# GENTING BERHAD

**(Incorporated in Malaysia under Company No. 7916-A)**
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## FOURTH QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 December 2006. The figures for the cumulative period have been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

| | UNAUDITED INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|---|---|---|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRES-PONDING QUARTER (Restated) | CURRENT YEAR-TO-DATE | PRECEDING YEAR CORRES-PONDING PERIOD (Restated) |
| | 31/12/2006 RM'000 | 31/12/2005 RM'000 | 31/12/2006 RM'000 | 31/12/2005 RM'000 |
| **Revenue** | **2,331,168** | 1,464,484 | **6,943,753** | 5,454,141 |
| Cost of sales | **(1,351,096)** | (810,855) | **(3,954,985)** | (2,993,137) |
| **Gross profit** | **980,072** | 653,629 | **2,988,768** | 2,461,004 |
| Other income | **435,296** | 202,616 | **695,478** | 501,698 |
| Other expenses | **(249,216)** | (153,661) | **(559,636)** | (416,221) |
| **Profit from operations`** | **1,166,152** | 702,584 | **3,124,610** | 2,546,481 |
| Finance cost | **(90,722)** | (35,073) | **(212,625)** | (152,917) |
| Share of results in jointly controlled entities and associates | **(161,274)** | (41,942) | **(162,162)** | 40,758 |

**GENTING BERHAD**
**CONDENSED CONSOLIDATED INCOME STATEMENT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (cont'd)**

| | UNAUDITED INDIVIDUAL QUARTER | | CUMULATIVE PERIOD | |
|---|---|---|---|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRES-PONDING QUARTER (Restated) | CURRENT YEAR-TO-DATE | PRECEDING YEAR CORRES-PONDING PERIOD (Restated) |
| | 31/12/2006 | 31/12/2005 | 31/12/2006 | 31/12/2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Profit from ordinary activities before taxation** | **914,156** | 625,569 | **2,749,823** | 2,434,322 |
| Taxation | **(187,333)** | (170,607) | **(507,332)** | (622,644) |
| **Profit for the period** | **726,823** | 454,962 | **2,242,491** | 1,811,678 |
| Attributable to: | | | | |
| Equity holders of the Company | **506,034** | 346,671 | **1,504,244** | 1,246,947 |
| Minority interests | **220,789** | 108,291 | **738,247** | 564,731 |
| | **726,823** | 454,962 | **2,242,491** | 1,811,678 |
| Basic earnings per share (sen) | **71.24** | 49.17 | **212.87** | 176.95 |
| Diluted earnings per share (sen) | **70.70** | 48.81 | **211.09** | 176.05 |

(The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005).

**GENTING BERHAD**
**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006**

| | AS AT 31 DEC 2006 RM'000 | AS AT 31 DEC 2005 (Restated) RM'000 |
|---|---|---|
| **ASSETS** | | |
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | **9,511,298** | 6,482,810 |
| Land held for property development | **488,787** | 487,960 |
| Investment properties | **30,106** | 28,884 |
| Biological assets | **445,248** | 429,712 |
| Intangible assets | **5,438,147** | 140,701 |
| Jointly controlled entities | **1,339** | 36,163 |
| Associates | **2,493,900** | 2,491,522 |
| Other long term assets | **280,167** | 1,244,395 |
| Deferred taxation | **13,113** | 9,385 |
| | **18,702,105** | 11,351,532 |
| **CURRENT ASSETS** | | |
| Property development costs | **104,134** | 111,382 |
| Inventories | **446,601** | 349,100 |
| Trade and other receivables | **859,186** | 661,179 |
| Amount due from jointly controlled entities and associates | **19,027** | 1,389 |
| Short term investments | **2,585,537** | 1,708,601 |
| Bank balances and deposits | **5,492,830** | 4,370,530 |
| | **9,507,315** | 7,202,181 |
| **TOTAL ASSETS** | **28,209,420** | 18,553,713 |
| **EQUITY AND LIABILITIES** | | |
| **Equity attributable to equity holders of the Company** | | |
| Share capital | **369,417** | 352,672 |
| Reserves | **10,925,243** | 8,676,495 |
| | **11,294,660** | 9,029,167 |
| **Minority interests** | **5,372,217** | 4,898,170 |
| **Total equity** | **16,666,877** | 13,927,337 |
| **NON-CURRENT LIABILITIES** | | |
| Long term borrowings | **5,304,985** | 2,455,701 |
| Other long term liabilities | **180,894** | 129,134 |
| Deferred taxation | **1,730,136** | 547,233 |
| | **7,216,015** | 3,132,068 |
| **CURRENT LIABILITIES** | | |
| Trade and other payables | **1,335,690** | 913,148 |
| Short term borrowings | **2,825,096** | 417,007 |
| Taxation | **165,742** | 164,153 |
| | **4,326,528** | 1,494,308 |
| **Total liabilities** | **11,542,543** | 4,626,376 |
| **TOTAL EQUITY AND LIABILITIES** | **28,209,420** | 18,553,713 |
| **NET ASSETS PER SHARE (RM)** | **15.29** | 12.80 |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005).

**GENTING BERHAD**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

| | ← Attributable to equity holders of the Company | | | | | → | | |
|---|---|---|---|---|---|---|---|---|
| | **Share Capital RM'000** | **Share Premium RM'000** | **Revaluation Reserve RM'000** | **Other Reserve RM'000** | **Retained Earnings RM'000** | **Total RM'000** | **Minority Interests RM'000** | **Total Equity RM'000** |
| **Balance at 1 January 2006** | | | | | | | | |
| As previously stated | 352,672 | 111,690 | 307,369 | 62,518 | 8,167,740 | 9,001,989 | 4,862,946 | 13,864,935 |
| Prior year adjustments: - effects of adopting | | | | | | | | |
| - FRS 2 | - | - | - | - | (8,854) | (8,854) | 8,854 | - |
| - FRS 121 | - | - | - | 36,281 | (249) | 36,032 | 26,370 | 62,402 |
| Restated balance | 352,672 | 111,690 | 307,369 | 98,799 | 8,158,637 | 9,029,167 | 4,898,170 | 13,927,337 |
| Adjustment to negative goodwill (see Note 1 below) | - | - | - | - | 8,549 | 8,549 | 9,127 | 17,676 |
| | 352,672 | 111,690 | 307,369 | 98,799 | 8,167,186 | 9,037,716 | 4,907,297 | 13,945,013 |
| Foreign exchange differences recognised directly in equity | - | - | - | (130,251) | - | (130,251) | (82,936) | (213,187) |
| Revaluation surplus realised upon sale of assets | - | - | (345) | - | 345 | - | - | - |
| Net income/(expenses) recognised directly in equity | - | - | (345) | (130,251) | 345 | (130,251) | (82,936) | (213,187) |
| Profit for the financial year | - | - | - | - | 1,504,244 | 1,504,244 | 738,247 | 2,242,491 |
| Total recognised income & expense for the year | - | - | (345) | (130,251) | 1,504,589 | 1,373,993 | 655,311 | 2,029,304 |
| Dividend paid to minority shareholders | - | - | - | - | - | - | (228,890) | (228,890) |
| Issue of shares | 16,745 | 1,013,783 | - | - | - | 1,030,528 | 55,127 | 1,085,655 |
| Accretion arising from changes in composition of the Group | - | - | - | - | 9,883 | 9,883 | (16,016) | (6,133) |
| Effects of share-based payment | - | - | - | - | - | - | 3,962 | 3,962 |
| Effects of issue of shares by subsidiaries | - | - | - | - | - | - | (4,574) | (4,574) |
| Appropriation: Dividends | | | | | | | | |
| - Final dividend paid for financial year ended 31 December 2005 (19.0 sen less 28% income tax) | - | - | - | - | (96,497) | (96,497) | - | (96,497) |
| - Interim dividend paid for financial year ended 31 December 2006 (12.0 sen less 28% income tax) | - | - | - | - | (60,963) | (60,963) | - | (60,963) |
| **Balance at 31 December 2006** | **369,417** | **1,125,473** | **307,024** | **(31,452)** | **9,524,198** | **11,294,660** | **5,372,217** | **16,666,877** |

Note 1:
This is the adjustment to the provisional negative goodwill previously recognised in the 4th quarter of 2005 arising from the acquisition by Genting Power China Limited of the 4 power plants located in China from the subsidiaries of El Paso Corporation on 8 December 2005. This additional negative goodwill is determined upon the adjustment of the fair values assigned to the identifiable assets.

(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 2005).

**GENTING BERHAD**
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (cont'd)**

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share Capital RM'000** | **Share Premium RM'000** | **Revaluation Reserve RM'000** | **Other Reserve RM'000** | **Retained Earnings RM'000** | **Total RM'000** | **Minority Interests RM'000** | **Total Equity RM'000** |
| **Balance at 1 January 2005** | | | | | | | | |
| As previously stated | 352,232 | 99,541 | 308,238 | 74,151 | 7,034,392 | 7,868,554 | 3,432,046 | 11,300,600 |
| Prior year adjustments: | | | | | | | | |
| - effects of adopting | | | | | | | | |
| - FRS 2 | - | - | - | - | (8,854) | (8,854) | 8,854 | - |
| - FRS 121 | - | - | - | 36,281 | (249) | 36,032 | 26,370 | 62,402 |
| Restated balance | 352,232 | 99,541 | 308,238 | 110,432 | 7,025,289 | 7,895,732 | 3,467,270 | 11,363,002 |
| Negative goodwill arising from acquisition of subsidiaries and associates | - | - | - | - | 112,104 | 112,104 | - | 112,104 |
| Foreign exchange differences recognised directly in equity | - | - | - | (22,838) | - | (22,838) | (8,834) | (31,672) |
| Share of associate's other reserves | - | - | - | 11,205 | - | 11,205 | 8,527 | 19,732 |
| Revaluation surplus realised upon sale of assets | - | - | (869) | - | 869 | - | - | - |
| Net income/(expenses) recognised directly in equity | - | - | (869) | (11,633) | 112,973 | 100,471 | (307) | 100,164 |
| Profit for the financial year | - | - | - | - | 1,246,947 | 1,246,947 | 564,731 | 1,811,678 |
| Total recognised income & expense for the year | - | - | (869) | (11,633) | 1,359,920 | 1,347,418 | 564,424 | 1,911,842 |
| Dividend paid to minority shareholders | - | - | - | - | - | - | (185,612) | (185,612) |
| Issue of shares | 440 | 12,149 | - | - | - | 12,589 | 1,115,191 | 1,127,780 |
| Dilution arising from changes in composition of the Group | - | - | - | - | (94,675) | (94,675) | 103,122 | 8,447 |
| Effects of issue of shares by subsidiaries | - | - | - | - | - | - | (166,225) | (166,225) |
| Appropriation: | | | | | | | | |
| Dividends | | | | | | | | |
| - Final dividend paid for financial year ended 31 December 2004 (16.0 sen less 28% income tax) | - | - | - | - | (81,162) | (81,162) | - | (81,162) |
| - Interim dividend paid for financial year ended 31 December 2005 (10.0 sen less 28% income tax) | - | - | - | - | (50,735) | (50,735) | - | (50,735) |
| **Balance at 31 December 2005** | 352,672 | 111,690 | 307,369 | 98,799 | 8,158,637 | 9,029,167 | 4,898,170 | 13,927,337 |

(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 2005).

**GENTING BERHAD**
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

| | CURRENT YEAR-TO-DATE 2006 RM'000 | PRECEDING YEAR CORRES-PONDING PERIOD (Restated) 2005 RM'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | **2,749,823** | 2,434,322 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment ("PPE") | **503,171** | 408,970 |
| Finance cost | **212,625** | 152,917 |
| Share of results in jointly controlled entities and associates | **162,162** | (40,758) |
| Provision for retirement gratuities | **34,280** | 18,301 |
| PPE written off | **2,544** | 2,002 |
| Interest income | **(221,088)** | (141,444) |
| Gain on disposal of investments | **(178,841)** | (2,701) |
| Gain on disposal of PPE and biological assets | **(1,694)** | (474) |
| Net gain on dilution of Group's shareholding in GIPLC | **-** | (136,650) |
| Gain on investment in Stanley Leisure plc arising from reorganisation of its share capital | **-** | (113,483) |
| Net surplus arising from compulsory acquisition of freehold land | **-** | (25,797) |
| Other non-cash items | **(145,194)** | 3,358 |
| | **367,965** | 124,241 |
| **Operating profit before changes in working capital** | **3,117,788** | 2,558,563 |
| Net change in current assets | **(6,313)** | (36,451) |
| Net change in current liabilities | **65,250** | 23,758 |
| | **58,937** | (12,693) |
| **Cash generated from operations** | **3,176,725** | 2,545,870 |
| Taxation paid | **(579,273)** | (533,596) |
| Retirement gratuities paid | **(2,052)** | (1,967) |
| Other net operating receipts | **1,987** | 8,775 |
| | **(579,338)** | (526,788) |
| **NET CASH INFLOW FROM OPERATING ACTIVITIES** | **2,597,387** | 2,019,082 |

**GENTING BERHAD**
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (cont'd)**

| | CURRENT YEAR-TO-DATE 2006 RM'000 | PRECEDING YEAR CORRES-PONDING PERIOD (Restated) 2005 RM'000 |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisition of subsidiaries * | | |
| - Stanley Leisure plc | **(3,408,475)** | - |
| - Meizhou Wan Plant | **(348,214)** | - |
| Purchase of PPE | **(648,098)** | (571,992) |
| Investment in associate | **(496,873)** | - |
| Increase in investments and other long term assets | **(267,484)** | (938,446) |
| Purchase of additional shares from minority shareholders | **(52,204)** | (176,578) |
| Investment in jointly controlled entities | **(1,111)** | (950) |
| Proceeds from disposal of investments/return of cash by Stanley Leisure plc | **700,983** | 477,498 |
| Interest received | **222,110** | 140,283 |
| Proceeds from disposal of PPE | **4,617** | 4,677 |
| Acquisition of subsidiaries and associates | **-** | (205,895) |
| Acquisition of Maxims Casino Business | **-** | (74,682) |
| Other net receipts from investing activities | **57,135** | 56,869 |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(4,237,614)** | (1,289,216) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of borrowings | **(691,973)** | (1,316,075) |
| Dividends paid to minority shareholders | **(228,890)** | (185,612) |
| Finance cost paid | **(194,856)** | (123,107) |
| Dividends paid | **(157,460)** | (131,897) |
| Proceeds from bank borrowings | **2,786,514** | 484,055 |
| Net proceeds from issue of Convertible Notes | **1,083,915** | - |
| Other net receipts from financing activities | **1,085,655** | 1,027,333 |
| **NET CASH INFLOW FROM/(USED IN) FINANCING ACTIVITIES** | **3,682,905** | (245,303) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **2,042,678** | 484,563 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD** | **5,996,304** | 5,543,700 |
| **EFFECT OF CURRENCY TRANSLATION** | **(5,053)** | (31,959) |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD** | **8,033,929** | 5,996,304 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Bank balances and deposits | **5,492,830** | 4,370,530 |
| Money market instruments (included in Short term investments) | **2,542,735** | 1,625,774 |
| | **8,035,565** | 5,996,304 |
| Bank overdrafts | **(1,636)** | - |
| | **8,033,929** | 5,996,304 |

**GENTING BERHAD**
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (cont'd)**

*** ANALYSIS OF THE ACQUISITION OF SUBSIDIARIES**

Provisional fair value for net assets acquired and net cash outflow on acquisition of Stanley Leisure plc, as disclosed in Note (d)(ii) and (k)(iii), are analysed as follows:

| | **CURRENT YEAR-TO-DATE RM'000** |
|---|---|
| Property, plant and equipment | **1,085,518** |
| Intangible assets | **4,912,496** |
| Jointly controlled entity ("JCE") | **5,517** |
| Long term receivables | **4,148** |
| Inventories | **10,407** |
| Trade and other receivables | **126,784** |
| Bank balances and deposits | **121,339** |
| Trade and other payables | **(238,266)** |
| Short term borrowings | **(49,213)** |
| Taxation | **(13,496)** |
| Borrowings | **(699,861)** |
| Other long term liabilities | **(27,527)** |
| Deferred taxation | **(1,164,519)** |
| Minority interests | **(15,327)** |
| Provisional fair value for net assets acquired | **4,058,000** |
| Less: Amount previously accounted for as long term investment and JCE | **(528,186)** |
| Total purchase consideration | **3,529,814** |
| Less: Bank balances and deposits acquired | **(121,339)** |
| Net cash outflow on acquisition of subsidiary | **3,408,475** |

Net assets acquired and net cash outflow on acquisition of Meizhou Wan Plant, as disclosed in Note (d)(iii) and (k)(ii), are analysed as follows:

| | **CURRENT YEAR-TO-DATE RM'000** |
|---|---|
| Property, plant and equipment | **1,885,754** |
| Intangible assets | **92,499** |
| Long term receivables | **2,648** |
| Inventories | **80,782** |
| Trade and other receivables | **77,498** |
| Bank balances and deposits | **217,854** |
| Trade and other payables | **(118,752)** |
| Short term borrowings | **(170,880)** |
| Taxation | **(45)** |
| Long term loans | **(1,303,334)** |
| Deferred taxation | **(3,132)** |
| Net assets acquired | **760,892** |
| Less: Amount previously accounted for as an associate | **(194,824)** |
| Total purchase consideration | **566,068** |
| Less: Bank balances and deposits acquired | **(217,854)** |
| Net cash outflow on acquisition of subsidiaries | **348,214** |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005).

# GENTING BERHAD

## NOTES TO THE INTERIM FINANCIAL REPORT – 4TH QUARTER ENDED 31 DECEMBER 2006

### (I) Compliance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting

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

The interim financial report has been prepared in accordance with Financial Reporting Standard ("FRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. The figures for the cumulative period have been audited.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2005. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2005 as well as the new/revised MASB approved accounting standards that are effective and applicable in the current financial year.

In the current financial year ended 31 December 2006, the Group adopted the following new/revised FRSs which are applicable to financial statements for annual periods beginning on or after 1 January 2006 and are relevant to its operations. The 2005 comparatives have been restated as required, in accordance with the relevant requirements.

| | |
|---|---|
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 5 | Non-Current Assets Held for Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 128 | Investments in Associates |
| FRS 131 | Interests in Joint Ventures |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

The Group has not adopted the following FRSs which are applicable to financial statements for annual periods beginning on or after 1 October 2006:

| | |
|---|---|
| FRS 117 | Leases |
| FRS 124 | Related Party Disclosures |

The adoption of the new/revised FRSs did not result in substantial changes to the Group's accounting policies other than the effects of the following FRSs:

| | |
|---|---|
| FRS 2 | Share-based Payment |
| FRS 101 | Presentation of Financial Statements |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 140 | Investment Property |

The principal effects of the changes in accounting policies resulting from the adoption of the above FRSs by the Group is as discussed below:

i) **FRS 2: Share-based Payment**

An entity is required to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

The Company together with its listed subsidiaries, namely Resorts World Bhd ("RWB"), a 57.6% owned subsidiary of the Company, Asiatic Development Berhad ("ADB"), a 55.2% owned subsidiary of the Company and Genting International P.L.C. ("GIPLC"), a 58.5% owned subsidiary of the Group, each operate an equity-settled, share-based compensation plan, where share options are issued by the respective companies to their respective eligible executives and executive directors.

Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted. Effective from 1 January 2006, with the adoption of FRS 2, the fair value of employee services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The fair value is measured by the use of a trinomial model. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity. Before the end of the vesting period, at each balance sheet date, the respective companies will revise its estimates of the number of share options that are expected to be vested at the vesting date and it recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement is made. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

The Group has adopted the transitional provision in FRS 2 to include only share options that were granted after 31 December 2004 and not yet vested on 1 January 2006. The application is retrospective and accordingly, the comparative amounts as at 31 December 2005 are restated and the opening balance of retained earnings as at 1 January 2006, where material, has been adjusted. The financial impact to the Group arising from this change in accounting policy is as follows :

| | As at 1 Jan 2006<br>RM'000 |
|---|---|
| Decrease in retained earnings | (8,854) |
| Decrease in minority interest | (6,269) |
| Increase in option reserve (included in minority interest) | 15,123 |

| | Current year Quarter<br>31 Dec 2006<br>RM'000 | Current financial<br>year-to-date<br>31 Dec 2006<br>RM'000 |
|---|---|---|
| Decrease in profit for the period | 1,158 | 3,962 |

ii) **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of results in associates, biological assets and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity where it requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interest.

Share of results in associates is now disclosed net of tax and minority interests in the consolidated income statement.

Planting and development expenditure which was previously classified under property, plant and equipment is now disclosed separately in the consolidated balance sheet as biological assets. The Group maintains its existing accounting policy on biological assets and shall comply with the provisions of MASB Exposure Draft 50: Agriculture, the equivalent of International Accounting Standard 41, once it becomes effective for application in Malaysia. The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with comparatives restated to conform with the current period's presentation (See I(a)(v)). The effect to the Group arising from this change in accounting policy is as follows:

| | As at 1 Jan 2006<br>RM'000 |
|---|---|
| Increase in biological assets | 429,712 |
| Decrease in property, plant and equipment | (429,712) |

iii) **FRS 121: The Effects of Changes in Foreign Exchange Rates**

The financial statement of each entity in the Group is measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

On consolidation the results and financial position of all the group entities which have a functional currency different from that of the parent company's functional currency are translated into the parent company's functional and presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

As of 1 January 2006, goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. In accordance with the transitional provisions of FRS 121, this change is applied prospectively. Prior to 1 January 2006, goodwill and fair value adjustments arising on acquisition of a foreign entity are deemed to be assets and liabilities of the parent company and were translated using the exchange rate at the date of acquisition.

The financial impact to the Group arising from this change in accounting policy is as follows:

| | As at 1 Jan 2006<br>RM'000 |
|---|---|
| Increase in associates | 62,402 |
| Increase in reserves | 36,032 |
| Increase in minority interests | 26,370 |

iv) **FRS 140: Investment Property**

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and, that is not occupied by the companies in the Group. It is initially measured at cost, including direct transaction costs.

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment losses.

Investment property previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. In line with the revised requirements of FRS 101, the comparative is restated to conform with the current period's presentation (See I(a)(v)). The effect to the Group arising from this change in accounting policy is as follows:

| | As at 1 Jan 2006<br>RM'000 |
|---|---|
| Increase in investment properties | 28,884 |
| Decrease in property, plant and equipment | (28,884) |

v) The effect to the Group's comparative figures on adoption of the above FRSs is as follows:

| | As previously stated | Effects on adoption of FRSs | As restated |
|---|---|---|---|
| RM'000 | | | |
| **As at 1 January 2006** | | | |
| Property, plant and equipment | 6,941,406 | (458,596) | 6,482,810 |
| Investment properties | - | 28,884 | 28,884 |
| Biological assets | - | 429,712 | 429,712 |
| Associates | 2,429,120 | 62,402 | 2,491,522 |
| Reserves | 8,649,317 | 27,178 | 8,676,495 |
| Minority interests | 4,862,946 | 35,224 | 4,898,170 |
| | | | |
| **Fourth quarter ended 31 Dec 2005** | | | |
| Share of results in jointly controlled entities and associate | (40,850) | (1,092) | (41,942) |
| Profit from ordinary activities before taxation | 626,661 | (1,092) | 625,569 |
| Taxation | (171,699) | 1,092 | (170,607) |
| | | | |
| **Financial year ended 31 Dec 2005** | | | |
| Share of results in jointly controlled entities and associate | 45,763 | (5,005) | 40,758 |
| Profit from ordinary activities before taxation | 2,439,327 | (5,005) | 2,434,322 |
| Taxation | (627,649) | 5,005 | (622,644) |

(b) **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 2005 did not contain any qualification.

(c) **Seasonal or Cyclical Factors**

On an overall basis, the business operations of the Group's Leisure & Hospitality Division and Plantation Division are subject to seasonal fluctuations whilst the Manufacturing Division is subject to cyclical fluctuations. The results of the Leisure & Hospitality Division are affected by major festive seasons and holidays. The production of fresh fruit bunches is seasonal in nature and normally peaks in the second half of the year. More detailed commentary is set out in Notes 1 and 2 in Part II of this interim financial report.

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

The unusual items included in the interim financial statements for the current financial year ended 31 December 2006 relate to:

i) Total gain of RM169.7 million arising from the disposal of the GIPLC Group's entire stake of 29.6% in London Clubs International plc ("LCI") at a price of 135 pence in cash per LCI share to Dagger Holdings Limited, a wholly owned subsidiary of Harrah's Entertainment, Inc.

ii) Total intangible assets of RM4,912.5 million arising from the acquisition of the entire equity interest in Stanley Leisure plc by Genting International Investment (UK) Limited, a wholly owned subsidiary of GIPLC. The intangible assets mainly comprise acquired casino licences and goodwill on acquisition.

The amount of the intangible assets has been determined based on provisional fair values assigned to the identifiable assets as at the acquisition date. Any adjustments to these provisional values upon the finalisation of a detailed fair value exercise will be recognised to 'Intangible Assets' within twelve months of the acquisition date.

iii) Total intangible assets of RM92.5 million arising from the completion by Genting Power China Limited ("GPCL"), an indirect wholly owned subsidiary of the Company, of the following acquisitions on 26 May 2006:

- The entire equity interests in MZW Holdings, Ltd and MZW Power Production Holding Co, Ltd from InterGen; and
- Approximately 26.3% equity interest of Fujian Electric (Hong Kong) LDC from China Pacific Electric Limited.

iv) Net overprovision of income tax of RM105.8 million in respect of prior years as disclosed in Note 5 of Part II of this interim financial report.

Other than the above, and as disclosed in Note (k), there were no other unusual items affecting the assets, liabilities, equity, net income or cashflows of the Group for the current financial year ended 31 December 2006.

(e) **Material Changes in Estimates**

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

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

i) On 11 December 2006, the Company, through CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) ("CIMB") announced that the Company proposed to implement a private placement of new ordinary shares of RM0.50 each in the Company ("Genting Shares") to investors to be identified through placement agents under a book building process ("Proposed Placement").

Further to the above, on 12 December 2006, CIMB, on behalf of the Company, announced that the book-building process in relation to the Proposed Placement has completed.

The number of new Genting Shares issued under the Proposed Placement pursuant to the book-building process was 33 million Genting Shares ("Placement Shares") which represent approximately 4.68% of the Company's issued and paid-up share capital. The issue price was fixed at RM31.50 per share. The total proceeds raised from the placement of the Placement Shares is RM1,039.5 million. The Placement Shares have been fully allocated to investors.

ii) The Company issued 491,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Genting Executive Share Option Scheme at exercise prices of RM13.08 and RM14.34 per ordinary share for the current financial year ended 31 December 2006.

iii) On 7 September 2006, RWB, through CIMB announced that RWB proposed to issue RM1.1 billion nominal value zero coupon convertible notes due 2008 (“Notes”)(“Proposed Notes Issue”).

The Notes are convertible at the option of the holders of the Notes (“Noteholders”) into ordinary shares of RM0.50 each in RWB (“Resorts World Shares”), at a conversion price of RM12.75 per Resorts World share. The conversion price may be adjusted on the reset dates as stipulated in the terms and conditions of the Notes. RWB may at its option, satisfy its obligation following a conversion, in whole or in part, by paying the Noteholders in cash. Any Note which is not redeemed, converted or purchased and cancelled before the maturity date will be redeemed in cash at 99% of their principal amount on the maturity date.

The new Resorts World Shares to be issued upon conversion of the Notes will, upon issue and allotment, rank equal in all respects with the then existing Resorts World Shares except that they will not entitle their holders to any dividend, right, allotment and/or other distributions, the entitlement date of which is before the date of allotment of the new Resorts World Shares. The Resorts World Shares will be listed and quoted on Bursa Malaysia Securities Berhad.

The Notes were issued on 21 September 2006.

Other than the above, there were no other issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company for the current financial year ended 31 December 2006.

(g) **Dividends Paid**

Dividends paid for the current financial year are as follows:

| | | **RM’000** |
|---|---|---|
| i) | Final dividend paid on 28 July 2006 for the year ended 31 December 2005<br>- 19.0 sen less 28% tax per ordinary share of 50 sen each | 96,497 |
| ii) | Interim dividend paid on 31 October 2006 for the year ended 31 December 2006<br>- 12.0 sen less 28% tax per ordinary share of 50 sen each | 60,963 |
| | | 157,460 |

(h) **Segment Information**

Segment analysis for the current financial year ended 31 December 2006 is set out below:

| | Leisure & Hospitality RM'000 | Plantation RM'000 | Property RM'000 | Manufacturing RM'000 | Oil & Gas RM'000 | Power RM'000 | Others RM'000 | Eliminations RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| External | 4,286,927 | 486,041 | 107,891 | 534,429 | 141,319 | 1,325,825 | 61,321 | - | 6,943,753 |
| Inter segment | 4,977 | - | 15,724 | 1,969 | - | 12,115 | 55,681 | (90,466) | - |
| | 4,291,904 | 486,041 | 123,615 | 536,398 | 141,319 | 1,337,940 | 117,002 | (90,466) | 6,943,753 |
| **Results** | | | | | | | | | |
| Segment profit | 1,723,722 | 193,163 | 25,741 | 26,561 | 50,970 | 458,583 | 370,246 | 54,536 | 2,903,522 |
| Interest income | | | | | | | | | 221,088 |
| Finance cost | | | | | | | | | (212,625) |
| Share of results in jointly controlled entities and associates | (196,386) | 1,890 | (71) | - | - | 32,395 | 10 | - | (162,162) |
| Profit before taxation | | | | | | | | | 2,749,823 |
| Taxation | | | | | | | | | (507,332) |
| Profit for the financial year | | | | | | | | | 2,242,491 |

(i) **Valuation of Property, Plant and Equipment**

Property, plant and equipment, which are stated at revalued amounts, have been brought forward without amendment from the previous annual financial statements.

(j) **Material Events Subsequent to the end of the financial period**

i) On 15 January 2007, the Company, through CIMB announced that the Company proposed to implement the following:

- A share split involving the subdivision of each of the existing ordinary shares of RM0.50 each in the Company into 5 ordinary shares of RM0.10 each in the Company ("Split Shares") ("Proposed Share Split"); and
- Amendment to certain provisions of the Company's Memorandum and Articles of Association to facilitate the Proposed Share Split,

(collectively, the "Proposals").

On 8 February 2007, the Company, through CIMB further announced the following:

- That the Securities Commission ("SC") had, through its letter dated 6 February 2007, granted its approval for the Proposed Share Split and the listing of and quotation for the Split Shares to be issued under the Proposed Share Split on the Main Board of Bursa Securities; and
- That Bursa Securities had, through its letter dated 7 February 2007, granted its approval for the Proposed Share Split and its approval-in-principle for the listing of and quotation for the Split Shares to be issued under the Proposed Share Split on the Main Board of Bursa Securities.

The SC's approval as disclosed above is subject to full compliance by CIMB and the Company with all the relevant requirements pertaining to the implementation of the Proposed Share Split as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities.

Bursa Securities' approval and approval-in-principle as disclosed above is subject to full compliance by the Company with all the requirements pertaining to the Proposed Share Split as provided under the Listing Requirements of Bursa Securities at all times.

The Proposals are subject to and conditional upon approval being obtained from the shareholders of the Company at an extraordinary general meeting to be convened on 21 March 2007.

ii) On 15 January 2007, RWB, through CIMB announced that RWB proposed to implement the following:

- A share split involving the subdivision of each of the existing ordinary shares of RM0.50 each in RWB into 5 ordinary shares of RM0.10 each in RWB ("RWB Split Shares") ("RWB Proposed Share Split"); and
- Amendment to certain provisions of RWB's Memorandum and Articles of Association to facilitate the Proposed Share Split,

(collectively, the "RWB Proposals").

On 8 February 2007, RWB, through CIMB further announced the following:

- That the Securities Commission had, through its letter dated 6 February 2007, granted its approval for the RWB Proposed Share Split and the listing of and quotation for the RWB Split Shares to be issued under the RWB Proposed Share Split on the Main Board of Bursa Securities; and
- That Bursa Securities had, through its letter dated 7 February 2007, granted its approval for the RWB Proposed Share Split and its approval-in-principle for the listing of and quotation for the RWB Split Shares to be issued under the RWB Proposed Share Split on the Main Board of Bursa Securities.

The SC's approval as disclosed above is subject to full compliance by CIMB and RWB with all the relevant requirements pertaining to the implementation of the RWB Proposed Share Split as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities.

Bursa Securities' approval and approval-in-principle as disclosed above is subject to full compliance by RWB with all the requirements pertaining to the RWB Proposed Share Split as provided under the Listing Requirements of Bursa Securities at all times.

The RWB Proposals are subject to and conditional upon approval being obtained from the shareholders of RWB at an extraordinary general meeting to be convened on 21 March 2007.

iii) On 12 January 2007, GIPLC issued SGD425.0 million Convertible Bonds due 2012, which are convertible into 673,747,622 fully paid-up new ordinary shares of USD0.10 each of GIPLC at a conversion price of SGD0.6308 per share from 7 February 2007 to 31 December 2011. The new ordinary shares upon issue shall rank pari passu with the existing ordinary shares of GIPLC. The aforesaid Convertible Bonds have been listed and quoted on the Singapore Exchange Securities Trading Limited with effect from 15 January 2007. As at 22 February 2007, SGD200,900,000 of Convertible Bonds have been converted into 318,484,433 new ordinary shares of USD0.10 each of GIPLC.

iv) On 22 January 2007, GIPLC announced that Genting Star Limited ("Genting Star"), a wholly owned subsidiary of GIPLC, had in January 2007 acquired from Star Cruises Asia Holding Ltd ("SC Asia"), a wholly owned subsidiary of Star Cruises Limited ("SCL"), 25% of the issued share capital of New Orisol Investments Limited ("New Orisol") for a purchase consideration of USD25.00.

Following the press statement by the Casino Regulatory Division of the Ministry of Home Affairs of Singapore on 9 February 2007 that it is seeking clarification from SCL and GIPLC on SCL's share placement and other deals in Macau, SCL and GIPLC are providing clarification to the matters sought by the Casino Regulatory Division of the Ministry of Home Affairs.

Other than the above, there were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

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

i) On 7 March 2006, Genting International (UK) Limited ("GIUK"), a wholly owned subsidiary of Palomino Star Limited, which in turn is a wholly owned subsidiary of GIPLC, completed the acquisition of the remaining 50% in Coastbright Limited ("Coastbright"), the company which owns and operates the Maxims Casino Club in Kensington, for a total consideration of STG8.5m which was paid in cash. GIUK now owns 100% of Coastbright.

ii) On 26 May 2006, GPCL completed the following acquisitions:

The entire equity interests in MZW Holdings, Ltd and MZW Power Production Holding Co, Ltd from InterGen for a total cash consideration of USD100.0 million; and

Approximately 26.3% equity interest of Fujian Electric (Hong Kong) LDC from China Pacific Electric Limited for a total cash consideration of USD55.3 million.

With the completion of the acquisitions, GPCL is the sole owner of the Meizhou Wan Plant and its project management company.

iii) On 10 September 2006, GIPLC announced a takeover offer on all the shares in Stanley Leisure plc ("Stanley Leisure"), a company incorporated in the United Kingdom ("UK"). Stanley Leisure, which is the largest casino operator in the UK, effectively became a subsidiary of GIPLC from 6 October 2006.

iv) As at 31 December 2006, Phoenix Spectrum Sdn Bhd, a wholly owned subsidiary of the Company, has a shareholding of 120.5 million shares in Landmarks Berhad ("Landmarks"), representing an equity interest of approximately 25% in Landmarks, and the investment has been accounted for as investment in an associate.

Other than the above, there were no other material changes in the composition of the Group for the current financial year ended 31 December 2006.

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

Other than the disclosure of the material litigation made in Note 11 in Part II of this interim financial report, there were no other significant changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2005.

(m) **Capital Commitments**

Authorised capital commitments not provided for in the interim financial statements as at 31 December 2006 are as follows:

| | **RM'000** |
|---|---|
| Contracted | 295,421 |
| Not contracted | 12,472,492 |
| | 12,767,913 |
| Analysed as follows: | |
| - Development expenditure * | 11,866,293 |
| - Property, plant and equipment | 753,296 |
| - Investments | 60,262 |
| - Drilling and exploration costs | 49,734 |
| - Biological assets | 36,958 |
| - Others | 1,370 |
| | 12,767,913 |

* This relates mainly to the Integrated Resort of GIPLC. GIPLC had on 10 October 2006 submitted a SGD5.2 billion bid for the Integrated Resort site at Sentosa Island in Singapore, where GIPLC together with SCL, have an exclusive partnership with Universal Parks and Resorts to develop a "must see, must visit" world class family resort, with four gated leisure, entertainment and edutainment attractions and six exceptional and uniquely designed hotels for all visitors. On 8 December 2006, the Singapore Government awarded the contract to build the Integrated Resort to the consortium. The Integrated Resort which will be called Resorts World at Sentosa, is expected to be launched by early 2010.

**GENTING BERHAD**

**ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES – 4TH QUARTER ENDED 31 DECEMBER 2006**

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

1. **Review of Performance**

The comparison of the quarterly results are tabulated below:

| | Current Quarter 2006 RM'million | Current Quarter 2005 RM'million | % +/- | Preceding Quarter 3Q 2006 RM'million | % +/- | Financial Year ended 31 Dec 2006 RM'million | Financial Year ended 31 Dec 2005 RM'million | % +/- |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| Leisure & Hospitality | **1,529.1** | 969.2 | +58 | 1,001.3 | +53 | **4,286.9** | 3,545.0 | +21 |
| Plantation | **154.8** | 128.1 | +21 | 119.9 | +29 | **486.1** | 441.9 | +10 |
| Property | **21.2** | 30.7 | -31 | 28.4 | -25 | **107.9** | 100.2 | +8 |
| Manufacturing | **129.8** | 128.9 | +1 | 139.1 | -7 | **534.5** | 504.4 | +6 |
| Power | **447.1** | 180.7 | >100 | 386.8 | +16 | **1,325.8** | 701.1 | +89 |
| Oil & Gas | **37.7** | 24.4 | +55 | 32.9 | +15 | **141.3** | 117.9 | +20 |
| Others * | **11.5** | 2.5 | >100 | 13.8 | -17 | **61.3** | 43.6 | +41 |
| | **2,331.2** | 1,464.5 | +59 | 1,722.2 | +35 | **6,943.8** | 5,454.1 | +27 |
| **Profit before tax** | | | | | | | | |
| Leisure & Hospitality | **581.3** | 400.7 | +45 | 441.8 | +32 | **1,723.7** | 1,531.0 | +13 |
| Plantation | **67.4** | 54.9 | +23 | 49.2 | +37 | **193.2** | 173.2 | +12 |
| Property | **6.1** | 6.0 | +2 | 6.4 | -5 | **25.7** | 23.2 | +11 |
| Manufacturing | **(13.1)** | 4.0 | >100 | 11.2 | >100 | **26.6** | 47.3 | -44 |
| Power | **141.7** | 70.3 | >100 | 119.1 | +19 | **458.6** | 266.8 | +72 |
| Oil & Gas | **10.8** | 0.1 | >100 | 9.7 | +11 | **51.0** | 50.9 | - |
| Net gain arising from the disposal/dilution of Group's shareholdings in : | | | | | | | | |
| LCI | **169.7** | - | +100 | - | +100 | **169.7** | - | +100 |
| GIPLC | **-** | 136.7 | -100 | - | - | **-** | 136.7 | -100 |
| Gain on investment in Stanley Leisure arising from reorganisation of its share capital | **-** | - | - | - | - | **-** | 113.5 | -100 |
| Others | **139.6** | (13.8) | >100 | 34.2 | >100 | **255.1** | 62.4 | >100 |
| | **1,103.5** | 658.9 | +67 | 671.6 | +64 | **2,903.6** | 2,405.0 | +21 |
| Interest income | **62.6** | 43.7 | +43 | 56.6 | +11 | **221.0** | 141.4 | +56 |
| Finance cost | **(90.7)** | (35.1) | >100 | (51.4) | +76 | **(212.6)** | (152.9) | +39 |
| Share of results in jointly controlled entities and associates | **(161.3)** | (41.9) | >100 | 83.2 | >100 | **(162.2)** | 40.8 | >100 |
| | **914.1** | 625.6 | +46 | 760.0 | +20 | **2,749.8** | 2,434.3 | +13 |

***** *Included within this segment is the gain arising from sale of short term investments.*

*The recognition method for sale of short term investments was changed in the fourth quarter of 2005 from that of recognising the gross proceeds received from the disposal of such investments to that of recognising the difference between the proceeds on sale from these investments and its carrying amount in line with Financial Reporting Standard No. 125, "Accounting for Investments".*

**Quarter ended 31 December 2006 compared to quarter ended 31 December 2005**

The Group registered a revenue of RM2,331.2 million in the current quarter compared to RM1,464.5 million in the previous year's corresponding quarter, which is an increase of 59%. Increased revenue is recorded from all the business divisions of the Group with the exception of the Property Division.

Included in the Leisure & Hospitality Division's revenue is RM423.8 million from Stanley Leisure plc ("Stanley Leisure"), which effectively became an indirect subsidiary of the Company from 6 October 2006. The increase in the revenue of the Leisure & Hospitality Division is also due to the better underlying performance in the Genting Highlands Resort arising from the higher volume of business and better luck factor in the premium player business.

Increased revenue from the Plantation Division is mainly due to higher crude palm oil ("CPO") selling prices.

Increased revenue from the Power Division is mainly contributed by the power plants in China which were acquired by the Group in December 2005 and the 100%-owned Meizhou Wan Plant which acquisition was completed in May 2006.

The higher revenue from the Oil & Gas Division is mainly due to the higher oil production.

The Group's profit before tax for the current quarter is RM914.1 million, an increase of 46% compared to the previous year's corresponding quarter's profit before tax of RM625.6 million.

Increased profit is recorded from all the Divisions in line with the higher revenue generated with the exception of the Manufacturing Division.

The loss recorded in the Manufacturing Division for the quarter is mainly due to assets impairment losses charged out in the quarter.

The profit of 'Others' for the current quarter comprise mainly net foreign exchange gain arising from the translation of foreign currency denominated balances.

Included in the profit before tax for the current quarter and the previous year's corresponding quarter are the following 'one-off' gains:

Current quarter

- gain of RM169.7 million arising from the disposal of the GIPLC Group's entire stake of 29.6% in LCI.

Previous year's corresponding quarter

- net gain of RM136.7 million arising from the dilution of the Group's shareholding in GIPLC to 56.8%.

The share of results in jointly controlled entities and associates in the current quarter included a share of loss of RM185.3 million from Star Cruises Limited ("SCL") compared to a share of loss of RM48.1 million in the previous year's corresponding quarter.

**Financial year ended 31 December 2006 compared to 31 December 2005**

The Group registered a revenue of RM6,943.8 million for the current financial year ended 31 December 2006 compared to RM5,454.1 million for the previous financial year, which is an increase of 27%.

Increased revenue from the Leisure & Hospitality Division is mainly due to the higher volume of business from Genting Highlands Resort. In addition, RM 423.8 million from Stanley Leisure, which effectively became an indirect subsidiary of the Company from 6 October 2006, has been included in the revenue of the Division for the current financial year.

The higher revenue from the Plantation Division is mainly due to the higher CPO selling prices and fresh fruit bunches ("FFB") production.

Higher progress billings from properties sold contributed to the higher revenue in the Property Division.

The higher revenue from the Manufacturing Division is mainly due to the higher volume sold and the higher selling prices.

The power plants in China were the main contributors to the increased revenue from the Power Division. In addition, the revenue of the Malaysian power plant is higher in the current financial year as there were major inspections as well as maintenance work carried out on all the turbines in the second quarter of 2005, thus affecting the revenue in the previous financial year.

Increased revenue from the Oil & Gas Division is mainly due to the higher average oil prices.

The Group's profit before tax for the current financial year is RM2,749.8 million, an increase of 13% compared to the previous year's profit before tax of RM2,434.3 million.

Increased profit is recorded from all the business divisions, which is in line with the higher revenue generated, with the exception of the Manufacturing Division.

The lower profit in the Manufacturing Division is mainly due to the assets impairment losses and the higher production costs incurred.

The profit of 'Others' for the current financial year comprise mainly net foreign exchange gain arising from the translation of foreign currency denominated balances.

The profit before tax of the Group for the current financial year and the previous financial year had included the following 'one-off' gains :

<u>Current financial year</u>

- gain of RM169.7 million arising from the disposal of the GIPLC Group's entire stake of 29.6% in LCI.

<u>Previous financial year</u>

- net gain of RM136.7 million arising from the dilution of the Group's shareholding in GIPLC to 56.8%.

- gain of RM113.5 million on investment in Stanley Leisure arising from reorganisation of its share capital.

The share of results in jointly controlled entities and associates for the current financial year included a share of loss of RM210.8 million from SCL compared to a share of profit of RM11.8 million for the previous financial year.

2. **Material Changes in Profit Before Taxation for the Current Quarter as compared with the immediate Preceding Quarter**

The Group recorded a profit before tax of RM914.1 million in the current quarter compared to RM760.0 million in the preceding quarter, which is an increase of 20%.

The higher profit in the current quarter is mainly due to:

(a) The higher profit in the Leisure & Hospitality Division, due to the higher volume of business in the Genting Highlands Resort and the contribution from Stanley Leisure;

(b) Higher profit in the Plantation Division mainly due to higher selling prices for palm products and FFB production;

(c) Higher profit in the Power Division due mainly to the China power plants;

(d) A 'one-off' gain of RM169.7 million arising from the disposal of the GIPLC Group's entire stake of 29.6% in LCI; and

(e) A higher net foreign exchange gain.

The above increases have been set-off by the following:

(a) Losses in the Manufacturing Division compared to a profit in the preceding quarter due to assets impairment losses charged out in the current quarter; and

(b) There is a share of losses of RM185.3 million from SCL compared to a share of profit of RM78.5 million in the preceding quarter.

3. **Prospects**

Barring any unforeseen circumstances, the performance of the Group is expected to be satisfactory for the coming financial year.

4. **Variance of Actual Profit from Forecast Profit**

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

5. **Taxation**

The breakdown of tax charges for the current quarter and current financial year ended 31 December 2006 are as set out below:

| | Current quarter RM'000 | Current financial year-to-date RM'000 |
|---|---|---|
| Current taxation | | |
| Malaysian income tax charge | 152,778 | 565,666 |
| Foreign income tax charge | 10,445 | 41,435 |
| | 163,223 | 607,101 |
| Deferred tax charge | 23,843 | 2,102 |
| | 187,066 | 609,203 |
| Prior period taxation | | |
| Income tax under/(over) provided | 382 | (105,795) |
| Deferred tax (over)/under provided | (115) | 3,924 |
| Taxation charge | 187,333 | 507,332 |

The effective tax rate of the Group for the current quarter and financial year-to-date, before adjustments made in respect of net over provisions for the prior years' taxation, is lower than the statutory tax rate mainly due to tax incentives claimed and lower deferred tax charge following the reduction in the Malaysian income tax rate as announced in the 2007 budget proposal by the government.

6. **Profit on Sale of Unquoted Investments and/or Properties**

The results for the current quarter do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business of the Group.

7. **Quoted Securities other than Securities in Existing Subsidiaries and Associates**

(a) The dealings in quoted securities for the current quarter and current financial year ended 31 December 2006 are as follows:

| | Current quarter RM'000 | Current financial year-to-date RM'000 |
|---|---|---|
| Total purchases at cost | - | 4,770 |
| Total disposal proceeds | 667,874 | 700,983 |
| Total gain on disposal | 175,332 | 178,841 |

The RM equivalent of purchases and disposals in respect of foreign currency quoted securities have been translated at the closing rate as at 31 December 2006 and weighted average rates respectively.

(b) The details of the investments in quoted shares, excluding subsidiaries and associates, as at 31 December 2006 are as set out below:

| | RM'000 |
|---|---|
| Total investments at cost | 241,391 |
| Total investments at book value | 240,502 |
| Total investments at market value | 254,260 |

8. **Status of Corporate Proposals Announced**

(a) On 13 May 2005, the Company announced that Genting Overseas Holdings Limited ("GOHL") had entered into a Share Sale and Purchase Agreement with GIPLC for the disposal of its entire equity interest in Sedby for a sale consideration of USD18.4 million, satisfied through the issuance of 104,545,455 new GIPLC shares. Sedby holds 80.0% equity interest in E-Genting Holdings Sdn Bhd ("EGH").

Similarly, on 13 May 2005, RWB, through CIMB announced that Resorts World Limited ("RWL") had entered into a Share Sale and Purchase Agreement with GIPLC for the disposal of its entire equity interest in Geremi for a sale consideration of USD4.6 million, satisfied through the issuance of 26,136,364 new GIPLC shares. Geremi holds 20.0% equity interest in EGH.

The transactions above were completed on 30 June 2005 and Sedby and Geremi ceased to be subsidiaries of GOHL and RWL respectively on that date.

GIPLC made an application to the Luxembourg Stock Exchange ("LuxSE") for the listing of the new GIPLC shares issued pursuant to the disposals by GOHL and RWL. The application remains outstanding.

Subsequently, GIPLC announced on 10 January 2007 that it has submitted an application to the LuxSE for the de-listing of its shares on the Euro MTF Market of the LuxSE. GIPLC is currently awaiting a response from LuxSE.

(b) The completion of the Share Sale Agreement entered into between Mastika Lagenda Sdn Bhd, an indirect 97.7% owned subsidiary of the Company, and Tenaga Nasional ("TNB") for the acquisition of TNB's 40% stake in Sepang Power Sdn Bhd is still outstanding as at 21 February 2007. TNB has in its results for the 4$^{th}$ quarter ended 31 August 2005 stated that the Share Sale Agreement has lapsed. However, the Company is not in agreement with TNB's statement and the matter is now being referred to the Ministry of Energy, Water and Communications, and the Economic Planning Unit of the Prime Minister's Department.

(c) On 8 June 2005, ADB announced that 5 of its subsidiaries had entered into 5 separate Joint Venture Agreements for the cultivation of oil palm on approximately 98,300 hectares of land in Kabupaten Ketapang, Provinsi Kalimantan Barat, Indonesia ("the Land") ("the Proposed Joint Venture"). The Proposed Joint Venture is subject to the following conditions being fulfilled within 12 months from the date of the Joint Venture Agreements or such period as may be mutually extended by parties to the said agreements:

i) The letter of confirmation from the local government of Kabupaten Ketapang on the Proposed Joint Venture;

ii) The approval of Badan Koordinasi Penanaman Modal ("BKPM") or Investment Coordinating Board in Indonesia;

iii) The issuance of the Hak Guna Usaha certificates or Right/Title to Cultivate the Land;

iv) Due diligence study on the Land and the Joint Venture Companies; and

v) Any other approvals, licenses and permits required for the Proposed Joint Venture.

The period for the fulfillment of the above conditions has since been extended up to and including 8 June 2007.

On 23 August 2006, one of the Joint Venture Companies, namely, PT Sepanjang Intisurya Mulia ("PT SISM") had obtained the approval from BKPM. Subsequently, on 23 November 2006, one of the five subsidiaries of ADB for the Proposed Joint Venture had subscribed for 70% of the enlarged issued and paid-up share capital of PT SISM. Accordingly, PT SISM became an indirect subsidiary of ADB on the same date.

Other than the above, and as disclosed in Note (j) i) and ii) in Part I of this interim financial report, there were no other corporate proposals announced but not completed as at 21 February 2007.

9. **Group Borrowings and Debt Securities**

The details of the Group's borrowings and debt securities as at 31 December 2006 are as set out below:

| | **Secured/ Unsecured** | **Foreign Currency ’000** | | **RM Equivalent ’000** |
|---|---|---|---|---|
| Short term borrowings | Secured | RMB | 336,000 | 151,987 |
| | Secured | GBP | 1,556 | 10,803 |
| | Unsecured | USD | 30,354 | 107,315 |
| | Unsecured | GBP | 367,929 | 2,554,991 |
| Long term borrowings | Secured | RMB | 2,790,608 | 1,262,307 |
| | Secured | GBP | 600 | 4,167 |
| | Unsecured | USD | 628,893 | 2,223,450 |
| | Unsecured | GBP | 105,000 | 729,146 |
| | Unsecured | | - | 1,085,915 |

As at 23 February 2007, USD112.4 million and RM312.6 million of the long term borrowings comprising the Exchangeable Bonds issued by Prime Venture (Labuan) Limited and Convertible Bonds issued by RWB respectively, have been exchanged/converted into RWB shares.

10. **Off Balance Sheet Financial Instruments**

As at 21 February 2007, the Group had the following off balance sheet financial instruments:

(a) Foreign Currency Contracts

| **Currency** | **Contract Amounts ’000** | **Transaction Dates** | **Expiry Dates** |
|---|---|---|---|
| Swiss Francs | 215 | 28/12/2006 to 15/02/2007 | 07/03/2007 to 30/03/2007 |
| Euro | 258 | 15/12/2006 to 15/02/2007 | 22/02/2007 to 09/03/2007 |
| US Dollars | 434 | 25/01/2007 to 15/02/2007 | 22/02/2007 to 09/03/2007 |
| Thai Baht | 90 | 15/02/2007 | 28/02/2007 |

As the above foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licenced banks.

(b) USD Interest Rate Swap ("IRS") and Hedging Transactions

i) On 27 November 2002, the Group had drawndown a loan amounting to USD53.0 million which was subjected to a floating interest rate based on LIBOR. Of these loans, a total of USD39.75 million has been repaid to date.

The outstanding IRS agreements entered into by the Group in respect of the loan are as follows:

| Transaction Date | Effective Date of Commencement | Maturity Dates | Outstanding Contract Amounts USD'000 |
|---|---|---|---|
| 11 June 2003 | 27 May 2003 | 27/11/2007 | 6,367 |
| 16 January 2004 | 28 May 2004 | 27/11/2007 | 6,883 |
| Total | | | 13,250 |

The above IRS effectively swap the interest rate payable from floating rate to floating rate in arrears subjected to a cap on the LIBOR of 5% per annum from the respective effective dates of commencement of contracts and up to their respective maturity dates.

ii) On 29 May 2003, 24 November 2003 and 11 December 2003, the Group had drawndown loans amounting to a total of USD73.93 million which were subjected to floating interest rates based on LIBOR. Of these loans, a total of USD42.48 million has been repaid to-date.

The outstanding IRS agreements entered into by the Group in respect of the loan are as follows:

| Transaction Date | Effective Date of Commencement | Maturity Dates | Outstanding Contract Amounts USD'000 |
|---|---|---|---|
| 28 November 2003 | 28 November 2003 | 29/05/2007 to 29/05/2008 | 8,274 |
| 12 April 2004 | 24 May 2004 | 24/11/2007 to 24/11/2008 | 9,000 |
| 12 April 2004 | 11 June 2004 | 11/12/2007 to 11/12/2008 | 2,587 |
| 13 April 2004 | 24 May 2004 | 24/11/2007 to 24/11/2008 | 9,000 |
| 07 May 2004 | 11 June 2004 | 11/12/2007 to 11/12/2008 | 2,588 |
| Total | | | 31,449 |

The above swaps effectively fix the interest rate payable on that tranche of the loan from the respective effective dates of commencement of contracts and up to their respective maturity dates as set out above.

These instruments are executed with creditworthy financial institutions and the Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Group uses derivative financial instruments including interest rate swap and currency swap agreements in order to limit the Group's exposure in relation to its underlying debt instruments resulting from adverse fluctuations in interest rates or foreign currency exchange rates and to diversify sources of funding. The related interest differentials under the swap agreements are recognised over the terms of the agreements in interest expense.

11. **Changes in Material Litigation**

ADB and Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB"), a wholly owned subsidiary of ADB, had vide previous announcements informed ADB's shareholders on the status of the legal suit filed in the High Court of Sabah and Sarawak at Kota Kinabalu Suit No. K22-245 of 2002 wherein ADB and ATBSB were named as the Second and Third Defendants respectively ("the Suit"). The Suit was instituted by certain natives ("the Plaintiffs") claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah which was acquired by ATBSB from Hap Seng Consolidated Berhad ("the Tongod Land"). Subsequently, the Plaintiffs had also applied for an interlocutory injunction to restrain ADB and ATBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof.

ADB's solicitors maintain their opinion that the Plaintiffs' action is misconceived and unsustainable.

Other than the hearing of a case management on 16 January 2007, where various direction were given, there have been no changes to the status of the aforesaid litigation as at 21 February 2007. There shall be a review of the case management on 26 November 2007.

Other than the above, there were no other material litigations since the last financial year ended 31 December 2005 and up to 21 February 2007.

12. **Dividend Proposed or Declared**

(a) i) A final ordinary dividend for the financial year ended 31 December 2006 has been recommended by the Directors for approval by shareholders;

ii) The recommended final dividend, if approved, will amount to 20.0 sen per ordinary share of 50 sen each, less 27% tax;

iii) The final dividend paid for the previous financial year ended 31 December 2005 was 19.0 sen per ordinary share of 50 sen each, less 28% tax; and

iv) The date of payment of the recommended final dividend shall be determined by the Directors and announced at a later date.

(b) Total dividend payable for the current financial year ended 31 December 2006, including the above recommended final dividend, if approved, will amount to 32.0 sen per ordinary share of 50 sen each, comprising an interim dividend of 12.0 sen per ordinary share of 50 sen each, less 28% tax and a proposed final dividend of 20.0 sen per ordinary share of 50 sen each, less 27% tax.

13. **Earnings Per Share ("EPS")**

(a) The earnings used as the numerator in calculating basic and diluted earnings per share for the current quarter and current financial year ended 31 December 2006 is as follows:

| | **Current quarter RM'000** | **Current financial year-to-date RM'000** |
|---|---|---|
| Profit for the financial period attributable to equity holders of the Company (used as numerator for the computation of Basic EPS) | 506,034 | 1,504,244 |
| Net impact on earnings on potential exercise of Employee Share Options awarded to executives of the Company's subsidiaries | (2,026) | (8,342) |
| Profit for the financial period attributable to equity holders of the Company (used as numerator for the computation of Diluted EPS) | 504,008 | 1,495,902 |

(b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share for the current quarter and current financial year ended 31 December 2006 is as follows:

| | **Current Quarter No. of shares** | **Current financial year-to-date No. of shares** |
|---|---|---|
| Weighted average number of ordinary shares in issue (used as denominator for the computation of Basic EPS) | 710,367,193 | 706,642,835 |
| Adjustment for share options granted under the ESOS to executives of Genting Berhad | 2,502,771 | 1,999,869 |
| Weighted average number of ordinary shares in issue (used as denominator for the computation of Diluted EPS) | 712,869,964 | 708,642,704 |

**TAN SRI LIM KOK THAY**
**Chairman, President and Chief Executive**
**GENTING BERHAD**
**28 February 2007**