

Income Statements

for the Financial Year Ended 31 December 2006

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2006	2005 Restated	2006	2005
Revenue	5 & 6	3,808.5	3,614.0	3,469.7	3,199.0
Cost of sales	7	(2,302.2)	(2,129.3)	(2,064.5)	(1,895.6)
Gross profit		1,506.3	1,484.7	1,405.2	1,303.4
Other income		63.5	45.0	63.4	58.4
Selling and distribution costs		(63.9)	(67.7)	(41.7)	(44.1)
Administration expenses		(99.7)	(102.3)	(80.9)	(87.2)
Other expenses		(39.6)	(34.6)	(61.5)	(99.0)
Profit from operations		1,366.6	1,325.1	1,284.5	1,131.5
Finance cost		(17.1)	(36.1)	(17.0)	(34.3)
Share of results in jointly controlled entity		0.0	0.0	-	-
Share of results in associates		(210.8)	12.6	-	-
Profit before taxation	5, 8, 9 & 10	1,138.7	1,301.6	1,267.5	1,097.2
Taxation	11	(193.2)	(333.8)	(174.8)	(326.1)
Profit for the financial year		945.5	967.8	1,092.7	771.1
Attributable to:					
Equity holders of the Company		945.9	968.2	1,092.7	771.1
Minority interests		(0.4)	(0.4)	-	-
Profit for the financial year		945.5	967.8	1,092.7	771.1
Earnings per share for profit attributable to the equity holders of the Company:					
Basic earnings per share (sen)	12	86.5	88.7		
Diluted earnings per share (sen)	12	86.3	88.7		
Gross dividends per share (sen)	13	27.0	24.0		

The notes set out on pages 54 to 93 form part of these financial statements.

Balance Sheets

as at 31 December 2006

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2006	2005 Restated	2006	2005
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	3,615.7	3,520.0	1,979.4	1,843.2
Land held for property development	15	186.1	186.1	-	-
Investment properties	16	21.6	22.2	-	-
Subsidiaries	17	-	-	5,473.9	4,601.0
Jointly controlled entity	18	1.1	1.1	-	-
Associate	19	2,070.6	2,155.6	-	-
Other long term investments	20	232.4	248.1	3.1	3.1
Long term receivables	21	9.5	13.5	-	-
		6,137.0	6,146.6	7,456.4	6,447.3
Current Assets					
Inventories	22	53.3	53.5	25.5	25.9
Trade and other receivables	23	186.2	126.7	143.5	87.9
Amounts due from subsidiaries	17	-	-	445.1	985.0
Amounts due from other related companies	24	13.8	7.4	6.5	3.1
Amount due from associate	19	1.4	0.8	0.2	0.3
Short term investments	25	853.4	276.0	853.4	275.9
Bank balances and deposits	26	1,127.3	438.9	1,100.9	420.7
		2,235.4	903.3	2,575.1	1,798.8
Total Assets		8,372.4	7,049.9	10,031.5	8,246.1
EQUITY AND LIABILITIES					
Equity Attributable To Equity Holders Of The Company					
Share capital	27	547.3	545.9	547.3	545.9
Reserves	28	5,702.3	5,090.5	7,314.5	6,399.9
		6,249.6	5,636.4	7,861.8	6,945.8
Minority interests		8.1	8.5	-	-
Total Equity		6,257.7	5,644.9	7,861.8	6,945.8
Non-Current Liabilities					
Long term borrowings	29	41.0	137.6	-	-
Zero coupon convertible notes	30	1,085.9	-	1,085.9	-
Other long term liability	31	31.0	32.0	-	-
Deferred taxation	32	188.0	173.1	122.5	121.7
Provision for retirement gratuities	33	60.5	39.4	58.0	37.4
		1,406.4	382.1	1,266.4	159.1
Current Liabilities					
Trade and other payables	34	479.1	475.5	404.5	388.1
Amount due to holding company	24	12.9	10.4	12.6	10.2
Amount due to subsidiaries	17	-	-	362.1	606.3
Amount due to other related companies	24	45.0	41.6	42.1	37.5
Amount due to jointly controlled entity		0.2	-	-	-
Short term borrowings	29	87.8	396.1	-	-
Taxation		83.3	99.3	82.0	99.1
		708.3	1,022.9	903.3	1,141.2
Total Liabilities		2,114.7	1,405.0	2,169.7	1,300.3
Total Equity And Liabilities		8,372.4	7,049.9	10,031.5	8,246.1
NET ASSETS PER SHARE		5.71	5.16		

The notes set out on pages 54 to 93 form part of these financial statements.

Statements of Changes in Equity

for the Financial Year Ended 31 December 2006

Amounts in RM million unless otherwise stated

Group	Attributable to equity holders of the Company							
	Share Capital	Share Premium	Reserve on Exchange Differences	Other Reserves	Retained Earnings	Total	Minority Interests	Total Equity
Balance at 1 January 2006								
As previously stated	545.9	33.7	5.2	19.8	4,970.8	5,575.4	8.5	5,583.9
Prior year adjustments - effects of adopting FRS 121	-	-	61.5	(0.1)	(0.4)	61.0	-	61.0
Balance at 1 January 2006 (restated)	545.9	33.7	66.7	19.7	4,970.4	5,636.4	8.5	5,644.9
Foreign exchange differences recognised directly in equity:								
- Group	-	-	(156.2)	-	-	(156.2)	-	(156.2)
- Associate	-	-	1.5	(1.3)	-	0.2	-	0.2
Net income and expenses recognised directly in equity	-	-	(154.7)	(1.3)	-	(156.0)	-	(156.0)
Profit for the financial year	-	-	-	-	945.9	945.9	(0.4)	945.5
Total recognised income and expenses for the financial year	-	-	(154.7)	(1.3)	945.9	789.9	(0.4)	789.5
Share based payments under ESOS	-	-	-	0.2	-	0.2	-	0.2
Issue of shares	1.4	26.4	-	-	-	27.8	-	27.8
Appropriation:								
Final dividend paid for financial year ended 31 December 2005 (14.0 sen less 28% income tax)	-	-	-	-	(110.2)	(110.2)	-	(110.2)
Interim dividend paid for financial year ended 31 December 2006 (12.0 sen less 28% income tax)	-	-	-	-	(94.5)	(94.5)	-	(94.5)
Balance at 31 December 2006	547.3	60.1	(88.0)	18.6	5,711.6	6,249.6	8.1	6,257.7

The notes set out on pages 54 to 93 form part of these financial statements.

Statements of Changes in Equity (Cont'd)

for the Financial Year Ended 31 December 2006

Amounts in RM million unless otherwise stated

Group	Attributable to equity holders of the Company							Minority Interests	Total Equity
	Share Capital	Share Premium	Reserve on Exchange Differences	Other Reserves	Retained Earnings	Total			
Balance at 1 January 2005									
As previously stated	545.9	33.3	6.4	0.1	4,167.3	4,753.0	8.9	4,761.9	
Prior year adjustments - effects of adopting FRS 121	-	-	74.6	-	-	74.6	-	74.6	
Balance at 1 January 2005 (restated)	545.9	33.3	81.0	0.1	4,167.3	4,827.6	8.9	4,836.5	
Foreign exchange differences recognised directly in equity									
- Group	-	-	(13.1)	-	-	(13.1)	-	(13.1)	
- Associate	-	-	(1.2)	(0.1)	-	(1.3)	-	(1.3)	
Others	-	-	-	19.7	-	19.7	-	19.7	
Net income and expenses recognised directly in equity	-	-	(14.3)	19.6	-	5.3	-	5.3	
Profit for the financial year	-	-	-	-	968.2	968.2	(0.4)	967.8	
Total recognised income and expenses for the financial year	-	-	(14.3)	19.6	968.2	973.5	(0.4)	973.1	
Issue of shares	0.0	0.4	-	-	-	0.4	-	0.4	
Appropriation:									
Final dividend paid for financial year ended 31 December 2004 (11.0 sen less 28% income tax)	-	-	-	-	(86.5)	(86.5)	-	(86.5)	
Interim dividend paid for financial year ended 31 December 2005 (10.0 sen less 28% income tax)	-	-	-	-	(78.6)	(78.6)	-	(78.6)	
Balance at 31 December 2005	545.9	33.7	66.7	19.7	4,970.4	5,636.4	8.5	5,644.9	

The notes set out on pages 54 to 93 form part of these financial statements.

Statements of Changes in Equity (Cont'd)

for the Financial Year Ended 31 December 2006

Amounts in RM million unless otherwise stated

Company	Non-Distributable			Distributable	Total
	Share Capital	Share Premium	Other Reserve	Retained Earnings	
Balance at 1 January 2006	545.9	33.7	-	6,366.2	6,945.8
Profit for the financial year	-	-	-	1,092.7	1,092.7
Share based payments under ESOS	-	-	0.2	-	0.2
Issue of shares (see Note 27)	1.4	26.4	-	-	27.8
Appropriation:					
Final dividend paid for the financial year ended 31 December 2005 (14.0 sen less 28% income tax)	-	-	-	(110.2)	(110.2)
Interim dividend paid for the financial year ended 31 December 2006 (12.0 sen less 28% income tax)	-	-	-	(94.5)	(94.5)
Balance at 31 December 2006	547.3	60.1	0.2	7,254.2	7,861.8

Company	Share Capital	Non-Distributable		Distributable	Total
		Share Premium	Other Reserve	Retained Earnings	
Balance at 1 January 2005	545.9	33.3	-	5,760.2	6,339.4
Profit for the financial year	-	-	-	771.1	771.1
Issue of shares (see Note 27)	0.0	0.4	-	-	0.4
Appropriation:					
Final dividend paid for the financial year ended 31 December 2004 (11.0 sen less 28% income tax)	-	-	-	(86.5)	(86.5)
Interim dividend paid for the financial year ended 31 December 2005 (10.0 sen less 28% income tax)	-	-	-	(78.6)	(78.6)
Balance at 31 December 2005	545.9	33.7	-	6,366.2	6,945.8

The notes set out on pages 54 to 93 form part of these financial statements.

Cash Flow Statements

for the Financial Year Ended 31 December 2006

Amounts in RM million unless otherwise stated

	Group		Company	
	2006	2005 Restated	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1,138.7	1,301.6	1,267.5	1,097.2
Adjustments for:				
Depreciation of property, plant and equipment	233.5	232.0	152.0	144.4
Depreciation of investment property	0.8	0.7	-	-
Property, plant and equipment written off	0.9	0.2	0.9	0.1
Loss/(Gain) on disposal of property, plant and equipment	0.2	(0.1)	0.3	(0.1)
Gain on disposal of investment property	(0.5)	(0.2)	-	-
Impairment loss on investment in subsidiary	-	-	13.6	75.4
Additional gain from disposal of related corporation	-	(9.0)	-	-
Gain on disposal of associate	-	-	-	(10.0)
Gain on disposal of short term investments	(0.1)	(113.3)	-	-
Gain on disposal of investment in a subsidiary	-	(9.2)	-	-
Investment income	(0.0)	(0.0)	-	-
Interest income	(31.3)	(12.0)	(30.5)	(11.3)
Interest income from a subsidiary	-	-	(24.2)	(30.6)
Interest expense	15.1	36.0	-	-
Interest expense to subsidiaries	-	-	15.0	34.2
Other finance cost	2.0	-	2.0	-
Share of results in jointly controlled entity	0.0	(0.0)	-	-
Share of results in associates	210.8	(12.6)	-	-
Allowance for doubtful debts	1.2	4.1	-	0.1
Net provision for retirement gratuities	23.0	9.5	22.5	8.9
Share option expenses	0.2	-	0.2	-
Unrealised (gain)/loss on foreign exchange	(7.2)	(1.8)	12.0	1.7
	448.6	124.3	163.8	212.8
Operating profit before working capital changes	1,587.3	1,425.9	1,431.3	1,310.0
Related companies	(2.7)	4.2	1.2	4.8
Decrease/(Increase) in inventories	0.2	(5.8)	0.3	(5.3)
Increase in trade and other receivables	(2.8)	(15.9)	(2.0)	(17.8)
Decrease in trade and other payables	(8.3)	(8.6)	(9.3)	(5.8)
Increase/(Decrease) in amount due to holding company	2.4	(2.5)	2.4	(2.5)
Jointly controlled entity	0.0	(0.0)	-	-
Associate	(0.5)	(0.1)	-	0.2
Subsidiaries	-	-	89.0	(48.0)
	(11.7)	(28.7)	81.6	(74.4)
Cash generated from operations	1,575.6	1,397.2	1,512.9	1,235.6
Retirement gratuities paid	(1.9)	(1.4)	(1.9)	(1.4)
Taxation paid	(247.9)	(257.5)	(244.7)	(252.5)
Advanced membership fees	(0.8)	(1.8)	-	-
	(250.6)	(260.7)	(246.6)	(253.9)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,325.0	1,136.5	1,266.3	981.7

The notes set out on pages 54 to 93 form part of these financial statements.

Cash Flow Statements (Cont'd)

for the Financial Year Ended 31 December 2006

Amounts in RM million unless otherwise stated

	Group		Company	
	2006	2005 Restated	2006	2005
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(320.4)	(411.3)	(264.9)	(254.6)
Proceeds from disposal of property, plant and equipment	1.1	1.2	1.3	0.5
Subsequent expenditure of investment property	(0.1)	(0.1)	-	-
Proceeds from disposal of investment property	1.0	0.5	-	-
Purchase of investments	(263.8)	(1.0)	-	-
Proceeds from disposal of investments	0.1	-	-	-
Subscription of shares issued by existing subsidiaries	-	-	(268.2)	(55.1)
Subscription of shares in a newly incorporated company	-	-	-	0.0
Additional proceeds received from disposal of related corporation	-	9.0	-	-
Dividends received	0.0	0.0	-	-
Interest received	31.3	12.0	30.6	11.5
NET CASH USED IN INVESTING ACTIVITIES	(550.8)	(389.7)	(501.2)	(297.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(204.7)	(165.1)	(204.7)	(165.1)
Interest paid	(18.3)	(40.1)	-	-
Interest paid to subsidiaries	-	-	(18.3)	(36.9)
Borrowings from financial institutions	-	19.0	-	-
Proceeds received on exercise of share option	27.8	0.4	27.8	0.4
Net proceed from the issuance of Zero Coupon Convertible Notes (Note 30)	1,083.9	-	1,083.9	-
Repayment of borrowings	(396.1)	(476.5)	-	-
Repayment of borrowings to a subsidiary	-	-	(396.1)	(398.4)
NET CASH INFLOW/(USED IN) FINANCING ACTIVITIES	492.6	(662.3)	492.6	(600.0)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,266.8	84.5	1,257.7	84.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	714.8	630.3	696.6	612.6
EFFECT OF CURRENCY TRANSLATION	(0.9)	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,980.7	714.8	1,954.3	696.6
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank balances and deposits (Note 26)	1,127.3	438.9	1,100.9	420.7
Money market instruments (Note 25)	853.4	275.9	853.4	275.9
	1,980.7	714.8	1,954.3	696.6

The notes set out on pages 54 to 93 form part of these financial statements.

Notes to the Financial Statements

31 December 2006

Amounts in RM million unless otherwise stated

1. PRINCIPAL ACTIVITIES

The Company is involved in a tourist resort business at Genting Highlands and its activities cover leisure and hospitality services, which comprise amusement, gaming, hotel and entertainment.

The principal activities of the subsidiaries include property development and management, leisure and hospitality services, investments, timeshare ownership scheme, tours and travel related services.

The principal activities of the associate include cruise and cruise related operations.

Details of the principal activities of the subsidiaries and associate are set out in Notes 40 and 19 to the financial statements respectively.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with and comply with the Financial Reporting Standards, Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards for Entities Other than Private Entities in Malaysia and the provisions of the Companies Act, 1965. The bases of measurement applied to assets and liabilities are cost, amortised cost, lower of cost and net realisable value, revalued amount and fair value.

The preparation of financial statements in conformity with the Financial Reporting Standards and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these judgments and estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

JUDGMENTS AND ESTIMATIONS

In the process of applying the Group's accounting policies, management makes judgments that can significantly affect the amount recognised in the financial statements. These judgments include:

i) Classification of investments

Management uses its judgment to determine the classification of its investments into current and non-current. An investment is classified as current if it is readily realisable and it is held for trading or intended to be realised within 12 months after the balance sheet date. All other investments are classified as non-current.

Significant estimates used in the preparation of financial statements that may cause a material adjustment to the carrying amount of assets and liabilities are:

i) Provision for taxation

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies adopted by the Group and the Company have been applied consistently in dealing with all material items in relation to the financial statements, unless otherwise stated. The following new and revised Financial Reporting Standards ("FRS") that are relevant to the Group have been adopted during the financial year:

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 adoption of the above 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 Group has not adopted the following FRSs as these standards are not effective in the current financial year:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 119 ₂₀₀₄ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures.	

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

(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 operates an equity-settled, share-based compensation plan, where share options are issued to the 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 an actuarial 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 Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) FRS 2 Share-based Payment (Cont'd)

The Group has adopted the transitional provision in FRS 2 to recognise only share options expense for share option that were granted after 31 December 2004 and not yet vested on 1 January 2006. The financial impact to the Group arising from this change in accounting policy are as follows:

	Current financial year ended 31 December 2006
Decrease in profit for the financial year – Administration expenses	(0.2)
Increase in Share option reserves	0.2
	<hr/>

(ii) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of results in associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within 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.

The current year'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 year's presentation.

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

	Current financial year ended 31 December 2006
Increase in Share of results from associate	0.2
Decrease in Taxation: Share of tax in associate	(0.2)
	<hr/>

(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 at the date of that balance sheet;
- 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.

Previously, for foreign operations, the monetary assets and liabilities are translated at the closing rate on the balance sheet date. All other balance sheet items are translated at historical rate. All resulting exchange differences are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(iii) FRS 121 The Effects of Changes in Foreign Exchange Rates (Cont'd)**

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Previously, such exchange differences are taken into the income statement on the Group's financial statements.

The changes above are accounted for retrospectively. The comparative amounts as at 31 December 2005 are restated and the opening balance of retained earnings as at 1 January 2006 has been adjusted as disclosed in Note 3(v).

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

	Current financial year ended 31 December 2006
Decrease in Associate	(78.8)
Decrease in Other long term investments	(17.3)
Decrease in Reserve on exchange differences	(94.7)
Decrease in Other reserves	(1.4)

(iv) FRS 140 Investment Property

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 year's presentation as disclosed in Note 3(v).

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

	Current financial year ended 31 December 2006
Decrease in Property, plant and equipment	(21.6)
Increase in Investment properties	21.6

(v) Restatement of comparatives

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

	As previously reported	Increase / (Decrease)			Restated
		FRS 101	FRS 121	FRS 140	
At 1 January 2005					
Group					
Reserve on exchange differences	6.4	-	74.6	-	81.0

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Restatement of comparatives (Cont'd)

	As previously reported	Increase / (Decrease)			Restated
		FRS 101	FRS 121	FRS 140	
At 31 December 2005					
Group					
Property, plant and equipment	3,542.2	-	-	(22.2)	3,520.0
Investment properties	-	-	-	22.2	22.2
Associate	2,093.2	-	62.4	-	2,155.6
Other long term investments	249.5	-	(1.4)	-	248.1
Reserve on exchange differences	5.2	-	61.5	-	66.7
Other reserves	19.8	-	(0.1)	-	19.7
Retained earnings	4,970.8	-	(0.4)	-	4,970.4
For the year ended 31 December 2005					
Group					
Other income	45.4	-	(0.4)	-	45.0
Profit from operations	1,325.5	-	(0.4)	-	1,325.1
Share of results from associates	16.4	(3.8)	-	-	12.6
Profit before taxation	1,305.8	(3.8)	(0.4)	-	1,301.6
Taxation:					
Company and subsidiaries	333.8	-	-	-	333.8
Share of tax in associates	3.8	(3.8)	-	-	-
	337.6	(3.8)	-	-	333.8
Profit for the financial year	968.6	(0.4)	(0.4)	-	967.8
Earnings per share					
Basic (sen)	88.7	-	0.0	-	88.7
Diluted (sen)	88.7	-	0.0	-	88.7

The following are the significant accounting policies adopted by the Group:

Basis of Consolidation

Investments in subsidiaries are eliminated on consolidation while investments in jointly controlled entities and associates are accounted for by the equity method of accounting.

a) Subsidiaries

The consolidated financial statements include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting whereby the results of subsidiaries acquired or disposed of during the financial year are included from the date of acquisition up to the date when the control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill. See the accounting policy note on the treatment of goodwill.

All material intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also been eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

a) Subsidiaries (Cont'd)

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

Minority interests is measured at the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's net assets since that date. Separate disclosure is made of minority interests.

b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests that result in gains and losses for the Group are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

c) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties.

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the income statement and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition less impairment losses, where applicable. See accounting policy note on impairment of assets.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other parties in the ventures. The Group does not recognise its share of profits or losses from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

d) Associates

Associates are companies in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising in the income statement the Group's share of the associates' results for the financial year. The Group's interest in associates is stated at cost net of goodwill written off, for acquisitions prior to 1 January 2004, plus adjustments to reflect changes in the Group's share of the net assets of the associates. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or made payment on behalf of the associate.

The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the assets transferred.

Where necessary, in applying the equity method, adjustments have been made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Property, Plant and Equipment

Property, plant and equipment are tangible items that:

- i) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- ii) are expected to be used during more than one period.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment (Cont'd)

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss where applicable.

Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period that they are incurred.

The depreciable amount of an item of property, plant and equipment is determined as the difference between the cost less its residual value. The residual value is the estimated amount that the Group expects to obtain from disposal of the asset, after deducting the estimated cost to disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Freehold land and property, plant and equipment which are under construction are not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use. Leasehold properties with lease period of 99 years or less are amortised equally over their respective periods of lease. The Group depreciates other assets based on their consumption pattern and is applied separately to each significant component.

Other property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. The annual rates of depreciation used for the major classes of property, plant and equipment are as follows:

Buildings and improvements	2% – 50%
Plant, equipment and vehicles	5% – 50%

The assets residual values and useful lives are reviewed annually and revised if appropriate.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in the income statement. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

Investment Properties

Investment properties consist of investments in land and buildings that are held for long-term rental yield and/or for capital appreciation and are not occupied by 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. The annual rate of depreciation used for investment properties is 2%.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Gains and losses on disposal are determined by comparing net disposal proceeds with the carrying amount and are included in the income statement.

Property Development Activities

a) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Development Activities (Cont'd)

a) Land held for property development (Cont'd)

Cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amounts, it continues to retain this amount as its surrogate cost as allowed by FRS 201₂₀₀₄ (previously MASB 32), Property Development Activities. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy note on impairment of assets.

Land held for development is transferred to property development costs and included under current assets when development activities have commenced and where the development activities can be completed within the normal operating cycle.

b) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or costs that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the percentage of completion method in respect of sales where agreements have been finalised. Under this method, profits are recognised as the property development activity progresses. The stage of completion is determined based on proportion of property development costs incurred for work performed up to the balance sheet date over the estimated total property development cost to completion.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable of recovery, and property development costs on the development units sold are recognised when incurred. Foreseeable losses, if any, arising when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, are recognised immediately in the income statement.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Upon completion of development, the unsold completed development properties are transferred to inventories.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

Investments

Long term investments, both quoted and unquoted, include investments in subsidiaries, jointly controlled entities, associates and other non-current investments.

Investments in other non-current investments are stated at cost less impairment losses. An allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the period in which it is identified.

Short term quoted investments are stated at the lower of cost and market value, determined on a portfolio basis by comparing aggregate cost against aggregate market value. Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date. Money market instruments are stated at the lower of cost and net realisable value.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

Intangible Assets

a) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiaries/jointly controlled entities/associates at the date of acquisition. Goodwill on acquisition of subsidiaries on or after 1 January 2004 is recognised as an intangible asset and disclosed separately on the consolidated balance sheet at cost less any impairment losses. Goodwill, less any impairment losses, on acquisition of associates occurring on or after 1 January 2004 is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible Assets (Cont'd)

a) Goodwill (Cont'd)

Goodwill is allocated to cash generating units for the purpose of annual impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment of Assets

The carrying values of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (excluding investments in subsidiaries, jointly controlled entity and associates), are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists, an impairment review is performed to assess whether the carrying amount of the asset is fully recoverable.

Irrespective of whether there is any indication of impairment, the Group also:

- a) tests intangible assets with indefinite useful life or intangible assets not yet available for use, if any, for impairment annually by comparing its carrying amount with its recoverable amount.
- b) tests goodwill acquired in a business combination, if any, for impairment annually.

Impairment loss is recognised when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit.

An impairment loss is charged to the income statement, unless the asset is carried at revalued amount, in which case the impairment loss is used to reduce the revaluation surplus.

Assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes, where relevant, appropriate proportions of overheads and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less costs to completion and selling expenses.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

Receivables

Receivables are carried at estimated realisable value. In estimating realisable value, an allowance is made for doubtful receivables based on a review of all outstanding amounts at the financial year end. Bad debts are written off to the income statement during the financial year in which they are identified.

Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Money market instruments are included within the short term investments in current assets in the balance sheet.

Borrowings

Borrowings are recognised based on proceeds received. Costs incurred on borrowings to finance qualifying assets are capitalised until the assets are ready for their intended use after which such expenses are charged to the income statement. All other borrowing costs are charged to the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs, so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflow of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Income Taxes

a) Current taxation

Current taxation is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable income and is measured using the tax rates which are applicable at the balance sheet date.

b) Deferred taxation

Deferred tax liabilities and/or assets are recognised, using liability method, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. However, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax liability in respect of asset revaluations is also recognised. Deferred tax liabilities and assets are measured at the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, jointly controlled entity and associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Employee Benefits

a) Short term employee benefits

Short term employee benefits include wages, salaries, bonus, social security contributions and paid annual leave. These benefits are accrued when incurred and are measured on an undiscounted basis.

b) Post employment benefits

Post employment benefits include defined contribution plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. These benefits are accrued when incurred and are measured on an undiscounted basis.

c) Long term employee benefits

Long term employee benefits include retirement gratuities payable under a retirement gratuity scheme which was established in 1991 by the Board of Directors for Executives and Executive Directors of the Company and certain subsidiaries. The level of retirement gratuities payable is determined by the Board of Directors in relation to the past services rendered and it does not take into account the employee's service to be rendered in later years up to retirement. The gratuity, which is calculated based either on length of service and basic salary as at the reporting date or on the basis of emoluments earned in the immediate past three years, is a vested benefit when the employee reaches retirement age.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Benefits (Cont'd)

c) Long term employee benefits (Cont'd)

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Employee turnover is also factored in arriving at the level of the retirement gratuities payable. The differences arising from the application of such discounting as well as any past service costs and the effects of any curtailments or settlements, if any, are recognised immediately in the income statement.

Such retirement gratuities payable are classified as current liabilities where it is probable that a payment will be made within the next twelve months and also provided that the amount has been approved for payment by the Board of Directors.

d) Share-based compensation

The Company operates an equity-settled, share-based compensation plan, where share options are issued to the eligible executives and executive directors.

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 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 (option reserve). At each balance sheet date, the respective companies will revise its estimates of the number of share options that are expected to become exercisable. The option reserves in respect of options which have been lapsed are transferred to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

The fair value of the options was determined using "Trinomial" model based on the closing market price at Offer Date, the exercise price, expected volatility based on its historical volatility, option life and a risk free interest rate of 3.40% to 3.70% based on the yield on Malaysian Government Securities maturing between 5 to 10 years. The fair value of options granted to employees has been treated as additional paid in capital to be recognised as an expense over the option period. The unamortised amount is included as a separate component of reserves.

Revenue Recognition

Revenues are recognised upon delivery of products or performance of services, net of sales tax and discounts, and after eliminating revenue within the Group.

Casino revenue represents net house takings. The casino license in Malaysia is renewable every three months.

Sales of short term investments are accounted net of the cost of the respective investments when the contracts are executed.

Dividend income is recognised when the right to receive payment is established.

Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as a liability in the financial year in which the obligation to pay is established.

Foreign Currency Translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are 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.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, non-monetary items are translated at balance sheet date using historical rates or rates prevailing when the fair value of the assets are determined. Monetary items are translated at the closing rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at closing rate are recognised in the income statement. However, the exchange differences arising on monetary items that form part of the net investment in the foreign operations

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Foreign currency translation (Cont'd)****c) Group companies**

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

- i) assets and liabilities, including goodwill and fair value adjustments arising from business combinations, for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- iii) all resulting exchange differences are recognised as a separate component of equity.

The principal rates of exchange used in translation are as follows:
(RM to one unit of foreign currency)

Currency	Year end rates	
	2006	2005
US Dollar	3.5355	3.7785
Sterling Pound	6.9443	6.5260
Australian Dollar	2.7812	2.7740
Singapore Dollar	2.2953	2.2729
Hong Kong Dollar	0.4546	0.4873

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

a) Financial instruments recognised on the balance sheet

The recognition method adopted for financial instruments that are recognised on the balance sheet are disclosed separately in the individual policy statements associated with the relevant financial instrument.

The financial assets and liabilities of the Group are primarily denominated in Ringgit Malaysia. Financial assets and liabilities that are denominated in other currencies, where material, have been disclosed in the Notes to the financial statements.

b) Financial instruments not recognised on the balance sheet

The Group, in managing its interest and currency exposures, enters into foreign currency forward contracts, interest rate swap and currency swap agreements. These instruments are not recognised in the financial statements on inception.

As foreign currency forward contracts are entered into to cover the Group's commitments in foreign currencies, the closing rates are used to translate the underlying foreign currency transactions into Ringgit Malaysia.

The related interest differentials under the swap agreements for interest rate swaps are recognised over the terms of the agreements in interest expense.

The underlying foreign currency assets or liabilities, which are effectively hedged by currency swap agreements, and designated as a hedge, are translated in the respective hedged currencies, at their closing rates.

c) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date. For non-traded financial instruments, the Group uses various methods and makes assumptions that are based on market conditions. Comparisons are made to similar instruments that are publicly traded and estimates based on discounted cash flow techniques are also used. For other long term financial assets and liabilities, fair value is estimated by discounting future contractual cash flows at appropriate interest rates.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

c) Fair value estimation for disclosure purposes (Cont'd)

The book values of financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values.

Segmental Reporting

The Group adopts business segment analysis as its primary reporting format and geographical segment analysis as its secondary reporting format.

Revenues are attributed to geographical segments based on location of customers where sale is transacted. Assets are allocated based on location of assets.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by the segment and consist principally of property, plant and equipment net of accumulated depreciation, amortisation and impairment loss, land held for property development, property development costs, inventories and receivables. Segment liabilities comprise operating liabilities. Both segment assets and liabilities do not include income tax assets and liabilities and interest bearing instruments.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise the value creation for shareholders. The Group seeks to minimise the potential adverse impacts arising from fluctuations in exchange and interest rates and the unpredictability of the financial markets.

The Group operates within clearly defined guidelines that are approved by the Board of Directors and do not trade in financial instruments. Financial risk management is carried out through risk reviews conducted at all significant operational units. This process is further enhanced by effective internal controls, a group-wide insurance programme and adherence to the financial risk management policies.

The main areas of financial risks faced by the Group are as follows:

Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk when it enters into transactions that are not denominated in their functional currencies. The Group attempts to significantly limit its exposure for all committed transactions by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

Interest rate risk

Interest rate risks mainly arise from the Group's borrowings. The Group manages this risk through the use of fixed and floating rate debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

Market risk

The Group, in the normal course of business, is exposed to market risks in respect of its equity investments. The Group manages its risk through established guidelines and policies.

Credit risk

Exposure to credit risk arises mainly from sales made on deferred credit terms. Credit terms offered by the Group range from 30 days to 60 days from date of transaction. Risks arising therefrom are minimised through effective monitoring of receivables and suspension of sales to customers which accounts exceed the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses.

The Group also seeks to invest cash assets safely and profitably and buys insurance to protect itself against insurable risks. In this regard, counterparties are assessed for credit risks and limits are set to minimise any potential losses.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group's cash flow is reviewed regularly to ensure that the Group is able to settle its commitments when they fall due.

5. SEGMENT ANALYSIS**a) Primary segment - by activity**

2006 Group	Leisure & Hospitality	Properties	Others	Eliminations	Total
<u>Revenue</u>					
External	3,786.1	4.7	17.7	-	3,808.5
Inter segment	1.2	7.0	55.0	(63.2)	-
	3,787.3	11.7	72.7	(63.2)	3,808.5
<u>Results</u>					
Segment profit	1,306.8	1.2	27.3	-	1,335.3
Interest income					31.3
Finance cost					(17.1)
Share of results in jointly controlled entity					0.0
Share of results in associate					(210.8)
Profit before taxation					1,138.7
Taxation					(193.2)
Profit for the financial year					945.5
<u>Other Information:</u>					
<u>Assets</u>					
Segment assets	4,107.8	425.9	318.4	(340.7)	4,511.4
Interest bearing instruments					1,716.2
Jointly controlled entity			1.1		1.1
Associate	2,070.6				2,070.6
Unallocated corporate assets					73.1
Total assets					8,372.4
<u>Liabilities</u>					
Segment liabilities	864.6	46.9	57.4	(340.7)	628.2
Interest bearing instruments					1,215.3
Unallocated corporate liabilities					271.2
Total liabilities					2,114.7
<u>Other Disclosures</u>					
Capital expenditure incurred	332.5	0.1	0.1	-	332.7
Depreciation charged	231.2	2.0	1.1	-	234.3
Other significant non-cash items:					
- charges	25.3	0.1	0.0	-	25.4
- credits	0.0	0.5	7.2	-	7.7

5. SEGMENT ANALYSIS (Cont'd)

a) Primary segment - by activity (Cont'd)

	Leisure & Hospitality	Properties	Others	Eliminations	(Restated) Total
2005 Group <u>Revenue</u>					
External	3,476.5	7.4	130.1	-	3,614.0
Inter segment	1.6	11.4	49.2	(62.2)	-
	3,478.1	18.8	179.3	(62.2)	3,614.0
<u>Results</u>					
Segment profit	1,170.5	3.3	139.3	-	1,313.1
Interest income					12.0
Finance cost					(36.1)
Share of results in jointly controlled entity			0.0		0.0
Share of results in associates	12.6				12.6
Profit before taxation					1,301.6
Taxation					(333.8)
Profit for the financial year					967.8
<u>Other Information:</u>					
<u>Assets</u>					
Segment assets	3,878.4	424.7	297.2	(164.9)	4,435.4
Interest bearing instruments					438.4
Jointly controlled entity			1.1		1.1
Associate	2,155.6				2,155.6
Unallocated corporate assets					19.4
Total assets					7,049.9
<u>Liabilities</u>					
Segment liabilities	700.9	43.3	19.6	(164.9)	598.9
Interest bearing instruments					533.7
Unallocated corporate liabilities					272.4
Total liabilities					1,405.0
<u>Other Disclosures</u>					
Capital expenditure incurred	392.7	0.3	1.2	-	394.2
Depreciation charged	229.2	2.2	1.3	-	232.7
Other significant non-cash items:					
- charges	16.1	-	0.1	-	16.2
- credits	0.3	0.1	136.0	-	136.4

The Group is organised into two main business segments:

Leisure & Hospitality - this division includes the hotel, gaming, cruise & cruise related operations, entertainment businesses, tours & travel related services and other support services.

Properties - this division holds the land held for development of the Group and is involved in property developments.

All other immaterial business segments including investments in equities, training services, reinsurance services and utilities services are aggregated and disclosed under "Others" as they are not of sufficient size to be reported separately. All intersegment sales are conducted on an arms length basis.

5. SEGMENT ANALYSIS (Cont'd)

b) Secondary segment – by geographical location

Group	Revenue		Total Assets		Capital Expenditure	
	2006	2005	2006	2005	2006	2005
Malaysia	3,808.5	3,500.7	6,063.9	4,554.5	332.7	394.2
Other Countries	-	113.3	237.9	339.8	-	-
	3,808.5	3,614.0	6,301.8	4,894.3	332.7	394.2
Associate			2,070.6	2,155.6		
			8,372.4	7,049.9		

Geographically, the main business segments of the Group are concentrated in Malaysia. Included in other countries are the Group's investments in foreign corporations and interest bearing instruments.

6. REVENUE

	Group		Company	
	2006	2005	2006	2005
Rendering of services:				
Leisure & hospitality	3,786.1	3,476.5	3,469.7	3,199.0
Rental and properties management income	4.2	6.9	-	-
Other services	17.7	16.8	-	-
Sale of properties	0.5	0.5	-	-
Gain from sale of investments	-	113.3	-	-
	3,808.5	3,614.0	3,469.7	3,199.0

7. COST OF SALES

	Group		Company	
	2006	2005	2006	2005
Cost of inventories recognised as an expense	103.6	96.3	65.0	61.8
Cost of services and other operating costs	2,198.6	2,033.0	1,999.5	1,833.8
	2,302.2	2,129.3	2,064.5	1,895.6

Included in the other operating costs are gaming expenses amounting to RM842.5 million (2005: RM743.2 million) for the Group and RM877.0 million (2005: RM778.5 million) for the Company.

8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2006	2005	2006	2005
	RM'000	Restated RM'000	RM'000	RM'000
Charges:				
Depreciation of property, plant and equipment	233,550	232,005	151,991	144,356
Depreciation of investment properties	765	716	-	-
Property, plant and equipment written off	952	167	936	73
Loss on disposal of property, plant and equipment	177	-	306	-
Impairment loss on investment in subsidiary	-	-	13,580	75,359
Hire of equipment	7,711	8,775	5,029	6,599
Rental of land and buildings	1,134	1,586	470	309
Employee benefits expense (Note 9)	447,921	392,774	372,878	327,339
Directors' remuneration excluding estimated money value of benefits-in-kind (Note 10)	50,060	40,650	50,045	40,635
Auditors' remuneration	363	372	144	144
Allowance for doubtful debts	1,187	4,101	-	110
Finance cost	17,060	36,143	2,000	-
Net exchange (gains)/losses:				
- Realised	(7,118)	865	9,544	1,218
- Unrealised	(7,197)	(1,800)	11,998	1,759
Charges by holding company:				
- Licensing fees	123,171	115,659	119,646	112,648
- Shared services fees	4,291	4,130	3,873	3,662
Charges by other related companies:				
- Management fees	310,735	290,028	297,071	278,647
- Rental of land and buildings	3,441	3,097	2,917	2,704
- Hire of equipment	6,071	4,848	5,838	4,791
- Shared services fees	18,055	17,723	15,497	14,635
- Commissions	44,255	46,135	29,740	35,326
- Marketing fees	480	480	480	480
- Royalty fees	2,753	2,352	2,753	2,352
Charges by subsidiaries:				
- Finance cost	-	-	15,042	34,278
- Management fees	-	-	414	228
- Hire of equipment	-	-	3,620	2,492
- Rental of land and buildings	-	-	40,241	29,747
Credits:				
Interest income	31,281	11,981	30,450	11,340
Rental income from land and buildings	40,960	39,564	13,341	13,358
Rental of equipment	1,417	947	499	243
Gain on disposal of property, plant and equipment	-	260	-	59
Gain on disposal of investment property	458	216	-	-
Gross dividends from quoted foreign corporations	2	2	-	-
Additional gain from the disposal of a related corporation	-	8,999	-	-
Gain on disposal of short term investments	50	-	-	-
Income from other related companies:				
- Gain on disposal of subsidiary	-	9,191	-	-
- Gain on disposal of short term investments	-	113,333	-	-
- Rental of land and building	178	242	-	-
- Sales of air tickets	213	1,276	-	-
Income from subsidiaries:				
- Interest income	-	-	24,201	30,613
- Gain on disposal of associate	-	-	-	9,980
- Rental of land and buildings	-	-	6,715	6,496
Other information:				
Non statutory audit fees				
- payable to auditors				
- current	1,442	231	1,334	163
- overprovision in prior year	-	(9)	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2006	2005	2006	2005
Wages, salaries and bonuses	340,477	308,898	284,397	260,585
Defined contribution plan	39,705	36,574	33,288	30,889
Other short term employee benefits	44,614	37,791	32,571	26,962
Share option expenses	150	-	150	-
Provision for retirement gratuities	22,975	9,511	22,472	8,903
	447,921	392,774	372,878	327,339
Number of employees at financial year end ('000)	12.9	12.3	9.3	8.8

Employee benefits expense, as shown above, include the remuneration of Executive Directors.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	2006	2005
Non-executive Directors:				
- Fees	352	249	337	234
- Ex-gratia	-	147	-	147
Executive Directors:				
- Fees	325	330	325	330
- Salaries and bonuses	31,273	30,751	31,273	30,751
- Defined contribution plan	4,315	4,223	4,315	4,223
- Other short term employee benefits	456	528	456	528
- Provision for retirement gratuities	13,339	4,422	13,339	4,422
Directors' Remuneration excluding estimated money value of benefits-in-kind (Note 8)	50,060	40,650	50,045	40,635
Estimated money value of benefits-in-kind (not charged to the income statements) in respect of Executive Directors	661	719	661	719
	50,721	41,369	50,706	41,354

Remuneration of the Directors of the Company in respect of services rendered to the Company and its subsidiaries is represented by the following bands:

	Number	
	2006	2005
Amounts in RM'000		
Non-Executive Directors		
- 50 and below	-	1
- 50 to 100	4	3
- 150 to 200	-	1
Executive Directors		
- 850 to 900	-	2
- 950 to 1,000	-	1
- 1,000 to 1,050	1	-
- 1,050 to 1,100	-	1
- 1,300 to 1,350	1	-
- 3,050 to 3,100	1	-
- 36,700 to 36,750	-	1
- >44,950	1	-

10. DIRECTORS' REMUNERATION (Cont'd)

Executive Directors of the Company have been granted options under the Employees Share Option Scheme ("ESOS") on the same terms and conditions as those offered to other employees (Note 27) as follows:

Grant Date	Subscription price per share RM	No. of Unissued Shares			At end of the year '000
		At start of the year '000	Granted '000	Exercised '000	
Financial year ended 31.12.2006:					
2.9.2002	10.32	1,750*	-	(126)	1,624
Financial year ended 31.12.2005:					
2.9.2002	10.32	2,250	-	-	2,250

The number of share options vested at the balance sheet date is 530 thousand shares (2005:816,000).

* The total number of options as at 1 January 2006 has been reduced by 500,000 shares that were granted to a director who has resigned on the same day.

11. TAXATION

	Group		Company	
	2006	2005 Restated	2006	2005
Current taxation:				
Malaysian taxation	178.3	317.9	174.0	313.4
Deferred tax charge (Note 32)	14.9	15.9	0.8	12.7
	193.2	333.8	174.8	326.1
Current taxation:				
Current year	285.3	321.3	281.0	317.4
Over provided in prior years	(107.0)	(3.4)	(107.0)	(4.0)
	178.3	317.9	174.0	313.4
Deferred taxation:				
Origination and reversal of temporary differences	11.2	23.8	(3.6)	14.6
Under/(Over) provided in prior years	3.7	(2.0)	4.4	(1.9)
Benefit from previously unrecognised temporary differences	-	(5.9)	-	-
	14.9	15.9	0.8	12.7

The reconciliation between the average effective tax rate and the Malaysian tax rate is as follows:

	Group		Company	
	2006	2005 Restated	2006	2005
	%	%	%	%
Malaysia tax rate:	28.0	28.0	28.0	28.0
Tax effects of:				
- expenses not deductible for tax purposes	0.4	0.9	0.9	3.3
- different tax regime	5.0	(2.4)	-	-
- income not subject to tax	(0.1)	(0.2)	(0.5)	(1.0)
- tax incentive	(6.4)	(0.1)	(5.8)	(0.1)
- previously unrecognised temporary differences	-	(0.5)	-	-
- over provided in prior years	(9.1)	(0.3)	(8.1)	(0.5)
- Effect of change in deferred tax rate	(0.8)	-	(0.7)	-
- others	(0.1)	0.2	-	-
Average effective tax rate	16.9	25.6	13.8	29.7

11. TAXATION (Cont'd)

Subject to the agreement by the Inland Revenue Board, the amount of unutilised tax losses of subsidiaries available for which the related tax effects have not been included in the net income amounted to approximately RM74.4 million as at the financial year end (2005: RM74.0 million).

Subject to the agreement by the Inland Revenue Board, the Group has investment tax allowance of approximately RM1,318.3 million (2005: RM1,275.9 million) which is available to set off against future taxable profits of the respective companies of the Group.

12. EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are computed as follows:

a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
Profit for the financial year attributable to equity holders of the Company (RM million)	945.9	968.2
Weighted average number of ordinary shares in issue	<u>1,093,096,964</u>	<u>1,091,850,753</u>
Basic earnings per share (sen)	<u>86.5</u>	<u>88.7</u>

b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue of the Company is adjusted to assume conversion of all dilutive potential ordinary shares issued by the Company.

	Group	
	2006	2005
Profit for the financial year attributable to equity holders of the Company (RM million)	945.9	968.2
Weighted average number of ordinary shares adjusted as follows:		
Weighted average number of ordinary shares in issue	1,093,096,964	1,091,850,753
Adjustment for share options granted to executives of the Company	2,324,302	148,520
Adjusted weighted average number of ordinary shares in issue	<u>1,095,421,266</u>	<u>1,091,999,273</u>
Diluted earnings per share (sen)	<u>86.3</u>	<u>88.7</u>

There are no dilutive potential ordinary shares arising from the Zero Coupon Convertible Notes during the financial year.

13. DIVIDENDS

	2006		2005	
	Gross dividend per share Sen	Amount of dividend (net of tax)* RM million	Gross dividend per share Sen	Amount of dividend (net of 28% tax) RM million
Interim dividend paid	12.0	94.5	10.0	78.6
Proposed final dividend	15.0	119.9	14.0	110.2
	<u>27.0</u>	<u>214.4</u>	<u>24.0</u>	<u>188.8</u>

* Interim dividend paid is net of 28% tax; and the proposed final dividend is net of 27% tax.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 15.0 sen less 27% tax (2005: 14.0 sen less 28% tax) per ordinary share of 50 sen each amounting to RM119.9 million (2005: RM110.2 million) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Long leasehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
At cost:						
At 1 January 2006	222.6	106.3	3,190.9	1,923.6	24.5	5,467.9
Effect of adoption of FRS 140	-	-	(31.8)	-	-	(31.8)
Restated as at 1 January 2006	222.6	106.3	3,159.1	1,923.6	24.5	5,436.1
Additions	0.5	-	6.1	156.4	169.6	332.6
Disposals	-	-	-	(33.2)	-	(33.2)
Written off	-	-	-	(4.3)	(0.7)	(5.0)
Reclassification/Adjustment/Transfer	-	(0.1)	44.2	58.3	(104.4)	(2.0)
At 31 December 2006	223.1	106.2	3,209.4	2,100.8	89.0	5,728.5
Accumulated depreciation:						
At 1 January 2006	-	7.6	564.3	1,339.9	-	1,911.8
Effect of adoption of FRS 140	-	-	(9.6)	-	-	(9.6)
Restated as at 1 January 2006	-	7.6	554.7	1,339.9	-	1,902.2
Charge for the financial year	-	1.1	69.3	163.1	-	233.5
Disposals	-	-	-	(31.9)	-	(31.9)
Written off	-	-	-	(4.0)	-	(4.0)
Reclassification/Adjustment/Transfer	-	-	(0.9)	-	-	(0.9)
At 31 December 2006	-	8.7	623.1	1,467.1	-	2,098.9
Accumulated impairment losses:						
At 1 January/31 December 2006	-	0.1	13.7	0.1	-	13.9
Net book value at 31 December 2006	223.1	97.4	2,572.6	633.6	89.0	3,615.7
At cost:						
At 1 January 2005	222.6	106.3	2,938.1	1,709.1	136.1	5,112.2
Effect of adoption of FRS 140	-	-	(36.5)	-	-	(36.5)
Restated as at 1 January 2005	222.6	106.3	2,901.6	1,709.1	136.1	5,075.7
Additions	-	-	5.1	127.0	262.0	394.1
Disposals	-	-	(1.4)	(14.7)	-	(16.1)
Written off	-	-	-	(20.1)	-	(20.1)
Reclassification/Adjustment/Transfer	-	-	253.8	122.3	(373.6)	2.5
At 31 December 2005	222.6	106.3	3,159.1	1,923.6	24.5	5,436.1
Accumulated depreciation:						
At 1 January 2005	-	6.6	498.8	1,209.0	-	1,714.4
Effect of adoption of FRS 140	-	-	(10.5)	-	-	(10.5)
Restated as at 1 January 2005	-	6.6	488.3	1,209.0	-	1,703.9
Charge for the financial year	-	1.0	66.3	164.7	-	232.0
Disposals	-	-	(1.1)	(13.9)	-	(15.0)
Written off	-	-	-	(19.9)	-	(19.9)
Reclassification/Adjustment/Transfer	-	-	1.2	-	-	1.2
At 31 December 2005	-	7.6	554.7	1,339.9	-	1,902.2
Accumulated impairment losses:						
At 1 January/31 December 2005	-	0.1	13.7	0.1	-	13.9
Net book value at 31 December 2005	222.6	98.6	2,590.7	583.6	24.5	3,520.0

14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Freehold land	Long leasehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
At cost:						
At 1 January 2006	87.2	0.5	1,771.5	1,310.3	22.4	3,191.9
Additions	-	-	0.3	137.6	153.3	291.2
Disposals	-	-	-	(32.7)	-	(32.7)
Written off	-	-	-	(3.9)	(0.7)	(4.6)
Reclassification/Adjustment	-	-	32.6	52.3	(85.4)	(0.5)
At 31 December 2006	87.2	0.5	1,804.4	1,463.6	89.6	3,445.3
Accumulated depreciation:						
At 1 January 2006	-	0.1	406.7	941.9	-	1,348.7
Charge for the financial year	-	-	41.6	110.4	-	152.0
Disposals	-	-	-	(31.1)	-	(31.1)
Written off	-	-	-	(3.7)	-	(3.7)
Reclassification/Adjustment	-	-	0.1	(0.1)	-	-
At 31 December 2006	-	0.1	448.4	1,017.4	-	1,465.9
Net book value at 31 December 2006	87.2	0.4	1,356.0	446.2	89.6	1,979.4
At cost:						
At 1 January 2005	87.2	0.5	1,646.8	1,183.1	59.6	2,977.2
Additions	-	-	0.2	101.7	145.8	247.7
Disposals	-	-	-	(12.3)	-	(12.3)
Written off	-	-	-	(19.6)	-	(19.6)
Reclassification/Adjustment	-	-	124.5	57.4	(183.0)	(1.1)
At 31 December 2005	87.2	0.5	1,771.5	1,310.3	22.4	3,191.9
Accumulated depreciation:						
At 1 January 2005	-	0.0	366.3	869.4	-	1,235.7
Charge for the financial year	-	0.1	40.4	103.9	-	144.4
Disposals	-	-	-	(11.9)	-	(11.9)
Written off	-	-	-	(19.5)	-	(19.5)
At 31 December 2005	-	0.1	406.7	941.9	-	1,348.7
Net book value at 31 December 2005	87.2	0.4	1,364.8	368.4	22.4	1,843.2

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2006	2005
At 1 January/31 December		
Freehold land - at cost	186.1	186.1

16. INVESTMENT PROPERTIES

	Group	
	2006	2005
Group		
At Cost:		
At 1 January	-	-
Effect of adoption of FRS 140	31.8	36.5
Restated as at 1 January	31.8	36.5
Additions	0.1	0.1
Disposal	(0.8)	(0.5)
Reclassification/Transfer	1.5	(4.3)
At 31 December	32.6	31.8
Accumulated depreciation:		
At 1 January	-	-
Effect of adoption of FRS 140	9.6	10.5
Restated as at 1 January	9.6	10.5
Depreciation for the financial year	0.8	0.7
Disposal	(0.3)	(0.2)
Reclassification/Transfer	0.9	(1.4)
At 31 December	11.0	9.6
Net book value at 31 December	21.6	22.2
Fair value	36.1	36.1

The aggregate rental income and direct operating expenses incurred from investment properties which generate rental income during the financial year amounted to RM3.0 million and RM0.7 million respectively (2005:RM4.3 million and RM 0.8 million).

The fair value of the properties was estimated based on the last transacted price of other units in the same properties.

17. SUBSIDIARIES

	Company	
	2006	2005
Investment in subsidiaries		
Unquoted shares – at cost	5,562.9	4,676.4
Accumulated impairment losses	(89.0)	(75.4)
	5,473.9	4,601.0

The subsidiaries are listed in Note 40.

Included in prior year's amount due from subsidiaries was an interest bearing amount of RM638.4 million. Included in the amount due to subsidiaries are interest bearing advances from wholly-owned subsidiaries amounting to RM128.8 million (2005:RM533.7 million). These amounts are unsecured and have no fixed terms of repayment.

The weighted average interest rates (%) per annum at the end of the financial year are as follows:

	Company	
	2006	2005
Amount due from a subsidiary	-	4.8
Amounts due to subsidiaries	4.9	4.8

The balance of the amounts due from/ to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

18. JOINTLY CONTROLLED ENTITY

	Group	
	2006	2005
Unquoted - at cost:		
Shares in a Malaysian company	1.1	1.1
Group's share of post acquisition reserves	0.0	0.0
	1.1	1.1

The Group's 35% aggregate share of the income, expenses, assets and liabilities of the jointly controlled entity is as follows:

	Group	
	2006	2005
	RM'000	RM'000
Income	1,535.7	559.3
Expenses	(1,545.7)	(543.7)
Net income	(10.0)	15.6
Non-current assets	439.8	412.0
Current assets	1,151.1	1,178.9
Non-current liabilities	(43.1)	(22.6)
Current liabilities	(472.2)	(502.7)
Net assets	1,075.6	1,065.6

There is no capital commitment or contingent liability relating to the Group's interest in the jointly controlled entity as at the financial year end.

Details of the jointly controlled entity are as follows:

Name of Jointly Controlled Entity	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2006	2005		
Genting INTI Education Sdn Bhd	35	35	Malaysia	Managing a college for education, tourism, leisure & hospitality

19. ASSOCIATE

	Group	
	2006	2005
Quoted - at cost:		
Shares in a foreign corporation	3,770.7	3,444.0
Goodwill on acquisition written off	(1,438.7)	(1,438.7)
Share of post acquisition reserves	(261.4)	87.9
As reported	2,070.6	2,093.2
Effect of FRS 121		62.4
As restated		2,155.6
Represented by:		
Share of net assets, other than goodwill of the associate	2,070.6	2,155.6
Market value of quoted shares in a foreign corporation	2,733.3	1,945.0

The goodwill on acquisition written off amounting to RM1,438.7 million at the end of the financial year ended 31 December 2003 was in respect of acquisitions made prior to 1 January 2004.

The amount due from associate represents outstanding amounts arising from inter company sales. The amount due from associate is unsecured, interest free and has no fixed terms of repayment.

19. ASSOCIATE (Cont'd)

Detail of the associate is as follows:

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2006	2005		
*Star Cruises Limited	36.0	36.0	Isle of Man and continued into Bermuda on 9 October 2000	Cruise and cruise related operations

* The financial statements of this company is audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia.

Summarised financial information in respect of the Group's associate is set out below:-

	2006	2005 Restated
Income	2,983.0	2,633.0
Expenses	(3,193.8)	(2,620.4)
Net income	(210.8)	12.6
Non-current assets	6,614.9	6,450.0
Current assets	767.2	480.9
Non-current liabilities	(4,035.5)	(3,647.2)
Current liabilities	(1,276.0)	(1,128.1)
Net assets	2,070.6	2,155.6

20. OTHER LONG TERM INVESTMENTS

	Group		Company	
	2006	2005	2006	2005
Quoted shares in foreign corporation, at cost –				
As reported	229.3	246.4	-	-
Effect of FRS 121	-	(1.4)		
As restated	229.3	245.0		
Unquoted – at cost	4.1	4.1	4.1	4.1
Amounts written down to date	(1.0)	(1.0)	(1.0)	(1.0)
	3.1	3.1	3.1	3.1
	232.4	248.1	3.1	3.1
Market value of quoted shares in foreign corporation	689.0	296.4	-	-

For the balance of the unquoted shares which are carried in the financial statements, it was not practicable within the constraints of cost to estimate reliably the fair values for unquoted shares as there are no comparable securities that are traded.

21. LONG TERM RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
Trade receivables	9.5	13.4	-	-
Loan to a director	-	0.1	-	-
Other receivables	0.0	-	-	-
	9.5	13.5	-	-

21. LONG TERM RECEIVABLES (Cont'd)

The maturity profile for the non-current receivables are as follows:

	Group	
	2006	2005
Later than 1 year and not later than 2 years	3.1	5.7
Later than 2 years and not later than 6 years	6.4	7.8
	9.5	13.5

As at the end of the previous financial year, loan to a director represents an interest free housing loan to an Executive Director of the Company which was extended by a wholly-owned subsidiary of the Company. The director has resigned on 1 January 2006.

22. INVENTORIES

At cost:	Group		Company	
	2006	2005	2006	2005
Food, beverage, tobacco and other hotel supplies	9.3	9.5	7.1	7.5
Stores, spares and retail stocks	19.9	19.9	18.4	18.4
Completed properties	24.1	24.1	-	-
	53.3	53.5	25.5	25.9

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
Current:				
Trade receivables	38.2	40.7	8.9	10.2
Other receivables	31.4	11.4	22.1	5.8
Less: Allowance for doubtful debts	(1.0)	(1.7)	(0.1)	(0.4)
	68.6	50.4	30.9	15.6
Deposits	12.5	13.2	11.3	11.7
Prepayments	30.6	42.1	28.2	41.1
Income tax recoverable	74.5	20.9	73.1	19.5
Loan to a director (Note 21)	-	0.1	-	-
Total trade and other receivables	186.2	126.7	143.5	87.9

Credit terms offered by the Group and Company in respect of current trade receivables range from payment in advance to 30 days from the date of invoice.

The fair values of trade and other receivables at the balance sheet dates closely approximate their book values.

24. HOLDING COMPANY AND OTHER RELATED COMPANIES

The Company's immediate and ultimate holding company is Genting Berhad, a company incorporated in Malaysia. The amount due to holding company represents outstanding balances arising from inter company sales and are unsecured, interest free and have no fixed terms of repayment.

The amounts due to/from other related companies are unsecured, interest free, and have no fixed terms of repayment.

25. SHORT TERM INVESTMENTS

	Group		Company	
	2006	2005	2006	2005
Quoted – at cost:				
Shares in foreign corporations	-	0.1	-	-
Unquoted – at cost:				
Money market instruments (Note 26)	853.4	275.9	853.4	275.9
	853.4	276.0	853.4	275.9
Market value of quoted shares				
- Foreign corporations	-	0.1	-	-

Both the Group's and Company's investment in money market instruments comprise negotiable certificates of deposit and bankers' acceptances. The money market instruments of the Group and the Company as at 31 December 2006 have maturity periods ranging between overnight and two months.

The unquoted money market instruments are denominated in Ringgit Malaysia.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
Deposits with licensed banks	851.1	140.4	833.0	126.7
Deposits with finance companies	-	10.6	-	10.6
Cash and bank balances	276.2	287.9	267.9	283.4
Bank balances and deposits	1,127.3	438.9	1,100.9	420.7
Add:				
Money market instruments (Note 25)	853.4	275.9	853.4	275.9
Cash and cash equivalents	1,980.7	714.8	1,954.3	696.6

The carrying amount of these assets approximates their fair values.

The currency exposure profile and weighted average interest rates (%) per annum of the bank balances, deposits and money market instruments as at the financial year end are as follows:

	Group				Company			
	Currency profile		Interest rates		Currency profile		Interest rates	
	2006	2005	2006	2005	2006	2005	2006	2005
Ringgit Malaysia	1,887.6	566.0	3.28	2.62	1,880.3	561.4	3.28	2.62
US Dollars	19.5	43.5	5.10	3.76	0.4	29.8	-	-
Singapore Dollar	9.1	73.1	-	-	9.1	73.1	-	-
Hong Kong Dollar	64.5	31.4	-	-	64.5	31.4	-	-
Other foreign currencies	-	0.8	-	-	0.0	0.9	-	-
	1,980.7	714.8			1,954.3	696.6		

The deposits of the Group and Company have an average maturity period of 31 days (2005: 31 days). Bank balances of the Group and Company are deposits held at call.

27. SHARE CAPITAL

	Company	
	2006	2005
Authorised 1,600.0 million ordinary shares of 50 sen each	800.0	800.0
Issued and fully paid:		
Ordinary shares of 50 sen each		
At 1 January		
- 1,091.8 million (2005: 1,091.8 million)	545.9	545.9
Issuance of shares		
- 2,709,000 (2005: 36,000)	1.4	0.0
At 31 December		
- 1,094.6 million (2005: 1,091.8 million)	547.3	545.9

The Executive Share Option Scheme for Eligible Executives of Resorts World Bhd and its subsidiaries ("ESOS") is governed by the By-Laws and was approved by the Shareholders at an Extraordinary General Meeting held on 21 February 2002.

At another Extraordinary General Meeting held on 25 June 2002, the draft By-Laws of the Scheme was further amended such that the total number of new shares to be offered under the Scheme shall not exceed 2.5% of the issued and paid-up share capital of the Company at any time of the offer but the shareholders of the Company may at any time during the tenure of the Scheme, by ordinary resolution increase the total number of new shares to be offered under the Scheme up to 5% of the issued and paid-up share capital of the Company at the time of the offer.

The ESOS became effective on 12 August 2002 for a duration of 10 years terminating on 11 August 2012.

The main features of the ESOS are as follows:

- i) The ESOS shall be in force from the Date of Commencement and continue for a period of ten years from the Date of Commencement.
- ii) Eligible executives are employees of the Group (including Executive Directors) or persons under an employment contract of the Group for a period of at least twelve full months of continuous service before the date of offer. The eligibility for participation in the Scheme shall be at the discretion of the Remuneration, Compensation and Benefits ("RCB") Committee which is established by the Board of Directors.
- iii) In the event of cessation of employment of a Grantee with the Group prior to the full exercise of the Options, such Options shall cease without any claim against the Company provided always that subject to the written approval of RCB Committee in its discretion where the Grantee ceases his employment with the Group by reason of:
 - his retirement at or after attaining retirement age;
 - ill-health or accident, injury or disability;
 - redundancy; and/or
 - other reasons or circumstances which are acceptable to the RCB Committee

the Grantee may exercise his unexercised Options within the Option Period subject to such conditions that may be imposed by the RCB Committee.

- iv) The total number of new shares to be offered under the ESOS shall not exceed 2.5% of the issued and paid-up share capital of the Company at any time of the offer but the shareholders of the Company may at any time during the tenure of the ESOS, by ordinary resolution increase the total number of new shares to be offered under the ESOS up to 5% of the issued and paid-up share capital of the Company at the time of the offer.
- v) Not more than 50% of the shares available under the ESOS would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the ESOS would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid-up share capital of the Company.
- vi) The price at which the Grantee is entitled to subscribe upon exercise of his rights under the Options shall be based on the weighted average market price of the Shares as shown in the Daily Official List of the Bursa Malaysia Berhad for the five (5) Market Days immediately preceding the Date of Offer. Notwithstanding this, the Options Price per Share shall in no event be less than the nominal value of the Shares.
- vii) No options shall be granted for less than 1,000 shares and not more than 1,500,000 shares to any eligible employee.

27. SHARE CAPITAL (Cont'd)

viii) The Options granted can only be exercised by the Grantee in the third year from the Date of Offer and the number of new Shares comprised in the options which a Grantee can subscribe for from the third year onwards shall at all times be subjected to the following maximum percentage of new shares comprised in the options:

Year 1	Year 2	Year 3	Year 4	Year 5
-	-	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares
Year 6	Year 7	Year 8	Year 9	Year 10
12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% rounded up to the next 1,000 shares	12.5% or balance of all options allotted

ix) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

x) The options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, right or other entitlements in respect of their unexercised options.

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

Grant Date	Exercisable period	Subscription price RM	At start of the year '000	Granted/Extended '000	Exercised '000	Lapsed '000	At end of the year '000
Financial year ended 31.12.2006							
ESOS							
2.9.2002	2.9.2004 to 11.8.2012	10.32	13,246	323	(2,583)	(546)	10,440
29.11.2002	29.11.2004 to 11.8.2012	8.50	206	-	(81)	(24)	101
17.12.2004	17.12.2006 to 11.8.2012	9.49	1,494	7	(45)	(180)	1,276
19.07.2005	19.07.2007 to 11.8.2012	9.92	50	-	-	-	50
14.12.2005	14.12.2007 to 11.8.2012	10.67	-	123	-	(15)	108
			14,996	453	(2,709)	(765)	11,975
Financial year ended 31.12.2005							
ESOS							
2.9.2002	2.9.2004 to 11.8.2012	10.32	13,548	1,451	(26)	(1,727)	13,246
29.11.2002	29.11.2004 to 11.8.2012	8.50	222	50	(10)	(56)	206
17.12.2004	17.12.2006 to 11.8.2012	9.49	1,576	-	-	(82)	1,494
19.07.2005	19.07.2007 to 11.8.2012	9.92	-	50	-	-	50
			15,346	1,551	(36)	(1,865)	14,996

The number of share options vested at the balance sheet date is 2.4 million shares (2005: 4.2 million shares)

27. SHARE CAPITAL (Cont'd)

Details relating to options exercised during the financial year are as follows:

Exercise date	Fair value of shares at share issue date (RM/share)	Subscription price (RM/share)	Number of shares issued	
January – December 2006	10.80 to 14.60	8.50	81,000	
January – December 2006	10.80 to 14.60	10.32	2,583,000	
December 2006	14.20 to 14.60	9.49	45,000	
			2,709,000	
Exercise date	Fair value of shares at share issue date (RM/share)	Subscription price (RM/share)	Number of shares issued	
			2005	
February 2005	10.10	8.50	2,000	
October – December 2005	10.10 to 11.50	8.50	8,000	
October – December 2005	10.10 to 11.50	10.32	26,000	
			36,000	
			2006	2005
			RM'000	RM'000
Ordinary share capital – at par			1,355	18
Share premium			26,417	335
Proceeds received on exercise of share options			27,772	353
Fair value at exercise date of shares issued			35,699	390

28. RESERVES

	Group		Company	
	2006	2005 (Restated)	2006	2005
Share premium	60.1	33.7	60.1	33.7
Reserve on exchange differences	(88.0)	66.7	-	-
Other reserves:				
- Capital redemption reserves	0.1	0.1	-	-
- Equity portion of convertible bonds in associate	18.3	19.6	-	-
- Option reserve	0.2	-	0.2	-
Retained earnings	5,711.6	4,970.4	7,254.2	6,366.2
	5,702.3	5,090.5	7,314.5	6,399.9

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM5,948.7 million (2005: RM5,232.8 million) of the Company's retained earnings if distributed by way of dividends without additional tax liabilities being incurred.

In addition, the Company has tax exempt income as at 31 December 2006, available to frank as tax exempt dividends arising mainly from the Promotions of Investment Act, 1986 and the Income Tax (Amendment) Act, 1999 relating to tax on income earned in 1999 being waived, amounting to approximately RM2,034.6 million (2005: RM1,840.1 million). The estimated tax credit and tax exempt income are subject to agreement by the Inland Revenue Board.

29. BORROWINGS

	Group	
	2006	2005
Current:		
Term loans – US Dollar (unsecured)	87.8	396.1
Non-current:		
Term loans – US Dollar (unsecured)	41.0	137.6
	128.8	533.7

The weighted average interest rates (%) per annum before and after interest rate swaps (“IRS”) are as follows:

	2006		2005	
	Before IRS	After IRS	Before IRS	After IRS
Effective during the year:				
Term loans – US Dollar (unsecured)	5.8	5.1	4.2	4.9
As at 31 December:				
Terms loans – US Dollar (unsecured)	6.3	4.7	5.3	4.8

	Group	
	2006	2005
Currency in which total borrowings are denominated in US Dollar	128.8	533.7

The maturity profile and exposure of the borrowings of the Group to interest rate risk are as follows:

	Borrowings		
	Total	Floating interest rate	Fixed interest rate
At 31 December 2006			
Before interest rate swap			
- within one year	87.8	87.8	-
- more than 1 year and less than 2 years	41.0	41.0	-
	128.8	128.8	-
After interest rate swap			
- within one year	87.8	46.8	41.0
- more than 1 year and less than 2 years	41.0	-	41.0
	128.8	46.8	82.0
At 31 December 2005			
Before interest rate swap			
- within one year	396.1	396.1	-
- more than 1 year and less than 2 years	93.8	93.8	-
- more than 2 year and less than 5 years	43.8	43.8	-
	533.7	533.7	-
After interest rate swap			
- within one year	396.1	50.1	346.0
- more than 1 year and less than 2 years	93.8	50.1	43.7
- more than 2 year and less than 5 years	43.8	-	43.8
	533.7	100.2	433.5

The fair values of the bank borrowings at the balance sheet dates approximate their carrying amounts.

29. BORROWINGS (Cont'd)

As at the end of the financial year, the exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings reprice are as follows:

	Repricing Periods				
	Total	1 to 3 months	More than 3 months and less than 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years
At 31 December 2006					
Total borrowings	128.8	82.0	46.8	-	-
Movement in repricing periods due to interest rate swap	-	(82.0)	41.0	41.0	-
	128.8	-	87.8	41.0	-
At 31 December 2005					
Total borrowings	533.7	433.5	100.2	-	-
Movement in repricing periods due to interest rate swap	-	(433.5)	346.0	43.7	43.8
	533.7	-	446.2	43.7	43.8

30. ZERO COUPON CONVERTIBLE NOTES

On 21 September 2006, the Company issued RM1.1 billion nominal value zero coupon convertible notes due 2008 ("Notes"). The Notes are convertible into ordinary shares of RM0.50 each in the Company ("Resorts World Shares") in accordance with the terms and conditions of the Notes ("Terms"). The purpose of the issue is for working capital or investments or acquisitions in areas related to the Company's principal businesses, as and when such opportunities arise.

The main features of the Notes are as follows:

- i) The Notes are convertible at the option of the holders of the Notes ("Noteholders") into Resorts World Shares, at a conversion price of RM12.75 per Resorts World Share. The conversion price will be adjusted on the reset dates as stipulated in the Terms;
- ii) The Company 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; and
- iii) 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 is recognised in the balance sheet as follows:

	Group	
	2006 RM'000	2005 RM'000
Nominal value	1,100,000	-
Unamortised issuance cost	(14,085)	-
	1,085,915	-

31. OTHER LONG TERM LIABILITY

Other long term liability represents the advance membership fees relating to fees received on sale of timeshare units by a subsidiary offering a timeshare ownership scheme. These fees are recognised as income over the next twenty four years from commencement of membership.

32. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2006	2005	2006	2005
Deferred tax liabilities:				
- subject to income tax	(182.9)	(168.0)	(120.3)	(119.5)
- subject to real property gain tax	(5.1)	(5.1)	(2.2)	(2.2)
	(188.0)	(173.1)	(122.5)	(121.7)
At 1 January:	(173.1)	(157.2)	(121.7)	(109.0)
(Charged)/Credited to income statement (Note 11):				
- property, plant and equipment	(28.1)	(27.9)	(14.2)	(24.7)
- provisions	4.2	11.9	4.1	11.9
- effect of change in deferred tax rate on prior years' temporary difference	8.7	-	8.5	-
- others	0.3	0.1	0.8	0.1
At 31 December	(188.0)	(173.1)	(122.5)	(121.7)
Subject to income tax:				
(i) Deferred tax assets (before offsetting)				
- Provisions	15.1	11.9	15.1	11.9
- Others	1.9	1.8	1.9	1.8
	17.0	13.7	17.0	13.7
- Offsetting	(17.0)	(13.7)	(17.0)	(13.7)
Deferred tax assets (after offsetting)	-	-	-	-
(ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(158.5)	(140.1)	(137.3)	(133.2)
- Land held for property development	(39.2)	(39.2)	-	-
- Inventory – completed properties	(2.2)	(2.4)	-	-
	(199.9)	(181.7)	(137.3)	(133.2)
- Offsetting	17.0	13.7	17.0	13.7
Deferred tax liabilities (after offsetting)	(182.9)	(168.0)	(120.3)	(119.5)
Subject to real property gains tax:				
(iii) Deferred tax liability				
- Property, plant and equipment	(5.1)	(5.1)	(2.2)	(2.2)

The amount of unutilised tax losses and deductible temporary differences for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group		Company	
	2006	2005	2006	2005
Unutilised tax losses	74.4	74.0	-	-
Property, plant and equipment	98.5	93.3	-	-
Provision	1.1	0.6	-	-
	174.0	167.9	-	-

33. PROVISION FOR RETIREMENT GRATUITIES

	Group		Company	
	2006	2005	2006	2005
At 1 January	39.4	31.3	37.4	29.9
Charged to income statement	23.0	9.5	22.5	8.9
Paid during the financial year	(1.9)	(1.4)	(1.9)	(1.4)
At 31 December	60.5	39.4	58.0	37.4

Refer item (c) Employee Benefits under Note 3 – Significant Accounting Policies for details of the Retirement Gratuities scheme.

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
Trade payables	45.4	38.9	29.8	27.0
Accruals	337.3	337.3	322.0	304.3
Deposits	15.8	20.6	4.4	8.7
Other payables	80.6	78.7	48.3	48.1
	479.1	475.5	404.5	388.1

Included in other payables and accruals of the Group are progress billings payable and accruals for capital expenditure relating to the upgrading of resorts infrastructure and facilities amounting to RM76.1 million (2005:RM64.0 million).

Credit terms of trade and other payables granted to the Group and Company range from 7 days to 90 days from the date of invoice.

The carrying amount of these trade and other payables approximates their fair values.

35. FINANCIAL INSTRUMENTS

As at the end of the financial year, the Group has the following financial instruments:

a) Borrowings

The Group has the following foreign currency borrowings which have not been hedged into Ringgit Malaysia. These foreign currency borrowings form the whole of the total borrowings as disclosed in Note 29:

At 31 December 2006

Currency	Start date	Maturity dates	Foreign currency (Mil)			Equivalent RM (Mil) Total
			Hedged	Unhedged	Total	
US Dollar	27/11/2002	27/11/2007	-	13.2	13.2	46.8
US Dollar	24/11/2003	24/11/2007 to 24/11/2008	-	18.0	18.0	63.6
US Dollar	11/12/2003	11/12/2007 to 11/12/2008	-	5.2	5.2	18.4
Total						128.8

35. FINANCIAL INSTRUMENTS (Cont'd)

At 31 December 2005

Currency	Start date	Maturity dates	Foreign currency (Mil)			Equivalent
			Hedged	Unhedged	Total	RM (Mil) Total
US Dollar	25/04/2001	25/04/2006	-	80.0	80.0	302.3
US Dollar	27/11/2002	28/11/2006 to 27/11/2007	-	26.5	26.5	100.2
US Dollar	24/11/2003	25/11/2006 to 24/11/2008	-	27.0	27.0	102.0
US Dollar	24/11/2003	25/11/2006 to 24/11/2008	-	7.8	7.8	29.2
Total						533.7

As at 31 December 2006, the US Dollar ("USD") borrowings as shown above are obtained by wholly-owned subsidiaries of the Company. These borrowings are guaranteed by the Company and are repayable in full on the respective maturity dates.

b) Interest Rate Swap ("IRS")

The Group has entered into IRS contracts to manage the exposure of its borrowings to interest rate risks. With the IRS agreements, the Group receives interest at floating rate based on three months or six months London Interbank Offered Rates ("LIBOR") and pays interest at fixed rates or floating LIBOR in arrears capped at a maximum of 5% per annum rates on the agreed notional principal amounts.

As at the financial year end, the terms and notional principal amounts of the outstanding IRS contracts of the Group are as follows:

	USD (Mil)	Equivalent RM (Mil)
At 31 December 2006		
Within one year	24.8	87.8
More than one year and less than 5 years	11.6	41.0
	36.4	128.8
At 31 December 2005		
Within one year	104.9	396.1
More than one year and less than 5 years	36.4	137.6
	141.3	533.7

The effect of the above IRS contracts is to effectively hedge the interest rate payable on the foreign currency borrowings mentioned in Note (a) above. Of the above IRS, USD13.2 million (RM46.8 million) (2005:USD26.5 million (RM100.2 million)) refer to IRS that serve to convert the borrowings from floating rate to floating rate in arrears subjected to a maximum ("cap") on the LIBOR of 5% per annum.

The fair value of the outstanding IRS contracts of the Group which has not been recognised at the balance sheet date was a favourable net position of RM2.6 million (2005:RM4.9 million).

c) Forward Foreign Currency Contracts

As at the end of the current financial year, the Group does not have any outstanding forward foreign currency contracts (2005:Nil).

36. CAPITAL COMMITMENTS

	Group		Company	
	2006	2005	2006	2005
Authorised property, plant and equipment expenditure not provided for in the financial statements:				
- contracted	137.7	140.9	105.8	102.7
- not contracted	402.0	363.5	348.0	320.3
	539.7	504.4	453.8	423.0

37. CONTINGENT LIABILITY (UNSECURED)

At 31 December 2006, the Company had contingent liability in respect of guarantees issued to financial institutions for loan facilities extended to subsidiaries as follows:

- (a) Term Loan Facility granted to a subsidiary amounting to RM82.0 million (2005:RM131.2 million).
- (b) Term Loan Facility granted to a subsidiary amounting to RM46.8 million (2005:RM100.2 million).

The details of the loans are disclosed in Note 29 and Note 35. It is anticipated that no material liabilities will arise as a result of these guarantees.

38. SIGNIFICANT NON-CASH TRANSACTIONS**Company**

The principal non-cash transactions during the year are acquisitions of equities in direct subsidiaries as follows:

- (a) Acquisition of 75,000 Irredeemable Convertible Cumulative preference shares of USD1 each at a premium of USD999 per share in Resorts World Limited, an indirect wholly-owned subsidiary of the Company, amounting to RM268,244,900 (USD75,000,000).
- (b) Acquisition of 618,324 6% Redeemable Non-Convertible Non-Cumulative preference shares of RM1 each at a premium of RM999 per share in Sierra Springs Sdn Bhd, a direct wholly-owned subsidiary of the Company, amounting to RM618,324,000.

39. SIGNIFICANT RELATED PARTY DISCLOSURES

In the normal course of business, the Company and the Group undertakes on agreed terms and prices, transactions with its related companies and other related parties.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

The immediate and ultimate holding company of the Company is Genting Berhad ("GB"), a company incorporated in Malaysia.

Tan Sri Lim Kok Thay, the Chairman and Chief Executive, shareholder and share option holder of the Company; the Chairman, President and Chief Executive, shareholder and share option holder of both GB; the Executive Chairman, shareholder and share option holder of Genting International P.L.C. ("GIPLC"); a director of Resorts World Limited and also the Chairman, President and Chief Executive Officer, shareholder and share option holder of Star Cruises Limited ("SCL"). He is a director of Golden Hope Limited ("GHL") and has a deemed interest in the units of the Golden Hope Unit Trust ("GHUT"), of which GHL, acting as trustee, is a substantial shareholder of SCL, by virtue of being a beneficiary of a discretionary trust which holds the units in the GHUT.

Tun Mohammed Hanif bin Omar is the Deputy Chairman, shareholder and share option holder of both GB and the Company; and a share option holder of GIPLC.

Tan Sri Alwi Jantan, an Executive Director, shareholder and a share option holder of the Company, is also a share option holder of GIPLC.

Mr Quah Chek Tin, the Non-Independent Non-Executive Director and shareholder of the Company, is also the Non-Independent Non-Executive Director, shareholder and share option holder of GB; and a share option holder of GIPLC.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

Tan Sri Dr. Lin See Yan is an Independent Non-Executive Director of both GB and the Company; and a share option holder of GIPLC.

Tan Sri Wan Sidek bin Hj Wan Abdul Rahman is an Independent Non-Executive Director of the Company; and a share option holder of GIPLC.

Tan Sri Clifford Francis Herbert is an Independent Non-Executive Director of the Company; and a share option holder of GIPLC.

General (R) Tan Sri Mohd Zahidi bin Hj Zainuddin is an Independent Non- Executive Director of the Company; and a share option holder of GIPLC.

	2006	2005
(a) Rendering of services		
Air ticketing and transportation services rendered by Resorts World Tours Sdn Bhd, a wholly-owned subsidiary company of the Company, to SCL and its subsidiaries, an indirect associated company of the Company.	4.0	3.0
(b) Purchase of goods and services		
(i) Provision of shared services in relation to tax, treasury, internal audit, corporate affairs, secretarial and human resource functions based on mutually agreed terms and prices by GB to the Company and the Group.	4.2	4.1
(ii) Provision of consultancy, research and development services for themed entertainment lounges from E-Genting Holdings Sdn Bhd ("E-Genting"), a direct wholly-owned subsidiary company of GB to the Company and the Group.	2.9	3.2
(iii) Provision of information technology support and maintenance services for Customer Relationship Management solution; information technology development, support and maintenance services for hotel property management solutions, Web, eCommerce and other software and hardware related services as well as services through Customer Interaction Centre by Genting Information Knowledge Enterprise Sdn Bhd ("GIKE"), a wholly-owned subsidiary of E-Genting, to the Company and the Group based on mutually agreed terms and prices.	15.4	15.2
(iv) Provision of information technology consultation, implementation, support and maintenance services for Enterprise Resource Planning solution, hardware shared services, information technology administration and first time application support service, system research and development and information technology related management and advisory services by E-Genting Sdn Bhd ("EGSB"), a wholly-owned subsidiary of E-Genting, to the Company and the Group based on mutually agreed terms and price.	14.6	14.5
(v) Provision of management and promotion of loyalty program for the Company and the Group's WorldCard by Genting WorldCard Services Sdn Bhd ("GWSSB"), a wholly-owned subsidiary of E-Genting, to the Company and the Group based on mutually agreed terms and prices. This includes the participation by the Company and the Group in the WorldCard Programme operated by GWSSB.	3.8	5.7
(c) Rental and related services		
(i) Rental of premises and provision of connected services by the Company to Oriregal Creations Sdn Bhd ("Oriregal"). Puan Sri Lim (Nee Lee), mother of Tan Sri Lim Kok Thay, is a director and substantial shareholder of Oriregal.	1.0	1.1

Rental of space to third parties is negotiated based on, amongst other factors, space, size, location and nature of businesses operated by the tenants. Businesses operated by Oriregal provide basic shopping facilities to visitors and basic canteen facilities primarily catered to staff working at Genting Highlands Resort. These facilities have been long established and the rentals have been negotiated on this basis taking into account the other aforementioned factors.

The rental charges to Oriregal are transacted at commercial rates except for the rentals at the premises of Genting Hotel and the Highlands Hotel which are 54% and 72% lower than the comparable range of commercial rate charged to other tenants respectively as a wider space is occupied. The rental of premises at the Resorts Hotel is 81% lower than similar premises as they are located at a low traffic area.

39. SIGNIFICANT RELATED PARTY DISCLOSURES (Cont'd)

	2006	2005
(c) Rental and related services (cont'd)		
(ii) Letting of office space and provision of connected services by Oakwood Sdn Bhd, a wholly-owned subsidiary company of GB, to the Company and the Group.	3.4	2.9
(d) License agreement		
Licensing fees paid to GB for the use of name and accompanying logo of "Genting" and "Awana" by the Company and the Group based on agreed terms and prices.	123.2	115.7
(e) Sales and Marketing arrangements		
Provision of services as the exclusive international sales and marketing coordinator for Genting Highlands Resort by Genting International PLC ("GIPLC"), a 54.78% owned indirect subsidiary company of GB, to the Company and the Group based on agreed terms and prices.	37.3	39.6
(f) Management agreements		
(i) Provision of technical know-how and management expertise in the resort's operations of Genting Highlands Resort by Genting Hotel & Resorts Management Sdn Bhd, a wholly-owned subsidiary company of GB based on agreed terms and rates.	309.0	288.3
(ii) Provision of technical know-how and management expertise in the resort's operations for Awana Chain of hotels and resorts as well as the Time Sharing Scheme for Awana Vacation Resorts Development Berhad by Awana Hotels & Resorts Management Sdn Bhd, an indirect wholly-owned subsidiary company of GB based on agreed terms and rates.	1.8	1.7

40. SUBSIDIARIES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2006	2005		
Direct Subsidiaries				
Awana Vacation Resorts Development Berhad	100	100	Malaysia	Proprietary timeshare ownership scheme
Delquest Sdn Bhd	100	100	Malaysia	Investments
Eastern Wonder Sdn Bhd	100	100	Malaysia	Support services
First World Hotels & Resorts Sdn Bhd	100	100	Malaysia	Hotel business
Genting Entertainment Sdn Bhd	100	100	Malaysia	Show agent
Gentinggi Sdn Bhd	100	100	Malaysia	Investment holding
Genting Golf Course Bhd	100	100	Malaysia	Condotel and hotel business, golf resort and property development
Genting Highlands Berhad	100	100	Malaysia	Land and property development
Genting Irama Sdn Bhd	100	100	Malaysia	Investment holding
Genting Leisure Sdn Bhd	100	100	Malaysia	Investment holding
Genting Skyway Sdn Bhd	100	100	Malaysia	Provision of cable car management services
Genting Studio Sdn Bhd	100	100	Malaysia	Dormant
Genting Theme Park Sdn Bhd	100	100	Malaysia	Pre-operating
Genting Utilities & Services Sdn Bhd	100	100	Malaysia	Provision of utilities services and the collection and disposal of garbage at Genting Highlands Resort
GHR Risk Management (Labuan) Limited	100	100	Labuan, Malaysia	Offshore captive insurance
Ikhlas Tiasa Sdn Bhd	100	100	Malaysia	Pre-operating
Kijal Facilities Services Sdn Bhd	100	100	Malaysia	Property upkeep services
Leisure & Cafe Concept Sdn Bhd	100	100	Malaysia	Operation of Karaoke business

40. SUBSIDIARIES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2006	2005		
<u>Direct Subsidiaries (cont'd)</u>				
Resorts International (Labuan) Limited	100	100	Labuan, Malaysia	Offshore financing
Resorts Tavern Sdn Bhd	100	100	Malaysia	Land and property development
Resorts World (Labuan) Limited	100	100	Labuan, Malaysia	Offshore financing
Resorts World Spa Sdn Bhd	100	100	Malaysia	Pre-operating
Resorts World Tours Sdn Bhd	100	100	Malaysia	Provision of tour and travel related services
RWB (Labuan) Limited	100	100	Labuan, Malaysia	Offshore financing
Seraya Mayang Sdn Bhd	100	100	Malaysia	Investment holding
Setiabahagia Sdn Bhd	100	100	Malaysia	Property development
Setiaseri Sdn Bhd	100	100	Malaysia	Renting of its apartment
Sierra Springs Sdn Bhd	100	100	Malaysia	Investment holding
Stake Excellent Sdn Bhd	100	100	Malaysia	Support services
Vestplus Sdn Bhd	100	100	Malaysia	Sale and letting of completed apartment units
* Vestplus (Hong Kong) Limited	100	100	Hong Kong, SAR	Pre-operating
Vestplus (Thailand) Limited	-	91	Thailand	Dissolved
Genting Centre of Excellence Sdn Bhd	100	100	Malaysia	Provision of training services
<u>Indirect Subsidiaries</u>				
* Best Track International Limited	100	100	Mauritius	Pre-operating
Genasa Sdn Bhd	100	100	Malaysia	Sale and letting of apartment units
Genas Sdn Bhd	100	100	Malaysia	Pre-operating
Genawan Sdn Bhd	100	100	Malaysia	Pre-operating
Genmas Sdn Bhd	100	100	Malaysia	Sale and letting of land and property
Gensa Sdn Bhd	100	100	Malaysia	Sale and letting of land and property
Gentasa Sdn Bhd	100	100	Malaysia	Pre-operating
Gentas Sdn Bhd	100	100	Malaysia	Pre-operating
Genting Administrative Services Sdn Bhd	100	100	Malaysia	Investment holding
Gentinggi Quarry Sdn Bhd	100	100	Malaysia	Pre-operating
Genting World Sdn Bhd	100	100	Malaysia	Leisure and entertainment business
Kijal Resort Sdn Bhd	100	100	Malaysia	Property development and property management
Lafleur Limited	100	100	Isle of Man	Investment holding
Merriwa Sdn Bhd	100	100	Malaysia	Pre-operating
Papago Sdn Bhd	100	100	Malaysia	Resorts and hotel business
Resorts Facilities Services Sdn Bhd	100	100	Malaysia	Property upkeep services
Resorts Overseas Investments Limited	100	100	Isle of Man	Dormant
* Resorts World Limited	100	100	Isle of Man	Investment holding and investment trading
Resorts World Properties Sdn Bhd	100	100	Malaysia	Investment holding
R.W. Investments Limited	100	100	Isle of Man	Investment holding
R.W. Overseas Investments Limited	100	100	Isle of Man	Pre-operating
Twinmatics Sdn Bhd	100	100	Malaysia	Pre-operating
Widuri Pelangi Sdn Bhd	100	100	Malaysia	Golf resort and hotel business
Bandar Pelabuhan Sdn Bhd	60	60	Malaysia	Investment holding
Hitechwood Sdn Bhd	60	60	Malaysia	Pre-operating
Jomara Sdn Bhd	60	60	Malaysia	Pre-operating

40. SUBSIDIARIES (Cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2006	2005		
<u>Indirect Subsidiaries (cont'd)</u>				
Laserwood Sdn Bhd	60	60	Malaysia	Pre-operating
Neutrino Space Sdn Bhd	60	60	Malaysia	Pre-operating
Possible Affluent Sdn Bhd	60	60	Malaysia	Pre-operating
Rapallo Sdn Bhd	60	60	Malaysia	Pre-operating
Space Fair Sdn Bhd	60	60	Malaysia	Pre-operating
Sweet Bonus Sdn Bhd	60	60	Malaysia	Renting part of its leasehold land
Tullamarine Sdn Bhd	60	60	Malaysia	Pre-operating
Twinkle Glow Sdn Bhd	60	60	Malaysia	Pre-operating
Vintage Action Sdn Bhd	60	60	Malaysia	Pre-operating
Waxwood Sdn Bhd	60	60	Malaysia	Dormant
Yarrowin Sdn Bhd	60	60	Malaysia	Pre-operating

* The financial statements of these companies are audited by member firms of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia.

41. SIGNIFICANT POST BALANCE SHEET EVENT

On 15 January 2007, the Company through CIMB Investment Bank Berhad ("CIMB") announced the following:

- a) Proposed share split involving the subdivision of each of the existing ordinary shares of RM0.50 each into 5 ordinary shares of RM0.10 each ("Split Shares") ("Proposed Share Split"); and
- b) Amendments to the Memorandum and Articles of Association of the Company to facilitate the Proposed Share Split.

(collectively the "Proposals")

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

- (i) 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 ordinary shares of RM0.10 each of the Company to be issued under the Proposed Share Split on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- (ii) 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 in item (i) 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 in item (ii) 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 also subject to and conditional upon approvals being obtained from shareholders of the Company at an extraordinary general meeting to be convened.

Statement on Directors' Responsibility

pursuant to paragraph 15.27(a) of the listing requirements of Bursa Malaysia Securities Berhad

As required under the Companies Act, 1965 ("Act"), the Directors of Resorts World Bhd have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with the Financial Reporting Standards, MASB Approved Accounting Standards For Entities Other than Private Entities in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2006.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board dated 28 February 2007.

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **KOH POY YONG**, the Officer primarily responsible for the financial management of **RESORTS WORLD BHD**, do solemnly and sincerely declare that the financial statements set out on pages 47 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
KOH POY YONG at KUALA LUMPUR on 28 February 2007

)
)

KOH POY YONG

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur

Report of the Auditors

to the members of Resorts World Bhd

We have audited the financial statements set out on pages 47 to 93. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:
 - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - ii) the state of affairs of the Group and Company as at 31 December 2006 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 40 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

LOH LAY CHOON

(No. 2497/03/08(J))
Partner of the firm

Kuala Lumpur
28 February 2007