Securities.

b) (i) A final single-tier dividend for the current financial year ended 31 December 2018 has been recommended by the Board for approval by shareholders;

(ii) The recommended final single-tier dividend, if approved, shall amount to 5.0 sen per ordinary share;

(iii) The final single-tier dividend paid in respect of the previous financial year ended 31 December 2017 amounted to 5.0 sen per ordinary share;

(iv) The date of payment of the recommended final single-tier dividend shall be determined by the Board and announced at a later date.

c) Total single-tier dividend for the current financial year ended 31 December 2018, including the above recommended final single-tier dividend, if approved, would amount to 19.0 sen per ordinary share, comprising an interim single-tier dividend of 6.0 sen per ordinary share, a special single-tier dividend of 8.0 sen per ordinary share and a proposed final single-tier dividend of 5.0 sen per ordinary share.

12) Profit before Taxation

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

	Current quarter ended 31 December 2018 RM'000	**Financial year ended 31 December 2018 RM'000**
Charges:		
Depreciation and amortisation	242,722	954,822
Impairment losses	24,186	1,969,908
Property, plant and equipment written off	678	22,324
Net foreign currency exchange losses	448	-
Finance costs:		
- Interest on borrowings	115,378	374,485
- Other finance costs	4,492	17,696
- Less: capitalised costs	(50,497)	(167,831)
- Less: interest income earned	(26,766)	(68,532)
Finance costs charged to income statements	42,607	155,818
Credits:		
Reversal of previously recognised impairment losses	-	27,126
Net gain on disposal of property, plant and equipment	2,111	977
Net foreign currency exchange gain	-	23,746
Interest income	29,225	299,048
Investment income	7,945	14,033

13) Earnings/(loss) per share

(a) The profit/(loss) used as the numerator in calculating basic and diluted earnings/(loss) per share for the current quarter and financial year ended 31 December 2018 are as follows:

	Current quarter ended 31 December 2018 RM'000	**Financial year ended 31 December 2018 RM'000**
Profit/(loss) for the financial period/year attributable to equity holders of the Company (used as numerator for the computation of basic and diluted earnings/(loss) per share)	720,139	(19,588)

(b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share for the current quarter and financial year ended 31 December 2018 are as follows:

	Current quarter ended 31 December 2018 Number of Shares ('000)	**Financial year ended 31 December 2018 Number of Shares ('000)**
Weighted average number of ordinary shares in issue (*) (used as denominator for the computation of basic earnings/(loss) per share)	5,654,195	5,656,176
Adjustment for dilutive effect of Employee Share Scheme	18,848	**
Adjusted weighted average number of ordinary shares in issue (used as denominator for the computation of diluted earnings/(loss) per share)	5,673,043	5,656,176

(*) The weighted average number of ordinary shares in issue during the current quarter and financial year ended 31 December 2018 excludes the weighted average treasury shares held by the Company.

(**)The calculation of diluted loss per share for the financial year ended 31 December 2018 did not take into account the Employee Share Scheme of the Company as it had an anti-dilutive effect on the basic loss per share. Therefore, the diluted loss per share is the same as basic loss per share.

14) 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 was not qualified.

15) Approval of Financial Statements

The condensed consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27 February 2019.