

INCOME STATEMENTS

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2007	2006	2007	2006
Revenue	5 & 6	4,352.3	3,808.5	3,967.9	3,469.7
Cost of sales	7	(2,620.6)	(2,302.2)	(2,371.8)	(2,064.5)
Gross profit		1,731.7	1,506.3	1,596.1	1,405.2
Other income:					
- Gain on disposal of equity investment in associate	44 (a)	337.1	-	-	-
- Others		110.2	63.5	87.4	63.4
Selling and distribution costs		(73.7)	(63.9)	(49.7)	(41.7)
Administration expenses		(111.7)	(99.7)	(92.9)	(80.9)
Other expenses	8	(57.5)	(39.6)	(1,027.9)	(61.5)
Profit from operations		1,936.1	1,366.6	513.0	1,284.5
Finance cost		(41.9)	(17.1)	(41.9)	(17.0)
Share of results in jointly controlled entity	19	0.0	0.0	-	-
Share of results in associate	20	(63.1)	(210.8)	-	-
Gain on dilution of equity investment in associate	44 (b)	81.0	-	-	-
Profit before taxation	5, 8, 9 & 10	1,912.1	1,138.7	471.1	1,267.5
Taxation	11	(356.8)	(193.2)	(332.2)	(174.8)
Profit for the financial year		1,555.3	945.5	138.9	1,092.7
Attributable to:					
Equity holders of the Company		1,555.7	945.9	138.9	1,092.7
Minority interests		(0.4)	(0.4)	-	-
Profit for the financial year		1,555.3	945.5	138.9	1,092.7
Earnings per share for profit attributable to the equity holders of the Company:					
Basic earnings per share (sen)*	12	27.42	17.30		
Diluted earnings per share (sen)*	12	26.48	17.26		
Gross dividends per share (sen)*	13	6.48	5.40		

* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007, in accordance with FRS 133: Earnings Per Share.

BALANCE SHEETS

as at 31 December 2007

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2007	2006 (Restated)	2007	2006 (Restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	3,663.4	3,519.1	2,006.7	1,979.0
Land held for property development	15	186.1	186.1	-	-
Investment properties	16	17.9	21.6	-	-
Leasehold land use rights	17	95.5	96.6	0.4	0.4
Subsidiaries	18	-	-	4,838.9	5,473.9
Jointly controlled entity	19	1.2	1.1	-	-
Associate	20	-	2,070.6	-	-
Available-for-sale financial asset	21	1,505.4	-	-	-
Other long term investments	22	535.5	232.4	3.1	3.1
Long term receivables	23	9.2	9.5	-	-
		6,014.2	6,137.0	6,849.1	7,456.4
Current Assets					
Inventories	24	59.1	53.3	31.5	25.5
Trade and other receivables	25	114.2	111.7	68.5	70.4
Amounts due from subsidiaries	18	-	-	177.8	445.1
Amounts due from other related companies	26	28.1	13.8	13.6	6.5
Amount due from associate	20	-	1.4	-	0.2
Short term investments	27	794.9	853.4	794.9	853.4
Bank balances and deposits	28	2,256.9	1,127.3	1,340.4	1,100.9
Tax recoverable		74.1	74.5	73.1	73.1
		3,327.3	2,235.4	2,499.8	2,575.1
Total Assets		9,341.5	8,372.4	9,348.9	10,031.5
EQUITY AND LIABILITIES					
Equity Attributable To Equity Holders Of The Company					
Share capital	29	583.0	547.3	583.0	547.3
Reserves	30	8,083.2	5,702.3	8,075.6	7,314.5
Treasury shares	31	(477.2)	-	(477.2)	-
		8,189.0	6,249.6	8,181.4	7,861.8
Minority interests		7.7	8.1	-	-
Total Equity		8,196.7	6,257.7	8,181.4	7,861.8
Non-Current Liabilities					
Long term borrowings	32	-	41.0	-	-
Zero coupon convertible notes	33	-	1,085.9	-	1,085.9
Other long term liability	34	30.3	31.0	-	-
Deferred taxation	35	203.0	188.0	115.5	122.5
Provision for retirement gratuities	36	64.8	60.5	62.2	58.0
		298.1	1,406.4	177.7	1,266.4
Current Liabilities					
Trade and other payables	37	492.2	479.1	424.3	404.5
Amount due to holding company	26	13.2	12.9	12.7	12.6
Amount due to subsidiaries	18	-	-	215.5	362.1
Amount due to other related companies	26	46.4	45.0	42.9	42.1
Amount due to jointly controlled entity	19	0.2	0.2	-	-
Short term borrowings	32	-	87.8	-	-
Zero coupon convertible notes	33	175.1	-	175.1	-
Taxation		119.6	83.3	119.3	82.0
		846.7	708.3	989.8	903.3
Total Liabilities		1,144.8	2,114.7	1,167.5	2,169.7
Total Equity And Liabilities		9,341.5	8,372.4	9,348.9	10,031.5
NET ASSETS PER SHARE*		1.43	1.14		

* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007, in accordance with FRS 133: Earnings Per Share.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

Group	Attributable to equity holders of the Company									
	Share Capital	Share Premium	Fair Value Reserve	Reserve on Exchange Differences	Other Reserves	Treasury Shares	Retained Earnings	Total	Minority Interests	Total Equity
Balance at 1 January 2007	547.3	60.1	-	(88.0)	18.6	-	5,711.6	6,249.6	8.1	6,257.7
Foreign exchange differences recognised directly in equity - Group	-	-	-	(129.6)	-	-	-	(129.6)	-	(129.6)
Foreign exchange reserve realised directly in income statement - Associate	-	-	-	(6.7)	-	-	-	(6.7)	-	(6.7)
Decrease in equity portion of convertible bonds in associate	-	-	-	-	(10.2)	-	-	(10.2)	-	(10.2)
Realisation of equity portion of convertible bonds in associate	-	-	-	-	(8.1)	-	8.1	-	-	-
Available-for-sale financial asset										
- Measurement at date of designation	-	-	1,473.9	-	-	-	-	1,473.9	-	1,473.9
- Fair value movement	-	-	(1,124.4)	-	-	-	-	(1,124.4)	-	(1,124.4)
Net income and expenses recognised directly in equity	-	-	349.5	(136.3)	(18.3)	-	8.1	203.0	-	203.0
Profit for the financial year	-	-	-	-	-	-	1,555.7	1,555.7	(0.4)	1,555.3
Total recognised income and expenses for the financial year	-	-	349.5	(136.3)	(18.3)	-	1,563.8	1,758.7	(0.4)	1,758.3
Share based payments under ESOS	-	-	-	-	0.0	-	-	0.0	-	0.0
Issue of shares	35.7	867.6	-	-	-	-	-	903.3	-	903.3
Buy-back of own shares	-	-	-	-	-	(477.2)	-	(477.2)	-	(477.2)
Appropriation:										
Final dividend paid for financial year ended 31 December 2006 (3.0 sen* less 27% income tax)	-	-	-	-	-	-	(125.1)	(125.1)	-	(125.1)
Interim dividend paid for financial year ended 31 December 2007 (2.88 sen less 27% income tax)	-	-	-	-	-	-	(120.3)	(120.3)	-	(120.3)
Balance at 31 December 2007	583.0	927.7	349.5	(224.3)	0.3	(477.2)	7,030.0	8,189.0	7.7	8,196.7

* Adjusted following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

Group	Attributable to equity holders of the Company							Total Equity
	Share Capital	Share Premium	Reserve on Exchange Differences	Other Reserves	Retained Earnings	Total	Minority Interests	
Balance at 1 January 2006	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 (2.8 sen* less 28% income tax)	-	-	-	-	(110.2)	(110.2)	-	(110.2)
Interim dividend paid for financial year ended 31 December 2006 (2.4 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

* Adjusted following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each.

Company	Non-Distributable			Distributable		Total
	Share Capital	Share Premium	Other Reserve	Treasury Shares	Retained Earnings	
Balance at 1 January 2007	547.3	60.1	0.2	-	7,254.2	7,861.8
Profit for the financial year	-	-	-	-	138.9	138.9
Share based payments under ESOS	-	-	0.0	-	-	0.0
Issue of shares (see Note 29)	35.7	867.6	-	-	-	903.3
Buy-back of own shares	-	-	-	(477.2)	-	(477.2)
Appropriation:						
Final dividend paid for financial year ended 31 December 2006 (3.0 sen* less 27% income tax)	-	-	-	-	(125.1)	(125.1)
Interim dividend paid for financial year ended 31 December 2007 (2.88 sen less 27% income tax)	-	-	-	-	(120.3)	(120.3)
Balance at 31 December 2007	583.0	927.7	0.2	(477.2)	7,147.7	8,181.4

Company	Non-Distributable			Distributable		Total
	Share Capital	Share Premium	Other Reserve	Retained Earnings	Total	
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 29)	1.4	26.4	-	-	27.8	
Appropriation:						
Final dividend paid for financial year ended 31 December 2005 (2.8 sen* less 28% income tax)	-	-	-	(110.2)	(110.2)	
Interim dividend paid for financial year ended 31 December 2006 (2.4 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	

* Adjusted following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each.

CASH FLOW STATEMENTS

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Group		Company	
	2007	2006 (Restated)	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	1,912.1	1,138.7	471.1	1,267.5
Adjustments for:				
Depreciation of property, plant and equipment	244.1	232.4	170.8	152.0
Depreciation of investment properties	0.7	0.8	-	-
Amortisation of leasehold land use rights	1.1	1.1	0.0	0.0
Property, plant and equipment written off	1.0	0.9	0.8	0.9
Loss/(Gain) on disposal of property, plant and equipment	0.0	0.2	(0.0)	0.3
Gain on disposal of investment property	(2.0)	(0.5)	-	-
Impairment loss on investment in subsidiaries	-	-	936.0	13.6
Reversal of impairment loss on investment in subsidiary	-	-	(12.2)	-
Gain on disposal of equity investment in associate	(337.1)	-	-	-
Gain on dilution of equity investment in associate	(81.0)	-	-	-
Gain on disposal of short term investments	-	(0.1)	-	-
Interest income	(85.4)	(31.3)	(64.4)	(30.5)
Interest income from a subsidiary	-	-	-	(24.2)
Finance cost	41.9	17.1	39.9	2.0
Finance cost to subsidiaries	-	-	2.0	15.0
Share of results in jointly controlled entity	(0.0)	(0.0)	-	-
Share of results in associate	63.1	210.8	-	-
Allowance for doubtful debts (Note 8)	1.6	1.2	50.3	-
Net provision for retirement gratuities	11.8	23.0	11.1	22.5
Share option expenses	0.0	0.2	0.0	0.2
Realised gain on foreign exchange	(2.9)	-	-	-
Unrealised (gain)/loss on foreign exchange	(1.2)	(7.2)	(1.0)	12.0
	(144.3)	448.6	1,133.3	163.8
Operating profit before working capital changes	1,767.8	1,587.3	1,604.4	1,431.3
Related companies	(11.2)	(2.7)	(4.8)	1.2
(Increase)/Decrease in inventories	(5.8)	0.2	(6.0)	0.3
(Increase)/Decrease in trade and other receivables	(1.5)	(2.8)	1.6	(2.0)
Increase/(Decrease) in trade and other payables	8.0	(8.3)	26.9	(9.3)
Increase in amount due to holding company	0.3	2.4	0.1	2.4
Jointly controlled entity	0.0	0.0	-	-
Associate	-	(0.5)	-	-
Subsidiaries	-	-	336.4	89.0
Other long term assets	0.3	-	-	-
	(9.9)	(11.7)	354.2	81.6
Cash generated from operations	1,757.9	1,575.6	1,958.6	1,512.9
Retirement gratuities paid	(1.4)	(1.9)	(1.4)	(1.9)
Taxation paid	(305.0)	(247.9)	(301.8)	(244.7)
Advanced membership fees	(0.6)	(0.8)	-	-
	(307.0)	(250.6)	(303.2)	(246.6)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,450.9	1,325.0	1,655.4	1,266.3

The notes set out on pages 49 to 80 form part of these financial statements.

CASH FLOW STATEMENTS (cont'd)

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Group		Company	
	2007	2006 (Restated)	2007	2006 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(412.6)	(320.4)	(212.8)	(264.9)
Proceeds from disposal of property, plant and equipment	1.1	1.1	0.8	1.3
Subsequent expenditure of investment property	-	(0.1)	-	-
Proceeds from disposal of investment property	5.0	1.0	-	-
Purchase of investments	(330.6)	(263.8)	-	-
Proceeds from disposal of investments	-	0.1	-	-
Subscription of shares issued by existing subsidiaries	-	-	(312.9)	(268.2)
Subscription of shares in newly incorporated subsidiaries	-	-	(115.8)	-
Proceeds from disposal of equity investment in associate	1,172.6	-	-	-
Dividends received	-	0.0	-	-
Interest received	84.2	31.3	64.8	30.6
NET CASH FLOW FROM INVESTING ACTIVITIES	519.7	(550.8)	(575.9)	(501.2)
CASH FLOWS FROM FINANCING ACTIVITIES				
Purchase of treasury shares	(477.2)	-	(477.2)	-
Dividends paid	(245.4)	(204.7)	(245.4)	(204.7)
Interest paid	(2.6)	(18.3)	(2.6)	-
Interest paid to subsidiaries	-	-	-	(18.3)
Proceeds received on exercise of share option	31.1	27.8	31.1	27.8
Net proceed from the issuance of zero coupon convertible notes (Note 33)	-	1,083.9	-	1,083.9
Settlement of zero coupon convertible notes (Note 33)	(77.6)	-	(77.6)	-
Repayment of borrowings	(125.9)	(396.1)	-	-
Repayment of borrowings to a subsidiary	-	-	(125.9)	(396.1)
Other financing expenses	(0.9)	-	(0.9)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(898.5)	492.6	(898.5)	492.6
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,072.1	1,266.8	181.0	1,257.7
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,980.7	714.8	1,954.3	696.6
EFFECT OF CURRENCY TRANSLATION	(1.0)	(0.9)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	3,051.8	1,980.7	2,135.3	1,954.3
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank balances and deposits (Note 28)	2,256.9	1,127.3	1,340.4	1,100.9
Money market instruments (Note 27)	794.9	853.4	794.9	853.4
	3,051.8	1,980.7	2,135.3	1,954.3

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

Amounts in RM million unless otherwise stated

1. PRINCIPAL ACTIVITIES

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

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

During the financial year, the Group ceased to have significant influence over an associate involved in the cruise and cruise related operation (See Note 20 to the financial statements).

Details of the principal activities of the subsidiaries are set out in Note 43 to the financial statements.

Apart from the above, there have been no other 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 judgments, 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. It also requires Directors to exercise their judgments in the process of applying the Company's accounting policies. Although these judgments and estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those judgments and 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) Investment in Star Cruises Limited ("SCL")

The Group complies with Financial Reporting Standard 128: Investments in Associate ("FRS 128") on the definition of an associate. An associate is a company in which the Group exercises significant influence. Following FRS 128, the Group is presumed to have significant influence when it holds, directly or indirectly, 20 per cent or more of the voting power of an entity. Conversely, if the Group holds, directly or indirectly, less than 20 per cent of the voting power of that entity, it is presumed that the investor does not have significant influence and therefore not an associate.

The management assessed and concluded that there is no evidence of the existence of significant influence by the Group over SCL as:

- a) There is no representation on the board of directors or equivalent governing body of SCL;
- b) There is no participation in policy-making processes, including participation in decisions about dividends or other distributions;

JUDGMENTS AND ESTIMATIONS (cont'd)

i) Investment in Star Cruises Limited ("SCL") (cont'd)

- c) There are no material transactions, interchange of managerial personnel or provision of essential technical information between the Group and SCL.

By virtue of the above, SCL will not be considered an associated company of the Group and the Group will not equity account the results of SCL when the Group's shareholding falls below 20%. As at 31 December 2007, the Group's shareholding in SCL was approximately 19.3%.

ii) Impairment of Investments in Subsidiaries

The Company follows the guidance of Financial Reporting Standard 136: Impairment of Assets ("FRS 136") to determine whether the Company's investment in subsidiary is impaired. In making this judgment, the Company evaluates, among other factors, the fair value and value in use of its subsidiaries. The fair value is the amount obtainable from the sale of an asset or cash generating unit of the subsidiary in an arms length transaction less the cost of disposal. The determination of fair value is based on the best information available including but not limited to the quoted market prices when available and independent appraisals, as appropriate. The calculation of value in use takes into consideration of estimated future cash flows of the subsidiary, expectations about possible variations in the amount or timing of these future cash flows, and time value of money.

The investment in subsidiary will be impaired if the carrying amount exceeds its recoverable amount measures at the higher of its fair value less cost to sell and value in use. An impairment loss is charged to the income statement.

During the financial year, the Company recorded an impairment loss of RM936.0 million in the Income Statement.

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

Adoption of new Financial Reporting Standards

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 117	Leases
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Adoption of new Financial Reporting Standards (cont'd)

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 FRS:

FRS 117 Leases

Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group and the Company's financial periods beginning on or after 1 January 2008, which the Group and the Company have not early adopted, are as follows:

FRS 107 ₂₀₀₇	Cash Flow Statements
FRS 112 ₂₀₀₇	Income Taxes
FRS 118 ₂₀₀₇	Revenue
FRS 134 ₂₀₀₇	Interim Financial Reporting
FRS 137 ₂₀₀₇	Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121₂₀₀₇ The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operation.

IC Interpretation 8 Scope of FRS 2.

The above FRSs and IC interpretations are not expected to have any significant financial impact for the Group and the Company for the financial year ending 31 December 2008, except for FRS 112₂₀₀₇ which possible impact is disclosed in Note 35.

Standards, amendments to published standards and interpretations that are not yet effective and not relevant for the Group and the Company's operations:

FRS 111 ₂₀₀₇	Construction Contracts
FRS 120 ₂₀₀₇	Accounting for Government Grants and Disclosure of Government Assistance
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities.
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments.
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies.

The effective date for FRS 139 Financial Instruments: Recognition and Measurement has yet to be determined by the MASB. Entities are exempted from disclosing the impact of FRS 139 prior to its effective date.

The principal effect of the changes in accounting policies resulting from the adoption of FRS 117 Leases by the Group and the Company is as follows:

Adoption of new Financial Reporting Standards (cont'd)

i) FRS 117 Leases

Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and impairment losses as applicable. Under the revised FRS 117, leasehold land is categorised as an operating lease unless title passes to the lessee at the end of the lease term. With the adoption of the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified as leasehold land use rights (referred to as prepaid lease payment in FRS 117, Leases) and amortised over the period of its remaining lease term, as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as leasehold land use rights has been accounted for retrospectively and the comparatives in the balance sheet and cash flow statement have been restated.

The financial impact to the Group and the Company arising from the adoption of this accounting policy is as follows:

	Current financial year ended 31 December 2007	
	Group	Company
Increase in Leasehold Land Use Rights	95.5	0.4
Decrease in Property, Plant and Equipment	(95.5)	(0.4)

The effects on the comparatives to the Group and the Company on adoption of FRS 117 are as follows:

As at 31 December 2006	As previously reported	Effect of adoption of FRS 117	As restated
Group			
Property, plant and equipment	3,615.7	(96.6)	3,519.1
Leasehold land use rights	-	96.6	96.6
Company			
Property, plant and equipment	1,979.4	(0.4)	1,979.0
Leasehold land use rights	-	0.4	0.4

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

a) Subsidiaries (cont'd)

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.

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) 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.

Basis of Consolidation (cont'd)

c) 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.

When the Group ceases to have significant influence over an associate, the Group discontinues the use of equity method from the date that it ceases to have significant influence over an associate and shall account for the investment as available-for-sale financial asset in accordance with FRS 139, *Financial Instruments: Recognition and Measurement*, from that date.

See accounting policy note on available-for-sale financial asset.

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, or for administrative purposes; and
- ii) are expected to be used during more than one period.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

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 was 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. 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 life 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.

Leasehold Land Use Rights

Leasehold land that normally has a finite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as leasehold land use rights (referred to as prepaid lease payment in FRS 117, Leases) that are amortised over the lease term in accordance with the pattern of benefits provided.

The Group had previously classified the leasehold land use rights within its property, plant and equipment. On adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as leasehold land use rights.

Leasehold Land Use Rights (cont'd)

Leasehold land use rights with lease period of 99 years or less are amortised equally over their respective periods of lease.

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.

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).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Available-For-Sale Financial Asset

Pursuant to paragraphs 18 and 19 of FRS 128, *Investments in Associates*, in the event the Group ceased to have significant influence over its associates, the Group shall discontinue the use of equity method from the date that it ceases to have significant influence over the associate and shall account for the investment in accordance with FRS 139, *Financial Instruments: Recognition and Measurement*, from that date.

The carrying amount of the investment at the date of recognition is regarded as its cost on initial measurement as an available-for-sale financial asset ("AFS"). After the initial measurement, the Group measures the AFS at its fair values based on quoted prices in an active market.

Any gain or loss arising from a change in the fair value of the AFS is recognised directly in equity as Fair Value Reserve, except for impairment losses and foreign exchange gains and losses, if any, until the AFS is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in income statement.

When a decline in the fair value of the AFS has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from Fair Value Reserve and recognised in the income statement even though the AFS has not been derecognised. The amount of cumulative loss is measured as the difference between the carrying amount and current fair value, less any impairment loss on that AFS previously recognised in the income statement including any related foreign exchange component. Impairment losses recognised in the income statement on such amount are not subsequently reversed through income statement but in equity.

Investments

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

Investments in other long term 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

Intangible Assets (cont'd)

a) Goodwill (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Share Capital

Ordinary shares are classified as equity in the balance sheet. Costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

Treasury Shares

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external costs and the related tax effects, is included in shareholders' equity.

Where the share retirement method is applied, the nominal value of the shares repurchased is cancelled by a debit to the share capital account. An amount equivalent to the nominal value of the shares repurchased is transferred to a capital redemption reserve.

The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted directly to the share premium account or any other suitable reserve. In the circumstance where there is no or insufficient share premium, the consideration, or its balance thereof, is adjusted to any other suitable reserve.

The shares cancelled and the adjustments made to share premium or reserves would be shown as a movement in the share capital account and the share premium or reserve account respectively.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

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.

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.

Employee Benefits (cont'd)

d) Share-based compensation (cont'd)

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 are recognised directly in equity in the consolidated financial statements until the disposal of the foreign operations in which case they are recognised as gain or loss in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

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.

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.

Financial Instruments (cont'd)

b) Financial instruments not recognised on the balance sheet (cont'd)

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.

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 foreign currency 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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 risk. 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

2007 Group Revenue	Leisure & Hospitality	Properties	Others	Eliminations	Total
External	4,322.9	8.9	20.5	-	4,352.3
Inter segment	1.5	5.3	60.0	(66.8)	-
	<u>4,324.4</u>	<u>14.2</u>	<u>80.5</u>	<u>(66.8)</u>	<u>4,352.3</u>
Results					
Segment profit	1,494.5	4.0	15.1	-	1,513.6
Interest income					85.4
Finance cost					(41.9)
Gain on disposal of equity investment in associate	337.1				337.1
Gain on dilution of equity investment in associate	81.0				81.0
Share of results in jointly controlled entity			0.0		0.0
Share of results in associate	(63.1)				(63.1)
Profit before taxation					<u>1,912.1</u>
Taxation					<u>(356.8)</u>
Profit for the financial year					<u>1,555.3</u>
Other Information:					
Assets					
Segment assets	4,263.8	426.7	658.1	(365.8)	4,982.8
Interest bearing instruments					2,779.0
Jointly controlled entity			1.2		1.2
Available-for-sale financial asset	1,505.4				1,505.4
Unallocated corporate assets					73.1
Total assets					<u>9,341.5</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 december 2007

5. SEGMENT ANALYSIS (cont'd)

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

2007	Leisure & Hospitality	Properties	Others	Eliminations	Total
Liabilities					
Segment liabilities	888.2	40.1	84.7	(365.8)	647.2
Interest bearing instruments					175.1
Unallocated corporate liabilities					322.5
Total liabilities					<u>1,144.8</u>
Other Disclosures					
Capital expenditure incurred	391.0	-	-	-	391.0
Depreciation and amortisation charge	243.0	1.8	1.1	-	245.9
Other significant non-cash items:					
- charges	53.2	-	-	-	53.2
- credits	2.6	-	-	-	2.6
<hr/>					
2006	Leisure & Hospitality	Properties	Others	Eliminations	(Restated) Total
Revenue					
External	3,786.1	4.7	17.7	-	3,808.5
Inter segment	1.2	7.0	55.0	(63.2)	-
	<u>3,787.3</u>	<u>11.7</u>	<u>72.7</u>	<u>(63.2)</u>	<u>3,808.5</u>
Results					
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		0.0
Share of results in associate	(210.8)				(210.8)
Profit before taxation					<u>1,138.7</u>
Taxation					<u>(193.2)</u>
Profit for the financial year					<u>945.5</u>
Other Information:					
Assets					
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					<u>8,372.4</u>
Liabilities					
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					<u>2,114.7</u>
Other Disclosures					
Capital expenditure incurred	332.4	0.1	0.1	-	332.6
Depreciation and amortisation charge	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

The Group is organised into two main business segments:

- Leisure & Hospitality - this division includes the gaming, hotel, entertainment and amusement 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 inter-segment sales are conducted on an arms length basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

5. SEGMENT ANALYSIS (cont'd)

b) Secondary segment – by geographical location

Group	Revenue		Total Assets		Capital Expenditure	
	2007	2006	2007	2006	2007	2006
Malaysia	4,352.3	3,808.5	6,407.2	6,063.9	391.0	332.6
Asia Pacific (excludes Malaysia)	-	-	2,934.3	237.9	-	-
	4,352.3	3,808.5	9,341.5	6,301.8	391.0	332.6
Associate			-	2,070.6		
			9,341.5	8,372.4		

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	
	2007	2006	2007	2006
Rendering of services:				
Leisure & hospitality	4,322.9	3,786.1	3,967.9	3,469.7
Rental and properties management income	3.8	4.2	-	-
Other services	20.5	17.7	-	-
Sale of properties	5.1	0.5	-	-
	4,352.3	3,808.5	3,967.9	3,469.7

7. COST OF SALES

	Group		Company	
	2007	2006	2007	2006
Cost of inventories recognised as an expense	118.2	103.6	73.9	65.0
Cost of services and other operating costs	2,502.4	2,198.6	2,297.9	1,999.5
	2,620.6	2,302.2	2,371.8	2,064.5

Included in the other operating costs are gaming expenses amounting to RM939.9 million (2006: RM842.5 million) for the Group and RM983.8 million (2006: RM877.0 million) for the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2007	2006	2007	2006
	RM'000	Restated RM'000	RM'000	Restated RM'000
Charges:				
Depreciation of property, plant and equipment	244,120	232,420	170,821	151,986
Depreciation of investment properties	734	765	-	-
Amortisation of leasehold land use rights	1,130	1,130	5	5
Property, plant and equipment written off	971	952	805	936
Loss on disposal of property, plant and equipment	45	177	-	306
Impairment loss on investment in subsidiaries (Included in other expenses)	-	-	936,000	13,580
Hire of equipment	9,346	7,711	6,289	5,029
Rental of land and buildings	1,013	1,134	356	470
Employee benefits expense (Note 9)	499,096	447,921	418,858	372,878
Directors' remuneration excluding estimated money value of benefits-in-kind (Note 10)	43,984	50,060	43,969	50,045
Auditors' remuneration - current year	415	363	172	144
Auditors' remuneration - underprovision in prior year	24	-	19	-
Allowance for doubtful debts - trade	1,548	1,187	60	-
Allowance for doubtful debts - amount due from subsidiaries	-	-	50,300	-
Finance cost	41,940	17,060	39,931	2,000
Net exchange losses/(gains):				
- Realised	8,119	(7,118)	11,370	9,544
- Unrealised	(1,198)	(7,197)	(1,014)	11,998
Charges by holding company:				
- Licensing fees	143,352	123,171	139,469	119,646
- Shared services fees	4,430	4,291	4,037	3,873
Charges by other related companies:				
- Management fees	356,248	310,735	341,193	297,071
- Rental of land and buildings	3,497	3,441	2,964	2,917
- Hire of equipment	6,223	6,071	5,929	5,838
- Shared services fees	17,907	18,055	14,815	15,497
- Commissions	52,750	44,255	36,976	29,740
- Marketing fees	480	480	480	480
- Royalty fees	3,510	2,753	3,510	2,753
Charges by subsidiaries:				
- Finance cost	-	-	2,009	15,042
- Service fees	-	-	526	414
- Hire of equipment	-	-	2,475	3,620
- Rental of land and buildings	-	-	41,079	40,241
- Transportation services	-	-	13,079	10,224
Credits:				
Interest income	85,421	31,281	64,452	30,450
Rental income from land and buildings	44,211	40,960	14,620	13,341
Rental of equipment	1,279	1,417	88	499
Gain on disposal of property, plant and equipment	-	-	50	-
Gain on disposal of investment property	2,019	458	-	-
Gross dividends from quoted foreign corporations	-	2	-	-
Reversal of impairment loss on investment in subsidiary	-	-	12,200	-
Gain on disposal of short term investments	-	50	-	-
Gain on disposal of equity investment in associate	337,061	-	-	-
Gain on dilution of equity investment in associate	80,981	-	-	-
Income from other related companies:				
- Rental of land and building	178	178	-	-
- Sales of air tickets	248	213	-	-
Income from subsidiaries:				
- Interest income	-	-	-	24,201
- Rental of land and buildings	-	-	6,795	6,715
Other information:				
Non statutory audit fees paid to auditors	527	1,442	366	1,334

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages, salaries and bonuses	375,593	340,477	307,690	284,397
Defined contribution plan	45,841	39,705	37,979	33,288
Other short term employee benefits	65,899	44,614	62,084	32,571
Share option expenses	3	150	3	150
Net provision for retirement gratuities	11,760	22,975	11,102	22,472
	499,096	447,921	418,858	372,878
Number of employees at financial year end ('000)	13.4	12.9	9.8	9.3

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

10. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<u>Non-executive Directors:</u>				
- Fees	505	352	490	337
<u>Executive Directors:</u>				
- Fees	265	325	265	325
- Salaries and bonuses	32,815	31,273	32,815	31,273
- Defined contribution plan	4,535	4,315	4,535	4,315
- Other short term employee benefits	766	456	766	456
- Provision for retirement gratuities	5,098	13,339	5,098	13,339
Directors' Remuneration excluding estimated money value of benefits-in-kind (Note 8)	43,984	50,060	43,969	50,045
Estimated money value of benefits-in-kind (not charged to the income statements) in respect of Executive Directors	684	661	684	661
	44,668	50,721	44,653	50,706

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

Amounts in RM'000	Number	
	2007	2006
Non-Executive Directors		
- 50 to 100	4	4
- 100 to 150	1	-
Executive Directors		
- 950 to 1,000	1	-
- 1,000 to 1,050	-	1
- 1,250 to 1,300	1	-
- 1,300 to 1,350	-	1
- 3,050 to 3,100	-	1
- > 41,500	1	1

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

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 29) as follows:

Financial year ended 31.12.2007:

Before Share Split

Grant Date	Subscription price per share RM	No. of Unissued Shares (ordinary shares of 50 sen each)			
		At start of the year '000	Granted '000	Exercised '000	At 12 April 2007 '000
2.9.2002	10.32	1,624	-	(126)	1,498

After Share Split

Grant Date	Subscription price per share RM	No. of Unissued Shares (ordinary shares of 10 sen each)			
		At 13 April 2007 '000	Granted '000	Exercised '000	At end of the year '000
2.9.2002	2.064*	7,490	-	(1,410)	6,080

Financial year ended 31.12.2006:

Grant Date	Subscription price per share RM	No. of Unissued Shares (ordinary shares of 50 sen each)			
		At start of the year '000	Granted '000	Exercised '000	At end of the year '000
2.9.2002	10.32	1,750	-	(126)	1,624

The number of share options vested at the balance sheet date is 1,705,000 ordinary shares of 10 sen each (2006: 530,250 ordinary shares of 50 sen each).

* Adjusted exercise price following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each.

11. TAXATION

	Group		Company	
	2007	2006	2007	2006
Current taxation:				
Malaysian taxation	341.8	178.3	339.2	174.0
Deferred tax charge (Note 35)	15.0	14.9	(7.0)	0.8
	356.8	193.2	332.2	174.8
Current taxation:				
Current year	340.8	285.3	338.0	281.0
Under/(Over) provided in prior years	1.0	(107.0)	1.2	(107.0)
	341.8	178.3	339.2	174.0
Deferred taxation:				
Origination and reversal of temporary differences	17.3	11.2	(6.1)	(3.6)
(Over)/Under provided in prior years	(2.3)	3.7	(0.9)	4.4
	15.0	14.9	(7.0)	0.8

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Malaysia tax rate:	27.0	28.0	27.0	28.0
Tax effects of:				
- expenses not deductible for tax purposes	0.6	0.4	58.1	0.9
- different tax regime	0.5	5.0	-	-
- income not subject to tax	(5.9)	(0.1)	(0.0)	(0.5)
- tax incentive	(2.9)	(6.4)	(11.5)	(5.8)
- over provided in prior years	(0.0)	(9.1)	(0.0)	(8.1)
- effect of change in deferred tax rate	(0.3)	(0.8)	(3.1)	(0.7)
- others	(0.3)	(0.1)	-	-
Average effective tax rate	18.7	16.9	70.5	13.8

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 RM74.0 million as at the financial year end (2006: RM74.4 million).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

11. TAXATION (cont'd)

Subject to the agreement by the Inland Revenue Board, the Group has investment tax allowance of approximately RM1,327.7 million (2006: RM1,318.3 million) which is available to set off against future taxable profits of the respective companies of the Group.

Taxation is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) on the estimated chargeable profit for the year of assessment 2007. The Malaysian statutory tax rate will reduce to 26% for the year of assessment 2008 and with further reduction to 25% for the year of assessment 2009. Accordingly, the deferred tax assets and deferred tax liabilities have been remeasured at the tax rate of 25%.

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. The weighted average number of ordinary shares in issue excludes the weighted average number of treasury shares held by the Company.

	Group	
	2007	2006
Profit for the financial year attributable to equity holders of the Company (RM million)	1,555.7	945.9
Weighted average number of ordinary shares in issue*	<u>5,673,272,647</u>	<u>5,465,484,820</u>
Basic earnings per share (sen)*	<u>27.42</u>	<u>17.30</u>

* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007, in accordance with FRS 133: Earnings Per Share.

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	
	2007	2006
Profit for the financial year attributable to equity holders of the Company (RM million)	1,555.7	945.9
Weighted average number of ordinary shares adjusted as follows:		
Weighted average number of ordinary shares in issue*	5,673,272,647	5,465,484,820
Adjustment for share options granted to executives of the Company*	21,632,682	11,621,510
Adjustment for share issuable arising from conversion of Convertible Notes	179,157,378	-
Adjusted weighted average number of ordinary shares in issue*	<u>5,874,062,707</u>	<u>5,477,106,330</u>
Diluted earnings per share (sen)*	<u>26.48</u>	<u>17.26</u>

* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007, in accordance with FRS 133: Earnings Per Share.

13. DIVIDENDS

	2007		2006	
	Gross dividend per share Sen	Amount of dividend (net of tax) RM million	Gross dividend per share Sen*	Amount of dividend (net of tax) RM million
Interim dividend paid:				
- net of 28% tax	-	-	2.40	94.5
- net of 27% tax	2.88	120.3	-	-
Proposed final dividend:				
- net of 27% tax	-	-	3.00	125.1
- net of 26% tax	3.60	152.1	-	-
	<u>6.48</u>	<u>272.4</u>	<u>5.40</u>	<u>219.6</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 3.6 sen less 26% tax (2006: 3.0 sen* less 27% tax) per ordinary share of 10 sen each amounting to RM152.1 million (2006: RM125.1 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.

* The comparative figure was adjusted following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Long leasehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
At 1 January 2007:						
Cost	223.1	106.2	3,209.4	2,100.8	89.0	5,728.5
Accumulated depreciation	-	(8.7)	(623.1)	(1,467.1)	-	(2,098.9)
Accumulated impairment losses	-	(0.1)	(13.7)	(0.1)	-	(13.9)
Net book value - as reported	223.1	97.4	2,572.6	633.6	89.0	3,615.7
Effect of adoption of FRS 117	-	(97.4)	0.8	-	-	(96.6)
Net book value - restated	223.1	-	2,573.4	633.6	89.0	3,519.1
Movement during the year 2007:						
Opening net book value - restated	223.1	-	2,573.4	633.6	89.0	3,519.1
Additions	0.8	-	4.0	243.0	143.2	391.0
Disposals	-	-	(0.6)	(1.0)	-	(1.6)
Written off	-	-	(0.0)	(1.0)	-	(1.0)
Depreciation charge	-	-	(70.4)	(173.7)	-	(244.1)
Reclassification/Adjustment/Transfer	(2.9)	-	93.8	123.6	(214.5)	-
Closing net book value	221.0	-	2,600.2	824.5	17.7	3,663.4
At 31 December 2007:						
Cost	221.0	-	3,305.6	2,435.3	17.7	5,979.6
Accumulated depreciation	-	-	(691.7)	(1,610.7)	-	(2,302.4)
Accumulated impairment losses	-	-	(13.7)	(0.1)	-	(13.8)
Net book value	221.0	-	2,600.2	824.5	17.7	3,663.4
At 1 January 2006:						
Cost	222.6	106.3	3,159.1	1,923.6	24.5	5,436.1
Accumulated depreciation	-	(7.6)	(554.7)	(1,339.9)	-	(1,902.2)
Accumulated impairment losses	-	(0.1)	(13.7)	(0.1)	-	(13.9)
Net book value - as reported	222.6	98.6	2,590.7	583.6	24.5	3,520.0
Effect of adoption of FRS 117	-	(98.6)	0.9	-	-	(97.7)
Net book value - restated	222.6	-	2,591.6	583.6	24.5	3,422.3
Movement during the year 2006:						
Opening net book value - as reported	222.6	98.6	2,590.7	583.6	24.5	3,520.0
Effect of adoption of FRS 117	-	(98.6)	0.9	-	-	(97.7)
Opening net book value - restated	222.6	-	2,591.6	583.6	24.5	3,422.3
Additions	0.5	-	6.1	156.4	169.6	332.6
Disposals	-	-	-	(1.3)	-	(1.3)
Written off	-	-	-	(0.3)	(0.7)	(1.0)
Depreciation charge	-	-	(69.3)	(163.1)	-	(232.4)
Reclassification/Adjustment/Transfer	-	-	45.0	58.3	(104.4)	(1.1)
Closing net book value - restated	223.1	-	2,573.4	633.6	89.0	3,519.1
At 31 December 2006:						
Cost	223.1	106.2	3,209.4	2,100.8	89.0	5,728.5
Accumulated depreciation	-	(8.7)	(623.1)	(1,467.1)	-	(2,098.9)
Accumulated impairment losses	-	(0.1)	(13.7)	(0.1)	-	(13.9)
Net book value - as reported	223.1	97.4	2,572.6	633.6	89.0	3,615.7
Effect of adoption of FRS 117	-	(97.4)	0.8	-	-	(96.6)
Net book value - restated	223.1	-	2,573.4	633.6	89.0	3,519.1

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

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

Company	Freehold land	Long leasehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
At 1 January 2007:						
Cost	87.2	0.5	1,804.4	1,463.6	89.6	3,445.3
Accumulated depreciation	-	(0.1)	(448.4)	(1,017.4)	-	(1,465.9)
Net book value - as reported	87.2	0.4	1,356.0	446.2	89.6	1,979.4
Effect of adoption of FRS 117	-	(0.4)	-	-	-	(0.4)
Net book value - restated	87.2	-	1,356.0	446.2	89.6	1,979.0
Movement during the year 2007:						
Opening net book value - restated	87.2	-	1,356.0	446.2	89.6	1,979.0
Additions	-	-	2.6	93.4	135.9	231.9
Disposals	-	-	-	(0.8)	-	(0.8)
Written off	-	-	(0.1)	(0.7)	-	(0.8)
Depreciation charge	-	-	(42.7)	(128.1)	-	(170.8)
Reclassification/Adjustment/Transfer	-	-	106.5	70.8	(209.1)	(31.8)
Closing net book value	87.2	-	1,422.3	480.8	16.4	2,006.7
At 31 December 2007:						
Cost	87.2	-	1,913.3	1,560.0	16.4	3,576.9
Accumulated depreciation	-	-	(491.0)	(1,079.2)	-	(1,570.2)
Net book value	87.2	-	1,422.3	480.8	16.4	2,006.7
At 1 January 2006:						
Cost	87.2	0.5	1,771.5	1,310.3	22.4	3,191.9
Accumulated depreciation	-	(0.1)	(406.7)	(941.9)	-	(1,348.7)
Net book value - as reported	87.2	0.4	1,364.8	368.4	22.4	1,843.2
Effect of adoption of FRS 117	-	(0.4)	-	-	-	(0.4)
Net book value - restated	87.2	-	1,364.8	368.4	22.4	1,842.8
Movement during the year 2006:						
Opening net book value - as reported	87.2	0.4	1,364.8	368.4	22.4	1,843.2
Effect of adoption of FRS 117	-	(0.4)	-	-	-	(0.4)
Opening net book value - restated	87.2	-	1,364.8	368.4	22.4	1,842.8
Additions	-	-	0.3	137.6	153.3	291.2
Disposals	-	-	-	(1.6)	-	(1.6)
Written off	-	-	-	(0.2)	(0.7)	(0.9)
Depreciation charge	-	-	(41.6)	(110.4)	-	(152.0)
Reclassification/Adjustment/Transfer	-	-	32.5	52.4	(85.4)	(0.5)
Closing net book value - restated	87.2	-	1,356.0	446.2	89.6	1,979.0
At 31 December 2006:						
Cost	87.2	0.5	1,804.4	1,463.6	89.6	3,445.3
Accumulated depreciation	-	(0.1)	(448.4)	(1,017.4)	-	(1,465.9)
Net book value - as reported	87.2	0.4	1,356.0	446.2	89.6	1,979.4
Effect of adoption of FRS 117	-	(0.4)	-	-	-	(0.4)
Net book value - restated	87.2	-	1,356.0	446.2	89.6	1,979.0

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2007	2006
At 1 January / 31 December		
Freehold land - at cost	186.1	186.1

16. INVESTMENT PROPERTIES

	Group	
	2007	2006
At 1 January		
Cost	32.6	31.8
Accumulated depreciation	(11.0)	(9.6)
Net book value	21.6	22.2

Movement during the year

Opening net book value	21.6	22.2
Additions	-	0.1
Disposals	(3.0)	(0.5)
Depreciation charge for the financial year	(0.7)	(0.8)
Reclassification/Transfer	-	0.6
Closing net book value	17.9	21.6

At 31 December

At Cost	28.0	32.6
Accumulated depreciation	(10.1)	(11.0)
Net book value	17.9	21.6
Fair value	37.0	36.1

The aggregate rental income and direct operating expenses incurred from investment properties which generate rental income during the financial year amounted to RM2.8 million and RM0.6 million respectively (2006: RM3.0 million and RM0.7 million).

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

17. LEASEHOLD LAND USE RIGHTS

	Group		Company	
	2007	2006 Restated	2007	2006 Restated
At 1 January				
Effect of adoption of FRS 117				
- Cost	107.4	107.4	0.5	0.5
- Accumulated amortisation	(10.7)	(9.6)	(0.1)	(0.1)
- Accumulated impairment losses	(0.1)	(0.1)	-	-
Net book value	96.6	97.7	0.4	0.4

17. LEASEHOLD LAND USE RIGHTS (Cont'd)

	Group		Company	
	2007	2006 Restated	2007	2006 Restated
Movement during the year				
Opening net book value				
- restated	96.6	97.7	0.4	0.4
Additions	-	-	-	-
Disposal	-	-	-	-
Amortisation charge for the financial year	(1.1)	(1.1)	(0.0)	(0.0)
Closing net book value	95.5	96.6	0.4	0.4
At 31 December				
Cost	107.4	107.4	0.5	0.5
Accumulated amortisation	(11.8)	(10.7)	(0.1)	(0.1)
Accumulated impairment losses	(0.1)	(0.1)	-	-
Net book value	95.5	96.6	0.4	0.4
Represented by:				
Unexpired period more than 50 years	95.5	96.6	0.4	0.4

18. SUBSIDIARIES

	Company	
	2007	2006
Investment in subsidiaries		
Unquoted shares – at cost	5,851.7	5,562.9
Accumulated impairment losses	(1,012.8)	(89.0)
	4,838.9	5,473.9
Amount due from subsidiaries	228.1	445.1
Allowance for doubtful debts	(50.3)	-
Net amount due from subsidiaries	177.8	445.1
Amount due to subsidiaries	(215.5)	(362.1)

The subsidiaries are listed in Note 43.

Included in the amount due to subsidiaries in 2006 were interest bearing advances from wholly-owned subsidiaries amounting to RM128.8 million which were fully repaid in 2007. These amounts were unsecured and had no fixed terms of repayment.

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

	Company	
	2007	2006
Amounts due to subsidiaries	-	4.9

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

19. JOINTLY CONTROLLED ENTITY

	Group	
	2007	2006
Unquoted - at cost:		
Shares in a Malaysian company	1.2	1.1
Group's share of post acquisition reserves	0.0	0.0
	<u>1.2</u>	<u>1.1</u>

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

	Group	
	2007 RM'000	2006 RM'000
Income	886.1	1,535.7
Expenses	(755.6)	(1,545.7)
Net income/(loss)	<u>130.5</u>	<u>(10.0)</u>
Non-current assets	432.0	439.8
Current assets	1,134.4	1,151.1
Non-current liabilities	(38.4)	(43.1)
Current liabilities	(333.6)	(472.2)
Net assets	<u>1,194.4</u>	<u>1,075.6</u>

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 Ownership		Country of Incorporation	Principal Activities
	2007	2006		
Genting INTI Education Sdn Bhd	35	35	Malaysia	Managing a college for education, tourism, leisure & hospitality

The amount due to jointly controlled entity represents outstanding amounts arising from inter company sales. The amount due to jointly controlled entity is unsecured, interest free and have no fixed terms of repayment.

20. ASSOCIATE

	Group	
	2007	2006
Quoted - at cost:		
Shares in a foreign corporation	2,274.4	3,770.7
Goodwill on acquisition written off*	(896.1)	(1,438.7)
Share of post acquisition reserves	(230.8)	(261.4)
Gain on dilution	47.6	-
	<u>1,195.1</u>	<u>2,070.6</u>
Effect of FRS 128 (Transferred to Available-For-Sale Financial Asset - Note 21)	(1,195.1)	-
	<u>-</u>	<u>2,070.6</u>

20. ASSOCIATE (Cont'd)

	Group	
	2007	2006
Represented by:		
Share of net assets, other than goodwill of the associate	-	2,070.6
Market value of quoted shares in a foreign corporation	-	2,733.3

* The goodwill on acquisition written off amounting to RM1,438.7 million was in respect of acquisitions made prior to 1 January 2004.

Detail of the associate is as follows:

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2007	2006		
Star Cruises Limited	-	36.0	Isle of Man and continued into Bermuda on 9 October 2000	Cruise and cruise related operations

With effect from 31 July 2007, Star Cruises Limited is no longer regarded as an associate when the Group ceased to have significant interest in the company and any trade related amounts are recorded as trade receivable. The remaining investment in Star Cruises Limited is transferred to available-for-sale financial asset (refer to Note 21).

The amount due from associate in 2006 represented outstanding amounts arising from inter company sales. The amount due from associate was unsecured, interest free and had no fixed terms of repayment.

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

	2007	2006
		Restated
Income [#]	1,457.1	2,983.0
Expenses [#]	(1,520.2)	(3,193.8)
Net loss [#]	<u>(63.1)</u>	<u>(210.8)</u>
Non-current assets	-	6,614.9
Current assets	-	767.2
Non-current liabilities	-	(4,035.5)
Current liabilities	-	(1,276.0)
Net assets as at 31 December	<u>-</u>	<u>2,070.6</u>

[#] As disclosed above, Star Cruises Limited ceased to be an associate effective 31 July 2007. Thus, the summarised Income Statement is for the period from 1 January 2007 to 30 July 2007.

21. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group	
	2007	2006
At 1 January	-	-
Initial recognition, at cost (Note 20)	1,195.1	-
Increase in fair value at date of designation - transfer to equity	1,473.9	-
	<u>2,669.0</u>	-
Foreign exchange differences	(39.2)	-
Decrease in fair value - transfer to equity	(1,124.4)	-
At 31 December	<u>1,505.4</u>	-
Investment in foreign corporation		
- Quoted	1,505.4	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

21. AVAILABLE-FOR-SALE FINANCIAL ASSET (cont'd)

As disclosed in Note 20, the Group ceased to have significant influence over an associate. The carrying amount of the investment at the date it ceases to be an associate is regarded as its cost on initial measurement as an available-for-sale financial asset. After the initial measurement, the Group measures available-for-sale financial asset at its fair value.

There were no disposal or impairment provision on available-for-sale financial asset during the current financial year.

The currency profile of the available-for-sale financial asset as at the financial year end are as follows:

	Group			
	2007	2006		
Denominated in:				
- Hong Kong Dollars	338.3	-		
- United States Dollars	1,167.1	-		
At 31 December	1,505.4	-		

22. OTHER LONG TERM INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
Quoted shares in foreign corporation, at cost	532.4	229.3	-	-
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
	535.5	232.4	3.1	3.1
Market value of quoted shares in foreign corporation	933.1	689.0	-	-

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.

23. LONG TERM RECEIVABLES

	Group	
	2007	2006
Trade receivables	9.2	9.5
Other receivables	-	0.0
	9.2	9.5

The maturity profile for the non-current receivables which are denominated in Ringgit Malaysia are as follows:

	Group	
	2007	2006
Later than 1 year and not later than 2 years	3.0	3.1
Later than 2 years and not later than 6 years	6.2	6.4
	9.2	9.5
Fair value of long term receivables	8.6	8.8

24. INVENTORIES

	Group		Company	
	2007	2006	2007	2006
At cost:				
Food, beverage, tobacco and other hotel supplies	11.8	9.3	9.5	7.1
Stores, spares and retail stocks	23.2	19.9	22.0	18.4
Completed properties	24.1	24.1	-	-
	59.1	53.3	31.5	25.5

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
Current:				
Trade receivables	38.8	38.2	11.9	8.9
Other receivables	26.3	31.4	9.1	22.1
Less: Allowance for doubtful debts	(1.7)	(1.0)	(0.1)	(0.1)
	63.4	68.6	20.9	30.9
Deposits	13.0	12.5	11.7	11.3
Prepayments	37.8	30.6	35.9	28.2
Total trade and other receivables	114.2	111.7	68.5	70.4

Credit terms offered by the Group and the 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.

The currency profile of the Group and Company for trade and other receivables is in Ringgit Malaysia.

26. HOLDING COMPANY AND OTHER RELATED COMPANIES

The Directors of the Company regard Genting Berhad, a company incorporated in Malaysia, as its immediate and ultimate holding company notwithstanding Genting Berhad's shareholding of less than 50% in the Company as Genting Berhad has control over the Company by virtue of its ability to manage the financial and operating policies of the Company pursuant to a 30-year Resort Management Agreement ("RMA") entered into in 1989 between the Company and Genting Berhad's wholly-owned subsidiary, Genting Hotel & Resorts Management Sdn Bhd ("GHRM"). The RMA, which cannot be unilaterally terminated by either party (except in limited circumstances, generally relating to default by a party continuing after a cure period or insolvency related events affecting a party), is renewable under the original terms and conditions at the end of the original term for 3 consecutive terms of 20 years each. Under the RMA, GHRM is appointed as the operator and manager of the gaming, hotel and resort-related operations ("Resort") of the Company, which includes the supply of senior management and other personnel deemed necessary or appropriate by GHRM for the operation of the Resort. A fee based on the gross revenue and the net operating income before fixed charges and taxation of the Resort is payable by the Company to GHRM for services under the RMA. In addition, Genting Berhad is the single largest shareholder of the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

27. SHORT TERM INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
Unquoted – at cost:				
Money market instruments (Note 28)	794.9	853.4	794.9	853.4
	794.9	853.4	794.9	853.4

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 Company as at 31 December 2007 and 2006 have maturity periods ranging between overnight and two months.

The unquoted money market instruments are denominated in Ringgit Malaysia.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
Deposits with licensed banks	1,972.2	851.1	1,061.1	833.0
Cash and bank balances	284.7	276.2	279.3	267.9
Bank balances and deposits	2,256.9	1,127.3	1,340.4	1,100.9
Add:				
Money market instruments (Note 27)	794.9	853.4	794.9	853.4
Cash and cash equivalents	3,051.8	1,980.7	2,135.3	1,954.3

The carrying amount of these assets approximates their fair values.

The currency 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	
	2007	2006	2007	2006	2007	2006	2007	2006
Ringgit Malaysia	2,085.8	1,887.6	3.45	3.28	2,077.1	1,880.3	3.45	3.28
US Dollars	911.2	19.5	4.86	5.10	0.1	0.4	-	-
Singapore Dollar	12.8	9.1	-	-	12.8	9.1	-	-
Hong Kong Dollar	42.0	64.5	-	-	45.3	64.5	-	-
	3,051.8	1,980.7			2,135.3	1,954.3		

The deposits of the Group and Company have an average maturity period of 31 days (2006: 31 days). Bank balances of the Group and Company are deposits held at call.

29. SHARE CAPITAL

During the financial year, the Company implemented a share split exercise involving the subdivision of each of the existing ordinary shares of 50 sen each in the Company into 5 ordinary shares of 10 sen each in the Company.

The authorised, issued and fully paid up capital of the Company as at year end are as follow:

	Company			
	No. of ordinary shares		Amount	
	2007	2006	2007	2006
Authorised:				
Ordinary shares of 50 sen each	-	1,600.0	-	800.0
Ordinary shares of 10 sen each	8,000.0	-	800.0	-
	8,000.0	1,600.0	800.0	800.0
Issued and fully paid:				
Ordinary shares of 50 sen each				
At 1 January	1,094.6	1,091.8	547.3	545.9
Issuance of shares	31.3	2.8	15.6	1.4
At 12 April 2007 / 31 December 2006	1,125.9	1,094.6	562.9	547.3
Ordinary shares of 10 sen each (Adjusted pursuant to the Share Split on 13 April 2007)				
At 13 April 2007	5,629.4	-	562.9	-
Issuance of shares	200.7	-	20.1	-
At 31 December 2007	5,830.1	-	583.0	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

29. SHARE CAPITAL (cont'd)

During the financial year, RM872.2 million of the zero coupon convertible notes due in 2008 were converted into 342.0 million new ordinary shares of the Company (2006: nil).

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.

29. SHARE CAPITAL (cont'd)

- 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 7,500,000 shares to any eligible employee.
- 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%	12.5%	12.5%
		rounded up to the next 1,000 shares	rounded up to the next 1,000 shares	rounded up to the next 1,000 shares
Year 6	Year 7	Year 8	Year 9	Year 10
12.5%	12.5%	12.5%	12.5%	12.5% or
rounded up to the next 1,000 shares	rounded up to the next 1,000 shares	rounded up to the next 1,000 shares	rounded up to the next 1,000 shares	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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

29. SHARE CAPITAL (cont'd)

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

			Ordinary shares of 50 sen each				
Grant Date	Exercisable period	Subscription price RM	At start of the year '000	Granted/Extended '000	Exercised '000	Lapsed '000	At 12 April 2007 '000
Financial year ended 31.12.2007							
ESOS (Before Share Split)							
2.9.2002	2.9.2004 to 11.8.2012	10.32	10,440	29	(1,158)	(105)	9,206
29.11.2002	29.11.2004 to 11.8.2012	8.50	101	-	(11)	-	90
17.12.2004	17.12.2006 to 11.8.2012	9.49	1,276	-	(102)	(61)	1,113
19.7.2005	19.7.2007 to 11.8.2012	9.92	50	-	-	-	50
14.12.2005	14.12.2007 to 11.8.2012	10.67	108	-	-	-	108
			11,975	29	(1,271)	(166)	10,567
			Ordinary shares of 10 sen each				
Grant Date	Exercisable period	Subscription Price* RM	At 13 April 2007 '000	Granted/Extended '000	Exercised '000	Lapsed '000	At end of the year '000
Financial year ended 31.12.2007							
ESOS (After Share Split)							
2.9.2002	2.9.2004 to 11.8.2012	2.06	46,030	432	(8,495)	(1,117)	36,850
29.11.2002	29.11.2004 to 11.8.2012	1.70	450	-	(25)	(30)	395
17.12.2004	17.12.2006 to 11.8.2012	1.90	5,565	-	(228)	(310)	5,027
19.7.2005	19.7.2007 to 11.8.2012	1.98	250	50	(35)	(50)	215
14.12.2005	14.12.2007 to 11.8.2012	2.13	540	-	-	(120)	420
			52,835	482	(8,783)	(1,627)	42,907
			Ordinary shares of 50 sen each				
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
19.7.2005	19.7.2007 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

The number of share options vested at the balance sheet date is 5.9 million ordinary shares of 10 sen each (2006: 2.4 million ordinary shares of 50 sen each).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

29. 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 2007
January – December 2007	2.66 to 4.46	1.700	80,000
January – December 2007	2.66 to 4.46	1.898	738,000
September 2007	3.80	1.984	35,000
January – December 2007	2.66 to 4.46	2.064	14,285,000
			15,138,000

Exercise date	Fair value of shares at share issue date* (RM/share)	Subscription price* (RM/share)	Number of shares issued* 2006
January – December 2006	2.16 to 2.92	1.700	405,000
January – December 2006	2.16 to 2.92	2.064	12,915,000
December 2006	2.84 to 2.92	1.898	225,000
			13,545,000

	2007 RM'000	2006 RM'000
Ordinary share capital – at par	1,514	1,355
Share premium	29,576	26,417
Proceeds received on exercise of share options	31,090	27,772
Fair value at exercise date of shares issued	52,271	35,699

* Adjusted following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each, where applicable.

30. RESERVES

	Group		Company	
	2007	2006	2007	2006
Share premium	927.7	60.1	927.7	60.1
Fair value reserve	349.5	-	-	-
Reserve on exchange differences	(224.3)	(88.0)	-	-
Other reserves:				
- Capital redemption reserves	0.1	0.1	-	-
- Equity portion of convertible bonds in associate	-	18.3	-	-
- Option reserve	0.2	0.2	0.2	0.2
Retained earnings	7,030.0	5,711.6	7,147.7	7,254.2
	8,083.2	5,702.3	8,075.6	7,314.5

30. RESERVES (cont'd)

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM6,862.4 million (2006: RM5,948.7 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 2007, 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 RM2,498.2 million (2006: RM2,034.6 million). The estimated tax credit and tax exempt income are subject to agreement by the Inland Revenue Board.

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007. As at 31 December 2007, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits and tax exempt income to pay in full all of the retained earnings of the Company as franked and exempt dividends.

31. TREASURY SHARES

At the Annual General Meeting of the Company held on 21 June 2007, the shareholders of the Company approved the renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company.

During the current financial year, the Company had repurchased a total of 121,124,200 ordinary shares of 10 sen each of its issued share capital from the open market. The total consideration paid for the repurchase, including transaction costs, was RM477.19 million and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965. There is no cancellation, resale or reissuance of treasury shares during the financial year.

As at 31 December 2007, of the total 5,830,118,667 issued and fully paid ordinary shares, 121,124,200 are held as treasury shares by the Company. As at 31 December 2007, the number of outstanding ordinary shares in issue after the setoff is therefore 5,708,994,467 ordinary shares of 10 sen each.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

31. TREASURY SHARES (cont'd)

Details of the repurchase of treasury shares were as follows:

Group 2007	Total shares repurchased million	Total consideration paid RM 'million	Purchase price per share (excludes transaction cost)		
			Highest RM	Lowest RM	Average RM
At 1 January	-	-	-	-	-
Shares repurchased during the financial year:					
July	33.2	144.1	4.50	4.04	4.33
August	50.1	190.2	4.10	3.18	3.79
September	-	-	-	-	-
October	22.0	83.7	3.88	3.70	3.80
November	15.8	59.2	3.78	3.64	3.72
December	-	-	-	-	-
At 31 December	121.1	477.2			3.93

32. BORROWINGS

	2007	Group 2006
Current:		
Term loans – US Dollar (unsecured)	-	87.8
Non-current:		
Term loans – US Dollar (unsecured)	-	41.0
	-	128.8

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

	2007		2006	
	Before IRS	After IRS	Before IRS	After IRS
Effective during the year:				
Term loans – US Dollar (unsecured)	6.3	4.6	5.8	5.1
As at 31 December:				
Terms loans – US Dollar (unsecured)	-	-	6.3	4.7
			Group 2007	2006
Borrowings denominated in US Dollar			-	128.8

There is no borrowings for the Group as at 31 December 2007.

The maturity profile and exposure of the borrowings of the Group to interest rate risk for the previous year 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

The fair values of the bank borrowings at 31 December 2006 approximated their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

32. BORROWINGS (cont'd)

As at the end of the previous financial year, the exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings reprice were 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	-
	<u>128.8</u>	<u>-</u>	<u>87.8</u>	<u>41.0</u>	<u>-</u>

33. 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 10 sen 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:

- The Notes are convertible at the option of the holders of the Notes ("Noteholders") into Resorts World Shares, at a conversion price of RM2.55 (adjusted following the subdivision of ordinary shares of 50 sen each into 5 ordinary shares of 10 sen each) per Resorts World Share. The conversion price will be adjusted on the reset dates as stipulated in the Terms;
- 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
- 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 and Company	
	2007	2006
	RM'000	RM'000
Current:		
Nominal value	176,700	-
Unamortised issuance cost	(1,642)	-
Non-current:		
Nominal value	-	1,100,000
Unamortised issuance cost	-	(14,085)
	<u>175,058</u>	<u>1,085,915</u>

During the year ended 31 December 2007, RM872.2 million of Notes were converted into 342.0 million new ordinary shares of the Company whilst RM51.1 million of Notes was paid in cash for amount of RM77.6 million. The difference of RM26.5 million was recorded as finance cost in income statement. The balance of the Notes that remains outstanding as at 31 December 2007 is RM176.7 million.

34. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

35. 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	
	2007	2006	2007	2006
Deferred tax liabilities:				
- subject to income tax	(203.0)	(182.9)	(115.5)	(120.3)
- subject to real property gain tax	-	(5.1)	-	(2.2)
	<u>(203.0)</u>	<u>(188.0)</u>	<u>(115.5)</u>	<u>(122.5)</u>
At 1 January:	(188.0)	(173.1)	(122.5)	(121.7)
(Charged)/Credited to income statement (Note 11):				
- property, plant and equipment	(28.4)	(28.1)	(2.8)	(14.2)
- provisions	2.3	4.2	2.4	4.1
- effect of change in deferred tax rate on prior years' temporary difference	6.0	8.7	4.6	8.5
- others	5.1	0.3	2.8	0.8
At 31 December	<u>(203.0)</u>	<u>(188.0)</u>	<u>(115.5)</u>	<u>(122.5)</u>

	Group		Company	
	2007	2006	2007	2006

Subject to income tax:

(i) Deferred tax assets (before offsetting)				
- Provisions	16.9	15.1	16.9	15.1
- Others	1.8	1.9	1.8	1.9
	<u>18.7</u>	<u>17.0</u>	<u>18.7</u>	<u>17.0</u>
- Offsetting	(18.7)	(17.0)	(18.7)	(17.0)
Deferred tax assets (after offsetting)	-	-	-	-
(ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(182.9)	(158.5)	(134.2)	(137.3)
- Land held for property development	(39.4)	(39.2)	-	-
- Inventory				
- completed properties	(2.1)	(2.2)	-	-
- Others	2.7	-	-	-
	<u>(221.7)</u>	<u>(199.9)</u>	<u>(134.2)</u>	<u>(137.3)</u>
- Offsetting	18.7	17.0	18.7	17.0
Deferred tax liabilities (after offsetting)	<u>(203.0)</u>	<u>(182.9)</u>	<u>(115.5)</u>	<u>(120.3)</u>

Subject to real property gains tax:

(iii) Deferred tax liability				
- Property, plant and equipment	-	(5.1)	-	(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	
	2007	2006	2007	2006
Unutilised tax losses	74.0	74.4	-	-
Property, plant and equipment	94.0	98.5	-	-
Provision	1.4	1.1	-	-
	<u>169.4</u>	<u>174.0</u>	<u>-</u>	<u>-</u>

On 15 June 2007, MASB issued FRS 112 "Income Taxes" to revise the existing FRS 112₂₀₀₄ and which will be effective for financial statements covering periods beginning on or after 1 July 2007.

Under the revised FRS 112, companies may now recognise deferred tax asset on its unutilised reinvestment allowances or other tax allowances including Investment Tax Allowance ("ITA"). Consequently, the possible impact in recognising deferred tax asset on the Group's unutilised ITA, provided that future taxable profits are available to offset the unused tax credits, on a retrospective basis for the financial year ending 31 December 2008 is as follows:

	Group
Increase in retained earnings as at 1 January 2007	281.9
Decrease in taxation for the financial year ended 31 December 2007	(2.1)
Increase in retained earnings as at 31 December 2007	284.0
Increase in deferred tax assets as at 31 December 2007	284.0

36. PROVISION FOR RETIREMENT GRATUITIES

	Group		Company	
	2007	2006	2007	2006
At 1 January	60.5	39.4	58.0	37.4
Charged to income statement	11.8	23.0	11.1	22.5
Paid during the financial year	(1.4)	(1.9)	(1.4)	(1.9)
	<u>70.9</u>	<u>60.5</u>	<u>67.7</u>	<u>58.0</u>
Short term portion transferred to other payables (Note 37)	(6.1)	-	(5.5)	-
At 31 December	<u>64.8</u>	<u>60.5</u>	<u>62.2</u>	<u>58.0</u>

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

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
Trade payables	42.4	45.4	27.7	29.8
Accruals	324.3	337.3	307.8	322.0
Deposits	17.2	15.8	4.6	4.4
Other payables	108.3	80.6	84.2	48.3
	<u>492.2</u>	<u>479.1</u>	<u>424.3</u>	<u>404.5</u>

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.

The currency profile of the Group and Company for trade and other payables is in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

38. FINANCIAL INSTRUMENTS

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

a) Borrowings

There is no borrowing as at the end of financial year.

As at the end of previous financial year, the Group had the following foreign currency borrowings which have not been hedged into Ringgit Malaysia. These foreign currency borrowings formed the whole of the total borrowings as disclosed in Note 32.

At 31 December 2006			Foreign currency (Million)			Equivalent RM (Million)
Currency	Start date	Maturity dates	Hedged	Unhedged	Total	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						<u>128.8</u>

b) Interest Rate Swap ("IRS")

During the current financial year, the Group had fully repaid its loans. Accordingly, the respective IRSs were also terminated.

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 (2006: Nil).

39. CAPITAL COMMITMENTS

	Group		Company	
	2007	2006	2007	2006
Authorised property, plant and equipment expenditure not provided for in the financial statements:				
- contracted	140.5	137.7	90.6	105.8
- not contracted	554.6	402.0	474.1	348.0
	<u>695.1</u>	<u>539.7</u>	<u>564.7</u>	<u>453.8</u>

40. CONTINGENT LIABILITY (UNSECURED)

The Company does not have any contingent liability in respect of guarantees issued to financial institutions for loan facilities extended to subsidiaries as at 31 December 2007.

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:

- Term Loan Facility granted to a subsidiary amounting to RM82.0 million.
- Term Loan Facility granted to a subsidiary amounting to RM46.8 million.

The details of the loans are disclosed in Note 32 and Note 38.

41. SIGNIFICANT NON-CASH TRANSACTIONS

- During the year ended 31 December 2007, RM872.2 million of Notes were converted into 342.0 million new ordinary shares of the Company.
- The Company redeemed of 140,000 Convertible Non-Cumulative Redeemable preference shares of RM1 each at a premium of RM999 per share in First World Hotels & Resorts Sdn Bhd, a direct wholly-owned subsidiary of the Company, amounting to RM140,000,000 during the current financial year.

42. SIGNIFICANT RELATED PARTY DISCLOSURES

In the normal course of business, the Group and Company 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

42. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

- (a) The immediate and ultimate holding company of the Company is Genting Berhad ("GB"), a company incorporated in Malaysia.
- (b) The significant related party transactions of the Group during the financial year are as follows:

	Group		Company	
	2007	2006	2007	2006
(i) Management agreements				
• 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.	354.0	309.0	341.2	297.1
• 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.	2.2	1.8	-	-
(ii) Rendering of services				
Air ticketing and transportation services rendered by Resorts World Tours Sdn Bhd, a wholly-owned subsidiary company of the Company to:				
• Star Cruises Limited ("SCL") and its subsidiaries, an indirect associate of the Group up to 30 July 2007.	1.6	4.0	-	-
• GB and its subsidiaries.	1.4	1.1	-	-
• Company	-	-	13.1	10.2
(iii) Purchase of goods and services				
• Provision of shared services in relation to tax, treasury, internal audit, corporate affairs, secretarial and human resource functions by GB.	4.3	4.2	4.0	3.9
• Provision of consultancy, research and development services for themed entertainment lounges from E-Genting Holdings Sdn Bhd ("E-Genting"), an indirect subsidiary company of GB.	3.6	2.9	3.6	2.9
• 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.	16.8	15.4	10.7	9.8
• 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.	14.7	14.6	14.0	14.0
• Provision of management and promotion of loyalty program by Genting WorldCard Services Sdn Bhd ("GWSSB"), a wholly-owned subsidiary of E-Genting.	2.8	3.8	1.6	2.9
(iv) Rental and related services				
• Rental of premises and provision of connected services to Oriregal Creations Sdn Bhd ("Oriregal"). Puan Sri Lim (Nee Lee), mother of Tan Sri Lim Kok Thay who is the Chairman and Chief Executive of the Company. Puan Sri Lim is a director and substantial shareholder of Oriregal.	1.3	1.0	1.3	1.0
• Letting of office space and provision of connected services by Oakwood Sdn Bhd, a wholly-owned subsidiary company of GB.	3.4	3.4	3.1	3.0
• Letting of premises by First World Hotel and Resorts Sdn Bhd, a wholly-owned subsidiary company.	-	-	40.1	39.6
(v) License agreement				
Licensing fees paid to GB for the use of name and accompanying logo of "Genting" and "Awana".	143.3	123.2	139.5	119.6
(vi) Sales and Marketing arrangements				
Provision of services as the exclusive international sales and marketing coordinator for Genting Highlands Resort by Genting International P.L.C. ("GIPLC") and its subsidiary, a 50.49% owned indirect subsidiary company of GB.	47.7	37.3	36.7	27.2

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

42. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(c) Directors and key management remuneration

The remuneration of Directors and other members of key management is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages, salaries and bonuses	35,954	32,892	35,939	32,877
Defined contribution plan	4,741	4,467	4,741	4,467
Other short term employee benefits	766	456	766	456
Provision for retirement gratuities	5,263	13,339	5,263	13,339
Estimated money value of benefits-in-kind (not charged to the income statements)	758	704	758	704
	47,482	51,858	47,467	51,843

42. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(d) The significant outstanding balances with related parties as at 31 December 2007 were as follows:

	Group		Company	
	2007	2006	2007	2006
(i) Receivables from related parties:				
- Subsidiaries	-	-	177.8	445.1
- Related companies	28.1	13.8	13.6	6.5
	28.1	13.8	191.4	451.6
(ii) Payables to related parties:				
- Holding company	13.2	12.9	12.7	12.6
- Subsidiaries	-	-	215.5	362.1
- Related companies	46.4	45.0	42.9	42.1
	59.6	57.9	271.1	416.8

43. SUBSIDIARIES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2007	2006		
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 Centre of Excellence Sdn Bhd	100	100	Malaysia	Provision of training services
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 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	Ceased operation
Leisure & Cafe Concept Sdn Bhd	100	100	Malaysia	Karaoke business
Orient Wonder International Limited	100	-	Bermuda	Ownership and operation of aircraft
Phoenix Track Sdn Bhd	100	-	Malaysia	Pre-operating
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

43. SUBSIDIARIES (cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2007	2006		
<u>Direct Subsidiaries (Cont'd)</u>				
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
<u>Indirect Subsidiaries</u>				
Aliran Tunas Sdn Bhd	100	-	Malaysia	Pre-operating
*Best Track International Limited#	100	100	Mauritius	Pending removal from the Register of Companies
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
Lingkar Cergas Sdn Bhd	100	-	Malaysia	Pre-operating
Merriwa Sdn Bhd	100	100	Malaysia	Pre-operating
Nature Base Sdn Bhd	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
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.

On 11 January 2008, Best Track International Limited was removed from the Register of Companies, Mauritius, pursuant to Section 308 of the Companies Act 2001, Mauritius.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Disposal of 1.01 billion ordinary shares of USD0.10 each in Star Cruises Limited ("SCL")

On 30 July 2007, the Group through its indirect wholly-owned subsidiary of the Company, Resorts World Limited ("RWL"), disposed 1.01 billion ordinary shares of USD0.10 each in SCL for a total cash consideration of HKD2.6462 billion (approximately RM1.172 billion) and generated a net gain of RM337.1 million for the Group. As a result of the disposal and as disclosed in Notes 20 and 21, the Group ceased to have significant influence over SCL effective 31 July 2007. The investment in SCL is accounted for in accordance with FRS 139: *Financial Instruments: Recognition and Measurement* and accordingly treated as an available-for-sale financial asset.

b) Dilution of equity investment in SCL

During the period from 1 January 2007 to 30 July 2007, SCL issued 255.0 million new ordinary shares of USD0.10 each to independent third parties and new ordinary shares of USD0.10 each upon conversion of part of its 2% Convertible Bonds due in 2008.

The above issuances of new ordinary shares by SCL resulted in a gain of dilution of RM81.0 million for the Group.

c) Non-renounceable Offer for sale of 593,719,711 ordinary shares of USD0.10 each in Genting International Public Limited Company ("GIPLC")

On 28 December 2007, the Company through CIMB Investment Bank Berhad ("CIMB") announced a proposal by RWL (an indirect wholly-owned subsidiary of the Company) to undertake a non-renounceable offer for sale of its entire equity interest of 593,719,711 ordinary shares of USD0.10 each in GIPLC ("Offer Shares") to the shareholders of the Company ("OFS") on a pro-rata basis of 1 Offer Share for every 10 existing ordinary shares of RM0.10 each in the Company held by the shareholders of the Company.

The OFS is conditional upon the following approvals being obtained:

- (i) the Securities Commission ("SC"); and
- (ii) Bank Negara Malaysia ("BNM"), on behalf of the shareholders of the Company.

All of the above were subsequently obtained. The Company through CIMB announced that both the SC and BNM have approved the OFS subject to the following SC's conditions:

- (i) CIMB to fully disclose in the prospectus to the Company's shareholders on the impairment loss of SGD454.6 million suffered by the GIPLC group in 2007 and its effect on the financial performance of the GIPLC group;
- (ii) CIMB/RWL to inform the SC upon completion of the OFS; and
- (iii) CIMB/RWL to fully comply with all the relevant requirements pertaining to the implementation of the OFS as specified in the SC's Policies and Guidelines on Issue/Offer of Securities.

On 28 February 2008, the Company together with RWL fixed the offer price of the Offer Share at RM0.88 per Offer Share. The offer price was arrived at after taking into consideration the RM-equivalent of RWL's average cost of investment in GIPLC, the estimated expenses relating to the OFS and fees for the transfer of shares chargeable by The Central Depository (Pte) Limited. The entitlement date to determine the shareholder of the Company who are entitled to participate in the OFS has been fixed on 17 March 2008.

Barring any unforeseen circumstances, RWL expects to complete the OFS by end of May 2008.

45. EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to the end of the financial year,

- a) RM25.0 million of the zero coupon convertible notes due in 2008 were converted into 9,803,920 new ordinary shares of RM0.10 each of the Company up to 21 February 2008.
- b) the Company repurchased a total of 230,000 ordinary shares of RM0.10 each of its issued share capital from the open market for a total consideration of RM0.92 million up to 21 February 2008.

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 2007.

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 judgment 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 2008.

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 43 to 80 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 2008

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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
(Company No. 58019-U)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 43 to 80. 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 2007 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 43 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 2008