

## INCOME STATEMENTS

for the Financial Year Ended 31 December 2008

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2008	2007	2008	2007
Revenue	5 & 6	4,886.7	4,352.3	4,461.5	3,967.9
Cost of sales	7	(2,903.9)	(2,620.6)	(2,640.8)	(2,371.8)
<b>Gross profit</b>		<b>1,982.8</b>	<b>1,731.7</b>	<b>1,820.7</b>	<b>1,596.1</b>
Other income:					
- Gain on disposal of equity investment in associate		-	337.1	-	-
- Gain on disposal of long term investment arising from foreign exchange translation	43 (a)	19.8	-	-	-
- Others		135.3	110.2	94.9	87.4
Selling and distribution costs		(68.5)	(73.7)	(41.0)	(49.7)
Administration expenses		(114.6)	(111.7)	(93.0)	(92.9)
Other expenses:					
- Impairment loss	8	(781.5)	-	(1,040.2)	(936.0)
- Others		(45.4)	(57.5)	(24.8)	(91.9)
		<b>1,127.9</b>	<b>1,936.1</b>	<b>716.6</b>	<b>513.0</b>
Finance cost	8	(1.6)	(41.9)	(1.6)	(41.9)
Share of results in jointly controlled entity	19	0.7	0.0	-	-
Share of results in associate		-	(63.1)	-	-
Gain on dilution of equity investment in associate		-	81.0	-	-
<b>Profit before taxation</b>	5, 8, 9 & 10	<b>1,127.0</b>	<b>1,912.1</b>	<b>715.0</b>	<b>471.1</b>
Taxation	11	(493.0)	(356.8)	(464.8)	(332.2)
<b>Profit for the financial year</b>		<b>634.0</b>	<b>1,555.3</b>	<b>250.2</b>	<b>138.9</b>
Attributable to:					
Equity holders of the Company		634.4	1,555.7	250.2	138.9
Minority interests		(0.4)	(0.4)	-	-
<b>Profit for the financial year</b>		<b>634.0</b>	<b>1,555.3</b>	<b>250.2</b>	<b>138.9</b>
Earnings per share for profit attributable to the equity holders of the Company:					
Basic earnings per share (sen)	12	11.06	27.42		
Diluted earnings per share (sen)	12	10.99	26.48		
Gross dividends per share (sen)	13	7.00	6.48		

The notes set out on pages 46 to 76 form part of these financial statements.

**BALANCE SHEETS**

as at 31 December 2008

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2008	2007	2008	2007
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	14	3,638.5	3,663.4	2,014.8	2,006.7
Land held for property development	15	181.5	186.1	-	-
Investment properties	16	16.5	17.9	-	-
Leasehold land use rights	17	94.4	95.5	0.4	0.4
Subsidiaries	18	-	-	3,691.9	4,838.9
Jointly controlled entity	19	1.9	1.2	-	-
Available-for-sale financial asset	20	415.0	1,505.4	-	-
Other long term investments	21	242.8	535.5	3.1	3.1
Long term receivables	22	11.4	9.2	-	-
		<b>4,602.0</b>	<b>6,014.2</b>	<b>5,710.2</b>	<b>6,849.1</b>
<b>Current Assets</b>					
Inventories	23	60.5	59.1	31.8	31.5
Trade and other receivables	24	113.4	114.2	63.5	68.5
Amounts due from subsidiaries	18	-	-	197.8	177.8
Amounts due from other related companies	25	15.4	28.1	11.0	13.6
Asset classified as held for sale	26	4.6	-	-	-
Short term investments	27	1,760.1	794.9	1,748.2	794.9
Bank balances and deposits	28	2,794.8	2,256.9	1,484.1	1,340.4
Tax recoverable		72.1	74.1	71.9	73.1
		<b>4,820.9</b>	<b>3,327.3</b>	<b>3,608.3</b>	<b>2,499.8</b>
<b>Total Assets</b>		<b>9,422.9</b>	<b>9,341.5</b>	<b>9,318.5</b>	<b>9,348.9</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity Attributable To Equity Holders Of The Company</b>					
Share capital	29	590.2	583.0	590.2	583.0
Reserves	30	8,355.2	8,083.2	8,218.0	8,075.6
Treasury shares	31	(627.6)	(477.2)	(627.6)	(477.2)
		<b>8,317.8</b>	<b>8,189.0</b>	<b>8,180.6</b>	<b>8,181.4</b>
<b>Minority interests</b>		<b>7.3</b>	<b>7.7</b>	<b>-</b>	<b>-</b>
<b>Total Equity</b>		<b>8,325.1</b>	<b>8,196.7</b>	<b>8,180.6</b>	<b>8,181.4</b>
<b>Non-Current Liabilities</b>					
Other long term liability	32	31.3	30.3	-	-
Deferred taxation	33	227.7	203.0	121.5	115.5
Provision for retirement gratuities	34	60.0	64.8	57.5	62.2
		<b>319.0</b>	<b>298.1</b>	<b>179.0</b>	<b>177.7</b>
<b>Current Liabilities</b>					
Trade and other payables	35	541.2	492.2	460.6	424.3
Amount due to holding company	25	17.3	13.2	16.8	12.7
Amount due to subsidiaries	18	-	-	269.7	215.5
Amount due to other related companies	25	49.5	46.4	44.4	42.9
Amount due to jointly controlled entity	19	0.1	0.2	-	-
Zero coupon convertible notes	36	-	175.1	-	175.1
Taxation		170.7	119.6	167.4	119.3
		<b>778.8</b>	<b>846.7</b>	<b>958.9</b>	<b>989.8</b>
<b>Total Liabilities</b>		<b>1,097.8</b>	<b>1,144.8</b>	<b>1,137.9</b>	<b>1,167.5</b>
<b>Total Equity And Liabilities</b>		<b>9,422.9</b>	<b>9,341.5</b>	<b>9,318.5</b>	<b>9,348.9</b>
<b>NET ASSETS PER SHARE*</b>		<b>1.45</b>	<b>1.43</b>		

\* The computation of net assets per share is based on weighted average number of ordinary shares in issue excludes the weighted average number of treasury shares held by the Company.

## STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2008

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
<b>Balance at 1 January 2008</b>	583.0	927.7	349.5	(224.3)	0.3	(477.2)	7,030.0	8,189.0	7.7	8,196.7
Foreign exchange differences recognised directly in equity - Group	-	-	-	94.9	-	-	-	94.9	-	94.9
Available-for-sale financial asset - Fair value movement (Note 20)	-	-	(1,131.0)	-	-	-	-	(1,131.0)	-	(1,131.0)
Net income and expenses recognised directly in equity	-	-	(1,131.0)	94.9	-	-	-	(1,036.1)	-	(1,036.1)
Impairment loss charged to income statement	-	-	781.5	-	-	-	(781.5)	-	-	-
Profit for the financial year	-	-	-	-	-	-	1,415.9	1,415.9	(0.4)	1,415.5
Total recognised income and expenses for the financial year	-	-	(349.5)	94.9	-	-	634.4	379.8	(0.4)	379.4
Share based payments under ESOS	-	-	-	-	0.0	-	-	-	-	0.0
Issue of shares	7.2	172.5	-	-	-	-	-	179.7	-	179.7
Buy-back of own shares	-	-	-	-	-	(150.4)	-	(150.4)	-	(150.4)
Appropriation:										
Final dividend paid for financial year ended 31 December 2007 (3.6 sen less 26% income tax)	-	-	-	-	-	-	(152.5)	(152.5)	-	(152.5)
Interim dividend paid for financial year ended 31 December 2008 (3.0 sen less 26% income tax)	-	-	-	-	-	-	(127.8)	(127.8)	-	(127.8)
<b>Balance at 31 December 2008</b>	<b>590.2</b>	<b>1,100.2</b>	<b>-</b>	<b>(129.4)</b>	<b>0.3</b>	<b>(627.6)</b>	<b>7,384.1</b>	<b>8,317.8</b>	<b>7.3</b>	<b>8,325.1</b>

The notes set out on pages 46 to 76 form part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the Financial Year Ended 31 December 2008

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 2008

Amounts in RM million unless otherwise stated

Company	Non-Distributable			Distributable		Total
	Share Capital	Share Premium	Other Reserve	Treasury Shares	Retained Earnings	
<b>Balance at 1 January 2008</b>	<b>583.0</b>	<b>927.7</b>	<b>0.2</b>	<b>(477.2)</b>	<b>7,147.7</b>	<b>8,181.4</b>
Profit for the financial year	-	-	-	-	250.2	250.2
Share based payments under ESOS	-	-	0.0	-	-	0.0
Issue of shares	7.2	172.5	-	-	-	179.7
Buy-back of own shares	-	-	-	(150.4)	-	(150.4)
Appropriation:						
Final dividend paid for financial year ended 31 December 2007 (3.6 sen less 26% income tax)	-	-	-	-	(152.5)	(152.5)
Interim dividend paid for financial year ended 31 December 2008 (3.0 sen less 26% income tax)	-	-	-	-	(127.8)	(127.8)
<b>Balance at 31 December 2008</b>	<b>590.2</b>	<b>1,100.2</b>	<b>0.2</b>	<b>(627.6)</b>	<b>7,117.6</b>	<b>8,180.6</b>
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	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

\* 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 2008

Amounts in RM million unless otherwise stated

	Group		Company	
	2008	2007	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	1,127.0	1,912.1	715.0	471.1
Adjustments for:				
Depreciation of property, plant and equipment	260.2	244.1	182.1	170.8
Depreciation of investment properties	0.5	0.7	-	-
Amortisation of leasehold land use rights	1.1	1.1	0.0	0.0
Property, plant and equipment written off	0.7	1.0	0.4	0.8
(Gain)/loss on disposal of property, plant and equipment	(1.3)	0.0	(0.6)	(0.0)
Gain on disposal of investment property	(0.6)	(2.0)	-	-
Impairment loss on investment in subsidiaries	-	-	1,040.2	936.0
Impairment loss on investment in available-for-sale financial asset	781.5	-	-	-
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 investment	(0.0)	-	-	-
Gain on disposal of long term investment arising from foreign exchange translation	(19.8)	-	-	-
Interest income	(115.3)	(85.4)	(83.2)	(64.4)
Finance cost	1.6	41.9	1.6	39.9
Finance cost to subsidiaries	-	-	-	2.0
Share of results in jointly controlled entity	(0.7)	(0.0)	-	-
Share of results in associate	-	63.1	-	-
Allowance for doubtful debts (Note 8)	1.9	1.6	0.4	50.3
Net provision for retirement gratuities	1.6	11.8	1.3	11.1
Share option expenses	0.0	0.0	0.0	0.0
Realised gain on foreign exchange	-	(2.9)	-	-
Unrealised gain on foreign exchange	(2.1)	(1.2)	(2.3)	(1.0)
	<b>909.3</b>	<b>(144.3)</b>	<b>1,139.9</b>	<b>1,133.3</b>
<b>Operating profit before working capital changes</b>	<b>2,036.3</b>	<b>1,767.8</b>	<b>1,854.9</b>	<b>1,604.4</b>
Related companies	17.5	(11.2)	5.9	(4.8)
Increase in inventories	(1.4)	(5.8)	(0.3)	(6.0)
(Increase)/Decrease in trade and other receivables	(1.7)	(1.5)	4.8	1.6
Increase in trade and other payables	82.5	8.0	61.1	26.9
Increase in amount due to holding company	4.1	0.3	4.1	0.1
Jointly controlled entity	(0.1)	0.0	-	-
Subsidiaries	-	-	143.6	336.4
Other long term assets	(2.1)	0.3	-	-
	<b>98.8</b>	<b>(9.9)</b>	<b>219.2</b>	<b>354.2</b>
<b>Cash generated from operations</b>	<b>2,135.1</b>	<b>1,757.9</b>	<b>2,074.1</b>	<b>1,958.6</b>
Retirement gratuities paid	(7.0)	(1.4)	(6.6)	(1.4)
Taxation paid	(415.8)	(305.0)	(409.5)	(301.8)
Advanced membership fees	1.0	(0.6)	-	-
	<b>(421.8)</b>	<b>(307.0)</b>	<b>(416.1)</b>	<b>(303.2)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,713.3</b>	<b>1,450.9</b>	<b>1,658.0</b>	<b>1,655.4</b>

**CASH FLOW STATEMENTS (cont'd)**

for the Financial Year Ended 31 December 2008

Amounts in RM million unless otherwise stated

	Group		Company	
	2008	2007	2008	2007
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(263.8)	(412.6)	(215.2)	(212.8)
Proceeds from disposal of property, plant and equipment	1.8	1.1	0.9	0.8
Proceeds from disposal of investment property	1.4	5.0	-	-
Purchase of investments	(255.6)	(330.6)	-	-
Proceeds from disposal of investments (Note 43 (a))	521.0	-	-	-
Subscription of shares issued by existing subsidiaries	-	-	(2.1)	(312.9)
Subscription of shares in newly incorporated subsidiaries	-	-	(0.0)	(115.8)
Proceeds from disposal of equity investment in associate	-	1,172.6	-	-
Interest received	116.5	84.2	83.1	64.8
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>121.3</b>	<b>519.7</b>	<b>(133.3)</b>	<b>(575.9)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Buy-back of shares	(150.4)	(477.2)	(150.4)	(477.2)
Dividends paid	(280.3)	(245.4)	(280.3)	(245.4)
Interest paid	-	(2.6)	-	(2.6)
Proceeds received on exercise of share option	7.7	31.1	7.7	31.1
Settlement of zero coupon convertible notes (Note 36)	-	(77.6)	-	(77.6)
Redemption of zero coupon convertible notes (Note 36)	(4.7)	-	(4.7)	-
Repayment of borrowings	-	(125.9)	-	-
Repayment of borrowings to a subsidiary	-	-	-	(125.9)
Other financing expenses	0.0	(0.9)	-	(0.9)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(427.7)</b>	<b>(898.5)</b>	<b>(427.7)</b>	<b>(898.5)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,406.9</b>	<b>1,072.1</b>	<b>1,097.0</b>	<b>181.0</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>3,051.8</b>	<b>1,980.7</b>	<b>2,135.3</b>	<b>1,954.3</b>
<b>EFFECT OF CURRENCY TRANSLATION</b>	<b>84.3</b>	<b>(1.0)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>4,543.0</b>	<b>3,051.8</b>	<b>3,232.3</b>	<b>2,135.3</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Bank balances and deposits (Note 28)	2,794.8	2,256.9	1,484.1	1,340.4
Money market instruments (Note 27)	1,748.2	794.9	1,748.2	794.9
	<b>4,543.0</b>	<b>3,051.8</b>	<b>3,232.3</b>	<b>2,135.3</b>

The notes set out on pages 46 to 76 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

### 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.

Details of the principal activities of the subsidiaries are set out in Note 42 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 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 Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards for Entities Other than Private Entities in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make judgements, 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 judgements in the process of applying the Company's accounting policies. Although these judgements and estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those judgements and estimates.

#### JUDGEMENTS AND ESTIMATIONS

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

##### i) Impairment of available-for-sale financial asset

Resorts World Limited's ("RWL") equity shareholding in SCL, was reduced from 36.01% as at 31 December 2006 to 19.58% as at 30 July 2007 following the disposal of 1.01 billion ordinary shares of USD0.10 each in SCL. RWL is an indirect wholly-owned subsidiary of the Company. Accordingly, RWL ceased to have significant influence over SCL and pursuant to paragraphs 18 and 19 of FRS 128, Investments in Associates, the use of the equity method was discontinued from the date the entity ceased to have significant influence over the associate and the investment was accounted for in accordance with the requirements of FRS 139, Financial Instruments: Recognition and Measurement.

In compliance with FRS 139, RWL had subsequently accounted for its investment in SCL as an "available-for-sale financial asset" ("AFS") which is measured at its fair value based on SCL's quoted share prices. Any gain or loss arising from a change in the fair value of the AFS has been recognised directly in equity, through the statement of changes in equity.

#### JUDGEMENTS AND ESTIMATIONS (cont'd)

##### i) Impairment of available-for-sale financial asset (cont'd)

Pursuant to the paragraph 61 of FRS 139, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment. Consequently, in compliance with the requirements of FRS 139, the cumulative fair value loss of RM781.5 million in the investment in SCL, which had previously been recognised in equity, is now recognised as an impairment loss in the income statement. This cumulative fair value loss of RM781.5 million represents the decline in SCL's share price to USD0.085 per share as at 31 December 2008 from the Group's carrying value of USD0.24 per share at the time of derecognition of SCL as an associated company in July 2007.

##### 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 judgement, 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 measured 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 RM1,040.2 million (2007: RM936.0 million) in the income statement.

##### iii) Investment

##### a) Classification of investments

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

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

##### i) Provision for taxation

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 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 items that are considered material 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 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 8 Scope of FRS 2

The adoption of the above FRSs and IC interpretation did not result in substantial changes to the Group's accounting policies. In respect of FRS 112, the Group will continue to recognise in the income statement, the tax impact arising from the investment tax allowances as and when it is utilised.

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

The new standards and IC Interpretations that are applicable to the Group, but which the Group has not early adopted, are as follows:

FRS 8	Operating Segments (effective for annual period beginning on or after 1 July 2009)
IC Interpretation 9	Reassessment of Embedded Derivatives (effective for annual period beginning on or after 1 January 2010)
IC Interpretation 10	Interim Financial Reporting and Impairment (effective for annual period beginning on or after 1 January 2010)

The following standards will be effective for annual period beginning on or after 1 January 2010. The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the standard on the financial statements of the Group and Company.

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

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

#### Basis of Consolidation

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

#### a) Subsidiaries

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

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

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

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Basis of Consolidation (cont'd)

##### 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.

#### 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 and impairment loss where applicable.

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

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

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

#### Property, Plant and Equipment (cont'd)

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.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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 201<sub>2004</sub> (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).

#### 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. Impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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 at the date of acquisition. Goodwill on acquisition of subsidiaries on or after 1 January 2004 is recognised as an intangible asset and disclosed separately on the consolidated balance sheet at cost less any impairment losses. Goodwill, less any impairment losses, on acquisition of associates occurring on or after 1 January 2004 is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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 and jointly controlled entity), 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.

An impairment loss is reversed only to the extent of previously recognised impairment losses for the same asset unless the asset is carried at revalued amount, in which case the reversal shall be treated as a revaluation increase. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

Refer accounting policy on "Available-For-Sale Financial Asset" for impairment of available-for-sale financial assets.

#### 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.

#### Assets Classified as Held for Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than a continuing use.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Employee Benefits (cont'd)

##### d) Share-based compensation (cont'd)

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

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

#### Revenue Recognition

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

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

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

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

#### Dividends

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

#### Foreign Currency Translation

##### a) Functional and presentation currency

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

##### b) Transactions and balances

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

#### 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 is a party to a call option agreement as disclosed in Note 37 to the financial statements. The instrument is not recognised in the financial statements on inception.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial Instruments (cont'd)

##### 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.

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

The Group has no significant exposure in interest rate risk.

#### Market risk

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

#### Credit risk

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

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

#### Liquidity risk

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 5. SEGMENT ANALYSIS

## a) Primary segment - by activity

2008	Leisure & Hospitality	Properties	Others	Eliminations	Total
<b>Group Revenue</b>					
External	4,857.3	5.0	24.4	-	4,886.7
Inter segment	1.5	7.8	71.1	(80.4)	-
	<u>4,858.8</u>	<u>12.8</u>	<u>95.5</u>	<u>(80.4)</u>	<u>4,886.7</u>
<b>Results</b>					
Segment profit	1,775.2	0.8	18.1	-	1,794.1
Interest income					115.3
Finance cost					(1.6)
Impairment loss	(781.5)	-	-	-	(781.5)
Share of results in jointly controlled entity	-	-	0.7	-	0.7
Profit before taxation					<u>1,127.0</u>
Taxation					<u>(493.0)</u>
Profit for the financial year					<u>634.0</u>
<b>Other Information:</b>					
<b>Assets</b>					
Segment assets	4,471.4	428.7	125.2	(353.8)	4,671.5
Interest bearing instruments	-	-	4,262.4	-	4,262.4
Jointly controlled entity	-	-	1.9	-	1.9
Available-for-sale financial asset	415.0	-	-	-	415.0
Unallocated corporate assets					<u>72.1</u>
Total assets					<u>9,422.9</u>
<b>Liabilities</b>					
Segment liabilities	951.9	44.0	106.8	(403.3)	699.4
Interest bearing instruments					0.0
Unallocated corporate liabilities					<u>398.4</u>
Total liabilities					<u>1,097.8</u>
<b>Other Disclosures</b>					
Capital expenditure incurred	236.3	-	-	-	236.3
Depreciation and amortisation charge	258.8	1.6	1.4	-	261.8
Other significant non-cash items:					
- charges	17.1	0.1	0.0	-	17.2
- credits	19.7	0.6	0.0	-	20.3
	<u>19.7</u>	<u>0.6</u>	<u>0.0</u>	<u>-</u>	<u>20.3</u>
2007	Leisure & Hospitality	Properties	Others	Eliminations	Total
<b>Group Revenue</b>					
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>
<b>Results</b>					
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>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 5. SEGMENT ANALYSIS (cont'd)

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

2007 Group	Leisure & Hospitality	Properties	Others	Eliminations	Total
<u>Other Information:</u>					
<u>Assets</u>					
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>
<u>Liabilities</u>					
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>
<u>Other Disclosures</u>					
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

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.

## b) Secondary segment – by geographical location

	Revenue		Total Assets		Capital Expenditure	
	2008	2007	2008	2007	2008	2007
Malaysia	4,886.7	4,352.3	7,478.4	6,407.2	237.2	391.0
Asia Pacific (excludes Malaysia)	-	-	1,697.0	2,934.3	-	-
Others	-	-	247.5	-	-	-
	<u>4,886.7</u>	<u>4,352.3</u>	<u>9,422.9</u>	<u>9,341.5</u>	<u>237.2</u>	<u>391.0</u>

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	
	2008	2007	2008	2007
Rendering of services:				
Leisure & hospitality	4,857.3	4,322.9	4,461.5	3,967.9
Rental and properties management income	3.5	3.8	-	-
Other services	24.4	20.5	-	-
Sale of properties	1.5	5.1	-	-
	<u>4,886.7</u>	<u>4,352.3</u>	<u>4,461.5</u>	<u>3,967.9</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 7. COST OF SALES

	Group		Company	
	2008	2007	2008	2007
Cost of inventories recognised as an expense	133.9	118.2	88.9	73.9
Cost of services and other operating costs	2,770.0	2,502.4	2,551.9	2,297.9
	<b>2,903.9</b>	<b>2,620.6</b>	<b>2,640.8</b>	<b>2,371.8</b>

Included in the other operating costs are gaming expenses amounting to RM1,035.1 million (2007: RM939.9 million) for the Group and RM1,107.3 million (2007: RM983.8 million) for the Company.

## 8. PROFIT BEFORE TAXATION

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Charges:</b>				
Depreciation of property, plant and equipment	260,180	244,120	182,126	170,821
Depreciation of investment properties	550	734	-	-
Amortisation of leasehold land use rights	1,123	1,130	5	5
Property, plant and equipment written off	687	971	436	805
Loss on disposal of property, plant and equipment	-	45	-	-
Impairment loss on investment in subsidiaries (included in other expenses)	-	-	1,040,240	936,000
Impairment loss on investment in available-for-sale financial asset (Note 30)	781,502	-	-	-
Hire of equipment	9,485	9,346	6,318	6,289
Rental of land and buildings	1,187	1,013	255	356
Employee benefits expense (Note 9)	561,718	499,096	474,537	418,858
Directors' remuneration excluding estimated money value of benefits-in-kind (Note 10)	39,318	43,984	39,303	43,969
Auditors' remuneration - current year	450	415	196	172
Auditors' remuneration - (over)/under provision in prior year	-	24	-	19
Allowance for doubtful debts - trade	1,971	1,548	372	60
Allowance for doubtful debts - amount due from subsidiary	-	-	-	50,300
Finance cost	1,644	41,940	1,644	39,931
Net exchange losses/(gains):				
- Realised	3,529	8,119	(4,144)	11,370
- Unrealised	(2,124)	(1,198)	(2,283)	(1,014)
Charges by holding company:				
- Licensing fees	161,371	143,352	157,151	139,469
- Shared services fees	4,424	4,430	4,147	4,037
Charges by other related companies:				
- Management fees	407,253	356,248	390,757	341,193
- Rental of land and buildings	3,595	3,497	3,184	2,964
- Hire of equipment	11,670	6,223	11,148	5,929
- Shared services fees	12,493	17,907	7,947	14,815
- Commissions	49,679	52,750	32,618	36,976
- Marketing fees	480	480	480	480
- Royalty fees	3,444	3,510	3,444	3,510
- Licensing fees	245	262	245	262
Charges by subsidiaries:				
- Finance cost	-	-	-	2,009
- Service fees	-	-	1,031	526
- Hire of equipment	-	-	2,589	2,475
- Rental of land and buildings	-	-	38,201	41,079
- Transportation services	-	-	16,810	13,079

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 8. PROFIT BEFORE TAXATION (cont'd)

Profit before taxation has been determined after inclusion of the following charges and credits: (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Credits:</b>				
Interest income	115,325	85,421	83,222	64,452
Rental income from land and buildings	48,418	44,211	14,328	14,620
Rental of equipment	1,328	1,279	58	88
Gain on disposal of property, plant and equipment	1,333	-	663	50
Gain on disposal of investment property	644	2,019	-	-
Reversal of impairment loss on investment in subsidiary	-	-	-	12,200
Gain on disposal of long term investment arising from foreign exchange translation	19,784	-	-	-
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	338	178	-	-
- Sales of air tickets	217	248	-	-
Income from subsidiaries:				
- Rental of land and buildings	-	-	7,110	6,795
	<b>410</b>	<b>527</b>	<b>173</b>	<b>366</b>
<b>Other information:</b>				
Non statutory audit fees paid to auditors				
	<b>410</b>	<b>527</b>	<b>173</b>	<b>366</b>

## 9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Wages, salaries and bonuses	398,522	375,593	334,552	307,690
Defined contribution plan	50,805	45,841	43,642	37,979
Other short term employee benefits	110,776	65,899	94,967	62,084
Share option expenses	33	3	33	3
Net provision for retirement gratuities	1,582	11,760	1,343	11,102
	<b>561,718</b>	<b>499,096</b>	<b>474,537</b>	<b>418,858</b>
Number of employees at financial year end ('000)	<b>13.5</b>	<b>13.4</b>	<b>10.0</b>	<b>9.8</b>

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

## 10. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Non-executive Directors:</b>				
- Fees	493	505	478	490
<b>Executive Directors:</b>				
- Fees	264	265	264	265
- Salaries and bonuses	31,757	32,815	31,757	32,815
- Defined contribution plan	4,460	4,535	4,460	4,535
- Other short term employee benefits	439	766	439	766
- Provision for retirement gratuities	1,905	5,098	1,905	5,098
Directors' Remuneration excluding estimated money value of benefits-in-kind (Note 8)	<b>39,318</b>	<b>43,984</b>	<b>39,303</b>	<b>43,969</b>
Estimated money value of benefits-in-kind (not charged to the income statements) in respect of Executive Directors	<b>660</b>	<b>684</b>	<b>660</b>	<b>684</b>
	<b>39,978</b>	<b>44,668</b>	<b>39,963</b>	<b>44,653</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 10. DIRECTORS' REMUNERATION (cont'd)

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	
	2008	2007
<b>Non-Executive Directors</b>		
- 50 to 100	3	4
- 100 to 150	2	1
<b>Executive Directors</b>		
- 950 to 1,000	-	1
- 1,000 to 1,050	1	-
- 1,150 to 1,200	1	-
- 1,250 to 1,300	-	1
- > 37,250	1	1

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 31.12.2008:

Grant Date	Subscription price per share RM	No. of Unissued Shares (ordinary shares of 10 sen each)			
		At start of the year '000	Granted '000	Exercised '000	At end of the year '000
2.9.2002	2.064	6,080	-	-	6,080

## 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

The number of share options vested at the balance sheet date is 2,798,750 ordinary shares of 10 sen each (2007: 1,705,000 ordinary shares of 10 sen each).

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

## 11. TAXATION

	Group		Company	
	2008	2007	2008	2007
Current taxation:				
Malaysian taxation	468.3	341.8	458.8	339.2
Deferred tax charge (Note 33)	24.7	15.0	6.0	(7.0)
	<b>493.0</b>	<b>356.8</b>	<b>464.8</b>	<b>332.2</b>
Current taxation:				
Current year	452.2	340.8	442.8	338.0
Under provided in prior years	16.1	1.0	16.0	1.2
	<b>468.3</b>	<b>341.8</b>	<b>458.8</b>	<b>339.2</b>
Deferred taxation:				
Origination and reversal of temporary differences	24.7	17.3	6.1	(6.1)
Under/ (Over) provided in prior years	0.0	(2.3)	(0.1)	(0.9)
	<b>24.7</b>	<b>15.0</b>	<b>6.0</b>	<b>(7.0)</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 11. TAXATION (cont'd)

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Malaysia tax rate:	26.0	27.0	26.0	27.0
Tax effects of:				
- expenses not deductible for tax purposes	19.3	0.6	39.2	58.1
- different tax regime	(1.3)	0.5	-	-
- income not subject to tax	0.0	(5.9)	-	(0.0)
- tax incentive	(1.6)	(2.9)	(2.5)	(11.5)
- Under / (over) provided in prior years	1.4	(0.0)	2.2	(0.0)
- effect of change in deferred tax rate	(0.1)	(0.3)	0.1	(3.1)
- others	0.0	(0.3)	-	-
Average effective tax rate	<b>43.7</b>	18.7	<b>65.0</b>	70.5

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 RM62.5 million as at the financial year end (2007: RM74.0 million).

Subject to the agreement by the Inland Revenue Board, the Group has investment tax allowance of approximately RM1,300.5 million (2007: RM1,327.7 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 26% (2007: 27%) on the estimated chargeable profit for the year of assessment 2008. The Malaysian statutory tax rate will reduce 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	
	2008	2007
Profit for the financial year attributable to equity holders of the Company (RM million)	634.4	1,555.7
Weighted average number of ordinary shares in issue	5,734,972,947	5,673,272,647
Basic earnings per share (sen)	11.06	27.42

#### 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	
	2008	2007
Profit for the financial year attributable to equity holders of the Company (RM million)	634.4	1,555.7
<b>Weighted average number of ordinary shares adjusted as follows:</b>		
Weighted average number of ordinary shares in issue	5,734,972,947	5,673,272,647
Adjustment for share options granted to executives of the Company	12,562,431	21,632,682
Adjustment for share issuable arising from conversion of Convertible Notes	26,278,640	179,157,378
<b>Adjusted weighted average number of ordinary shares in issue</b>	<b>5,773,814,018</b>	<b>5,874,062,707</b>
Diluted earnings per share (sen)	10.99	26.48

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 13. DIVIDENDS

	2008		2007	
	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 27% tax	-	-	2.88	120.3
- net of 26% tax	3.00	127.8	-	-
Proposed final dividend:				
- net of 26% tax	-	-	3.60	152.5
- net of 25% tax	4.00	171.7	-	-
	<b>7.00</b>	<b>299.5</b>	<b>6.48</b>	<b>272.8</b>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008 of 4.00 sen less 25% tax (2007: 3.6 sen less 26% tax) per ordinary share of 10 sen each amounting to RM171.7 million (2007: RM152.5 million) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability upon approval by shareholders.

## 14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
<b>At 1 January 2008:</b>					
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
<b>Movement during the year 2008:</b>					
Opening net book value	221.0	2,600.2	824.5	17.7	3,663.4
Additions	0.5	2.6	119.8	113.4	236.3
Disposals	-	(0.1)	(0.3)	-	(0.4)
Written off	-	(0.3)	(0.4)	-	(0.7)
Depreciation charge	-	(70.0)	(190.1)	-	(260.1)
Reclassification/Adjustment/Transfer	-	37.0	58.4	(95.4)	-
Closing net book value	221.5	2,569.4	811.9	35.7	3,638.5
<b>At 31 December 2008:</b>					
Cost	221.5	3,344.7	2,590.9	35.7	6,192.8
Accumulated depreciation	-	(761.6)	(1,778.9)	-	(2,540.5)
Accumulated impairment losses	-	(13.7)	(0.1)	-	(13.8)
Net book value	221.5	2,569.4	811.9	35.7	3,638.5
<b>At 1 January 2007:</b>					
Cost	223.1	3,210.2	2,100.8	89.0	5,623.1
Accumulated depreciation	-	(623.1)	(1,467.1)	-	(2,090.2)
Accumulated impairment losses	-	(13.7)	(0.1)	-	(13.8)
Net book value	223.1	2,573.4	633.6	89.0	3,519.1
<b>Movement during the year 2007:</b>					
Opening net book value	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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

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

Group	Freehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
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
Company	Freehold land	Buildings & improvements	Plant, equipment & vehicles	Construction in progress	Total
<b>At 1 January 2008:</b>					
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
<b>Movement during the year 2008:</b>					
Opening net book value	87.2	1,422.3	480.8	16.4	2,006.7
Additions	-	1.4	100.7	95.2	197.3
Disposals	-	(0.1)	(0.1)	-	(0.2)
Written off	-	(0.2)	(0.2)	-	(0.4)
Depreciation charge	-	(42.0)	(140.1)	-	(182.1)
Reclassification/Adjustment/Transfer	-	23.8	45.0	(75.3)	(6.5)
<b>Closing net book value</b>	<b>87.2</b>	<b>1,405.2</b>	<b>486.1</b>	<b>36.3</b>	<b>2,014.8</b>
<b>At 31 December 2008:</b>					
Cost	87.2	1,931.4	1,689.5	36.3	3,744.4
Accumulated depreciation	-	(526.2)	(1,203.4)	-	(1,729.6)
Net book value	87.2	1,405.2	486.1	36.3	2,014.8
At 1 January 2007:					
Cost	87.2	1,804.4	1,463.6	89.6	3,444.8
Accumulated depreciation	-	(448.4)	(1,017.4)	-	(1,465.8)
Net book value	87.2	1,356.0	446.2	89.6	1,979.0
<b>Movement during the year 2007:</b>					
Opening net book value	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)
<b>Closing net book value</b>	<b>87.2</b>	<b>1,422.3</b>	<b>480.8</b>	<b>16.4</b>	<b>2,006.7</b>
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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2008	2007
At 1 January / 31 December		
Freehold land - at cost	186.1	186.1
Reclassification to asset classified as held for sale (Note 26)	(4.6)	-
	<b>181.5</b>	<b>186.1</b>

## 16. INVESTMENT PROPERTIES

	Group	
	2008	2007
<b>At 1 January</b>		
Cost	28.0	32.6
Accumulated depreciation	(10.1)	(11.0)
Net book value	<b>17.9</b>	<b>21.6</b>
<b>Movement during the year</b>		
Opening net book value	17.9	21.6
Disposals	(0.8)	(3.0)
Depreciation charge for the financial year	(0.6)	(0.7)
<b>Closing net book value</b>	<b>16.5</b>	<b>17.9</b>
<b>At 31 December</b>		
At Cost	26.7	28.0
Accumulated depreciation	(10.2)	(10.1)
Net book value	<b>16.5</b>	<b>17.9</b>
Fair value	<b>25.9</b>	<b>37.0</b>

The aggregate rental income and direct operating expenses incurred from investment properties which generate rental income during the financial year amounted to RM2.7 million and RM0.5 million respectively (2007: RM2.8 million and RM0.6 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	
	2008	2007	2008	2007
At 1 January				
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	<b>95.5</b>	<b>96.6</b>	<b>0.4</b>	<b>0.4</b>
<b>Movement during the year</b>				
Opening net book value	95.5	96.6	0.4	0.4
Amortisation charge for the financial year	(1.1)	(1.1)	(0.0)	(0.0)
<b>Closing net book value</b>	<b>94.4</b>	<b>95.5</b>	<b>0.4</b>	<b>0.4</b>

## 17. LEASEHOLD LAND USE RIGHTS (cont'd)

	Group		Company	
	2008	2007	2008	2007
<b>At 31 December</b>				
Cost	107.4	107.4	0.5	0.5
Accumulated amortisation	(12.9)	(11.8)	(0.1)	(0.1)
Accumulated impairment losses	(0.1)	(0.1)	-	-
<b>Net book value</b>	<b>94.4</b>	<b>95.5</b>	<b>0.4</b>	<b>0.4</b>
Represented by:				
Unexpired period more than 50 years	<b>94.4</b>	<b>95.5</b>	<b>0.4</b>	<b>0.4</b>

## 18. SUBSIDIARIES

	Company	
	2008	2007
<b>Investment in subsidiaries</b>		
Unquoted shares - at cost	5,744.9	5,851.7
Accumulated impairment losses	(2,053.0)	(1,012.8)
	<b>3,691.9</b>	<b>4,838.9</b>
Amount due from subsidiaries	248.1	228.1
Allowance for doubtful debts	(50.3)	(50.3)
Net amount due from subsidiaries	<b>197.8</b>	<b>177.8</b>
Amount due to subsidiaries	(269.7)	(215.5)

The subsidiaries are listed in Note 42.

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

## 19. JOINTLY CONTROLLED ENTITY

	Group	
	2008	2007
Unquoted - at cost:		
Shares in a Malaysian company	1.2	1.2
Group's share of post acquisition reserves	0.7	0.0
	<b>1.9</b>	<b>1.2</b>

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

	Group	
	2008	2007
	RM'000	RM'000
Revenue	2.4	0.8
Expenses	(1.7)	(0.8)
Net income	<b>0.7</b>	<b>0.0</b>
Total assets	2.5	1.6
Total liabilities	(0.6)	(0.4)
Net assets	<b>1.9</b>	<b>1.2</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 19. JOINTLY CONTROLLED ENTITY (cont'd)

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 (2007: Nil).

Details of the jointly controlled entity are as follows:

Name of Jointly Controlled Entity	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
	Genting INTI Education Sdn Bhd	35		

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. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group	
	2008	2007
At 1 January	1,505.4	-
Initial recognition, at cost	-	1,195.1
Increase in fair value at date of designation - recognised in equity	-	1,473.9
	1,505.4	2,669.0
Foreign exchange differences	40.6	(39.2)
Decrease in fair value - recognised in equity (refer to Statements of Changes in Equity)	(1,131.0)	(1,124.4)
At 31 December	415.0	1,505.4
Investment in foreign corporation		
- Quoted	415.0	1,505.4

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

	Group	
	2008	2007
Denominated in:		
- Hong Kong Dollars	78.3	338.3
- United States Dollars	336.7	1,167.1
At 31 December	415.0	1,505.4

Refer to Note 2 (i) under Judgements and Estimations on Impairment of available-for-sale financial asset.

## 21. OTHER LONG TERM INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
Quoted shares in foreign corporation, at cost (note 43(a))	-	532.4	-	-
Unquoted shares in foreign corporation, at cost (note 43(c))	239.7	-	-	-
	239.7	532.4	-	-
Unquoted shares in Malaysian companies, 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
	242.8	535.5	3.1	3.1
Market value of quoted shares in foreign corporation	-	933.1	-	-

## 22. LONG TERM RECEIVABLES

	Group	
	2008	2007
Trade receivables	11.4	9.2

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

	Group	
	2008	2007
Later than 1 year and not later than 2 years	3.8	3.0
Later than 2 years and not later than 6 years	7.6	6.2
	11.4	9.2
Fair value of long term receivables	10.6	8.6

## 23. INVENTORIES

	Group		Company	
	2008	2007	2008	2007
<b>At cost:</b>				
Food, beverage, tobacco and other hotel supplies	12.0	11.8	9.9	9.5
Stores, spares and retail stocks	24.6	23.2	21.9	22.0
Completed properties	23.9	24.1	-	-
	60.5	59.1	31.8	31.5

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
<b>Current:</b>				
Trade receivables	36.9	38.8	8.1	11.9
Other receivables	26.7	26.3	9.8	9.1
Less: Allowance for doubtful debts	(1.2)	(1.7)	(0.4)	(0.1)
	<b>62.4</b>	<b>63.4</b>	<b>17.5</b>	<b>20.9</b>
Deposits	13.4	13.0	11.7	11.7
Prepayments	37.6	37.8	34.3	35.9
Total trade and other receivables	<b>113.4</b>	<b>114.2</b>	<b>63.5</b>	<b>68.5</b>

Credit terms offered by the Group and Company in respect of current trade receivables range from payment in advance to 60 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.

## 25. 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.

## 26. ASSET CLASSIFIED AS HELD FOR SALE

On 26 September 2008, Setiabahagia Sdn Bhd, a wholly-owned subsidiary of the Company, entered into an agreement to sell its parcel of mixed development sub-divided land in Mentakab for a cash consideration of RM7.5 million. The transaction was completed on 27 January 2009, resulting in a gain on disposal of RM2.9 million.

## 27. SHORT TERM INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
Quoted - at cost:				
Shares in foreign corporations	11.9	-	-	-
Unquoted - at cost:				
Money market instruments (Note 28)	1,748.2	794.9	1,748.2	794.9
	<b>1,760.1</b>	<b>794.9</b>	<b>1,748.2</b>	<b>794.9</b>
Market value of quoted shares				
- Foreign corporations	12.3	-	-	-

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 2008 and 2007 have maturity periods ranging between overnight and two months.

Quoted short term investments of the Group are denominated in Sterling Pound and Hong Kong Dollar whereas the unquoted money market instruments are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
Deposits with licensed banks	2,504.4	1,972.2	1,201.6	1,061.1
Cash and bank balances	290.4	284.7	282.5	279.3
Bank balances and deposits	2,794.8	2,256.9	1,484.1	1,340.4
Add:				
Money market instruments (Note 27)	1,748.2	794.9	1,748.2	794.9
Cash and cash equivalents	4,543.0	3,051.8	3,232.3	2,135.3

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	
	2008	2007	2008	2007	2008	2007	2008	2007
Ringgit Malaysia	3,203.9	2,085.8	3.36	3.45	3,195.7	2,077.1	3.36	3.45
US Dollars	1,301.3	911.2	0.44	4.86	0.1	0.1	-	-
Singapore Dollar	12.8	12.8	-	-	12.8	12.8	-	-
Hong Kong Dollar	25.0	42.0	-	-	23.7	45.3	-	-
	4,543.0	3,051.8			3,232.3	2,135.3		

The deposits of the Group and Company have an average maturity period of 31 days (2007: 31 days). Bank balances of the Group and Company are deposits held at call.

## 29. SHARE CAPITAL

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

	Company			
	No. of ordinary shares		Amount	
	2008	2007	2008	2007
Authorised:				
Ordinary shares of 10 sen each	8,000.0	8,000.0	800.0	800.0
Issued and fully paid:				
Ordinary shares of 50 sen each				
At 1 January 2007	-	1,094.6	-	547.3
Issuance of shares	-	31.3	-	15.6
At 12 April 2007	-	1,125.9	-	562.9
Ordinary shares of 10 sen each (Adjusted pursuant to the Share Split on 13 April 2007)				
At 1 January 2008 / 13 April 2007	5,830.1	5,629.4	583.0	562.9
Issuance of shares	71.7	200.7	7.2	20.1
<b>At 31 December</b>	<b>5,901.8</b>	<b>5,830.1</b>	<b>590.2</b>	<b>583.0</b>

During the financial year, RM172.0 million of the zero coupon convertible notes due in 2008 were converted into 67.9 million new ordinary shares of the Company (2007: 342.0 million).

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 29. SHARE CAPITAL (cont'd)

The main features of the ESOS are as follows:

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

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

- iv) The total number of new shares to be offered under the ESOS shall not exceed 2.5% of the issued and paid-up share capital of the Company at any time of the offer but the shareholders of the Company may at any time during the tenure of the ESOS, by ordinary resolution increase the total number of new shares to be offered under the ESOS up to 5% of the issued and paid-up share capital of the Company at the time of the offer.
- v) Not more than 50% of the shares available under the ESOS would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the ESOS would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid-up share capital of the Company.

### 29. SHARE CAPITAL (cont'd)

- 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 2008

## 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 10 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 31.12.2008							
ESOS							
2.9.2002	2.9.2004 to 11.8.2012	2.06	36,850	1,355	(2,994)	(1,844)	33,367
29.11.2002	29.11.2004 to 11.8.2012	1.70	395	-	(80)	(15)	300
17.12.2004	17.12.2006 to 11.8.2012	1.90	5,027	240	(660)	(495)	4,112
19.7.2005	19.7.2007 to 11.8.2012	1.98	215	-	(35)	-	180
14.12.2005	14.12.2007 to 11.8.2012	2.13	420	-	(20)	(25)	375
			42,907	1,595	(3,789)	(2,379)	38,334
		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

The number of share options vested at the balance sheet date is 11.1 million ordinary shares of 10 sen each (2007: 5.9 million ordinary shares of 10 sen each).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 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 2008
January - March 2008	3.26 to 4.14	1.700	80,000
January - December 2008	2.18 to 4.14	1.898	660,000
September 2008	2.71	1.984	35,000
January - March 2008	3.26 to 4.02	2.134	20,000
January - December 2008	2.18 to 4.14	2.064	2,994,000
			<b>3,789,000</b>

  

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
			<b>15,138,000</b>

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

	2008 RM'000	2007 RM'000
Ordinary share capital - at par	379	1,514
Share premium	7,302	29,576
Proceeds received on exercise of share options	7,681	31,090
Fair value at exercise date of shares issued	13,088	52,271

## 30. RESERVES

	Group		Company	
	2008	2007	2008	2007
Share premium	1,100.2	927.7	1,100.2	927.7
Fair value reserve	-	349.5	-	-
Reserve on exchange differences	(129.4)	(224.3)	-	-
Other reserves:				
- Capital redemption reserves	0.1	0.1	-	-
- Option reserve	0.2	0.2	0.2	0.2
Retained earnings	7,384.1	7,030.0	7,117.6	7,147.7
	<b>8,355.2</b>	<b>8,083.2</b>	<b>8,218.0</b>	<b>8,075.6</b>

## 30. RESERVES (cont'd)

Refer to Statements of Changes in Equity for movement in the reserves.

Based on the prevailing tax rate applicable to dividends, the estimated tax credit position is sufficient to frank approximately RM7,031.9 million (2007: RM6,862.4 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 2008, 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 RM2,480.3 million (2007: RM2,498.2 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. The single tier dividend is not taxable 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 2008, 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 23 June 2008, 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 56,959,400 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 RM150.4 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 2008, of the total 5,901,797,648 issued and fully paid ordinary shares, 178,083,600 are held as treasury shares by the Company. As at 31 December 2008, the number of outstanding ordinary shares in issue after the setoff is therefore 5,723,714,048 ordinary shares of 10 sen each.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 31. TREASURY SHARES (cont'd)

Details of the repurchase of treasury shares were as follows:

Group 2008	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	121.1	477.2	4.50	3.18	3.93
Shares repurchased during the financial year:					
January	0.2	0.9	3.98	3.80	3.97
March	7.7	27.6	3.68	3.36	3.57
June	17.1	48.7	2.93	2.77	2.84
July	0.8	2.1	2.60	2.57	2.59
November	9.1	21.3	2.35	2.33	2.34
December	22.1	49.8	2.29	2.14	2.25
At 31 December	<b>178.1</b>	<b>627.6</b>			<b>2.63</b>

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
October	22.0	83.7	3.88	3.70	3.80
November	15.8	59.2	3.78	3.64	3.72
At 31 December	<b>121.1</b>	<b>477.2</b>			<b>3.93</b>

## 32. 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.

## 33. 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	
	2008	2007	2008	2007
Deferred tax liabilities:				
- subject to income tax	<b>(227.7)</b>	(203.0)	<b>(121.5)</b>	(115.5)
At 1 January:	<b>(203.0)</b>	(188.0)	<b>(115.5)</b>	(122.5)
(Charged)/Credited to income statement (Note 11):				
- property, plant and equipment	<b>(24.2)</b>	(28.4)	<b>(4.9)</b>	(2.8)
- provisions	<b>(1.3)</b>	2.3	<b>(1.3)</b>	2.4
- effect of change in deferred tax rate on prior years' temporary difference	-	6.0	-	4.6
- others	<b>0.8</b>	5.1	<b>0.2</b>	2.8
At 31 December	<b>(227.7)</b>	(203.0)	<b>(121.5)</b>	(115.5)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 33. DEFERRED TAXATION (cont'd)

	Group		Company	
	2008	2007	2008	2007
<b>Subject to income tax:</b>				
(i) Deferred tax assets (before offsetting)				
- Provisions	15.9	16.9	15.6	16.9
- Others	2.0	1.8	2.0	1.8
	<u>17.9</u>	<u>18.7</u>	<u>17.6</u>	<u>18.7</u>
- Offsetting	(17.9)	(18.7)	(17.6)	(18.7)
Deferred tax assets (after offsetting)	-	-	-	-
(ii) Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(204.1)	(182.9)	(139.1)	(134.2)
- Land held for property development	(39.4)	(39.4)	-	-
- Inventory				
- completed properties	(2.1)	(2.1)	-	-
- Others	-	2.7	-	-
	<u>(245.6)</u>	<u>(221.7)</u>	<u>(139.1)</u>	<u>(134.2)</u>
- Offsetting	17.9	18.7	17.6	18.7
Deferred tax liabilities (after offsetting)	<u>(227.7)</u>	<u>(203.0)</u>	<u>(121.5)</u>	<u>(115.5)</u>

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	
	2008	2007	2008	2007
Unutilised tax losses	62.5	74.0	-	-
Property, plant and equipment	59.9	94.0	-	-
Provision	1.5	1.4	-	-
	<u>123.9</u>	<u>169.4</u>	<u>-</u>	<u>-</u>

In respect of the Group's unutilised Investment Tax Allowance ("ITA") with regards to FRS 112 "Income Taxes", the Group will continue to recognise in the income statement, the tax impact arising from the ITA as and when it is utilised.

## 34. PROVISION FOR RETIREMENT GRATUITIES

	Group		Company	
	2008	2007	2008	2007
At 1 January	70.9	60.5	67.7	58.0
Charged to income statement	1.6	11.8	1.4	11.1
Paid during the financial year	(7.0)	(1.4)	(6.6)	(1.4)
At 31 December	<u>65.5</u>	<u>70.9</u>	<u>62.5</u>	<u>67.7</u>
Analysed as follows:				
Current (Note 35)	5.5	6.1	5.0	5.5
Non-current	60.0	64.8	57.5	62.2
	<u>65.5</u>	<u>70.9</u>	<u>62.5</u>	<u>67.7</u>

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

## 35. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
Trade payables	53.9	42.4	42.6	27.7
Accruals	366.1	324.3	341.4	307.8
Deposits	18.1	17.2	6.1	4.6
Other payables	97.6	102.2	65.5	78.7
Provision for Retirement gratuities (Note 34)	5.5	6.1	5.0	5.5
	<u>541.2</u>	<u>492.2</u>	<u>460.6</u>	<u>424.3</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.

## 36. 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 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	
	2008	2007
	RM'000	RM'000
<b>Current:</b>		
Nominal value	-	176,700
Unamortised issuance cost	-	(1,642)
	<u>-</u>	<u>175,058</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 36. ZERO COUPON CONVERTIBLE NOTES (cont'd)

During the financial year ended 31 December 2008, RM172.0 million (2007: RM872.2 million) of Notes were converted into 67.9 million (2007: 342.0 million) new ordinary shares of 10 sen each of the Company as follow:

- (a) RM100.4 million (2007: RM872.2 million) of Notes were converted into 39.4 million (2007: 342.0 million) new ordinary shares of 10 sen each at RM2.55 per share.
- (b) RM71.6 million of Notes were converted into 28.5 million new ordinary shares of 10 sen each at RM2.51 per share.

The Company redeemed the outstanding Notes of RM4.7 million on 19 September 2008 (being the business day immediately preceding the maturity date of the Notes on 21 September 2008) at 99.0% of the principal amount. As at the end of the financial year, the Company does not have any outstanding Notes (2007: RM175.0 million).

In the previous financial year ended 31 December 2007, RM51.1 million of the Notes was paid in cash for amount of RM77.6 million.

### 37. FINANCIAL INSTRUMENTS

As at the end of the financial year, the Group does not have any financial instruments except for the Call Option which is disclosed in note 43(c).

The carrying amount of the Call Option approximates its fair value.

### 38. CAPITAL COMMITMENTS

	Group		Company	
	2008	2007	2008	2007
Authorised property, plant and equipment expenditure not provided for in the financial statements:				
- contracted	43.0	140.5	33.8	90.6
- not contracted	278.6	554.6	232.3	474.1
	<b>321.6</b>	<b>695.1</b>	<b>266.1</b>	<b>564.7</b>

### 39. 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 2008 (2007: nil).

### 40. SIGNIFICANT NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 2008, RM172.0 million (2007: RM872.2 million) of Zero Coupon Convertible Notes were converted into 67.9 million (2007: 342.0 million) new ordinary shares of 10 sen each of the Company.
- (b) The Company redeemed 107,000 (2007: 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 RM107,000,000 (2007: RM140,000,000) during the current financial year.
- (c) The Company redeemed 1,900 Convertible Non-Cumulative Redeemable preference shares of RM1 each at a premium of RM999 per share in Genting Utilities & Services Sdn Bhd, a direct wholly-owned subsidiary of the Company, amounting to RM1,900,000 during the current financial year.

### 41. 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.

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 41. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) The significant related party transactions of the Group during the financial year are as follows:

	Group		Company	
	2008	2007	2008	2007
<b>(i) Management agreements</b>				
• 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.	404.7	354.0	390.8	341.2
• 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.	2.6	2.2	-	-
<b>(ii) Rendering of services</b>				
Air ticketing and transportation services rendered by Resorts World Tours Sdn Bhd, a wholly-owned subsidiary company of the Company to:				
• GB and its subsidiaries.	1.0	1.4	-	-
• Company	-	-	16.8	13.1
<b>(iii) Purchase of goods and services</b>				
• Provision of shared services in relation to tax, treasury, internal audit, corporate affairs, secretarial and human resource functions by GB.	4.4	4.3	4.1	4.0
• 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.	3.4	3.6	3.4	3.6
• 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.	17.6	16.8	11.0	10.7
• 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.	16.0	14.7	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	2.8	1.4	1.6
<b>(iv) Rental and related services</b>				
• 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	1.3	1.3	1.3
• Letting of office space and provision of connected services by Oakwood Sdn Bhd, a wholly-owned subsidiary company of GB.	3.6	3.4	3.1	3.1
• Letting of premises by First World Hotel and Resorts Sdn Bhd, a wholly-owned subsidiary company.	-	-	37.3	40.1
<b>(v) License agreement</b>				
Licensing fees paid to GB for the use of name and accompanying logo of "Genting" and "Awana".	161.4	143.3	157.2	139.5
<b>(vi) Sales and Marketing arrangements</b>				
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.	41.4	47.7	30.0	36.7

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 41. 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Wages, salaries and bonuses	35,887	35,954	35,872	35,939
Defined contribution plan	4,710	4,741	4,710	4,741
Other short term employee benefits	645	766	645	766
Provision for retirement gratuities	2,821	5,263	2,821	5,263
Estimated money value of benefits-in-kind (not charged to the income statements)	769	758	769	758
	<b>44,832</b>	<b>47,482</b>	<b>44,817</b>	<b>47,467</b>

## (d) The significant outstanding balances with related parties as at 31 December 2008 were as follows:

	Group		Company	
	2008	2007	2008	2007
(i) Receivables from related parties:				
- Subsidiaries	-	-	197.8	177.8
- Related companies	15.4	28.1	11.0	13.6
	<b>15.4</b>	<b>28.1</b>	<b>208.8</b>	<b>191.4</b>
(ii) Payables to related parties:				
- Holding company	17.3	13.2	16.8	12.7
- Subsidiaries	-	-	271.6	215.5
- Related companies	49.5	46.4	44.4	42.9
	<b>66.8</b>	<b>59.6</b>	<b>332.8</b>	<b>271.1</b>

## (e) Acquisitions of the entire issued and paid-up share capital of Bromet Limited and Digital Tree (USA), Inc.

On 26 November 2008, Resorts World Limited ("RWL"), an indirect wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with KH Digital Limited ("KHD") to acquire from KHD the entire issued and paid-up share capitals of Bromet Limited and Digital Tree (USA) Inc. for a total cash consideration of USD69.0 million ("Acquisitions"), equivalent to RM243.7 million. As part of the Acquisitions, RWL and KHD had on 26 November 2008 entered into a call option agreement ("Option Agreement") where KHD had granted a call option ("Call Option") for a cash consideration of USD1 for RWL to acquire, within a period of eighteen months from the date of the Option Agreement ("Call Option Period"), the entire issued and paid-up share capital of Karridale Limited at an exercise price of USD27.0 million.

Tan Sri Lim Kok Thay ("TSLKT") is a director, shareholder and option holder of the Company. TSLKT is also a director of KHD, a wholly-owned subsidiary of Golden Hope Limited ("GHL"). He is also a director of GHL, which acts as trustee of Golden Hope Unit Trust, a private unit trust the voting units of which are ultimately owned by a discretionary trust in which TSLKT is a beneficiary.

## 42. SUBSIDIARIES

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
<b>Direct Subsidiaries</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 42. SUBSIDIARIES (cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
<u>Direct Subsidiaries (cont'd)</u>				
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	Dormant
Genting Utilities & Services Sdn Bhd	100	100	Malaysia	Provision of electricity supply services at Genting Highlands and investment holding
GHR Risk Management (Labuan) Limited	100	100	Labuan, Malaysia	Offshore captive insurance
Ikhlas Tiasa Sdn Bhd	100	100	Malaysia	Dormant
Kijal Facilities Services Sdn Bhd	100	100	Malaysia	Letting of its apartments units
Leisure & Cafe Concept Sdn Bhd	100	100	Malaysia	Karaoke business
Orient Wonder International Limited	100	100	Bermuda	Ownership and operation of aircraft
Orient Star International Limited	100	-	Bermuda	Dormant
Phoenix Track Sdn Bhd	100	100	Malaysia	Dormant
Resorts International (Labuan) Limited	100	100	Labuan, Malaysia	Dormant
Resorts Tavern Sdn Bhd	100	100	Malaysia	Land and property development
Resorts World (Labuan) Limited	100	100	Labuan, Malaysia	Dormant
Resorts World Spa Sdn Bhd	100	100	Malaysia	Dormant
Resorts World Tours Sdn Bhd	100	100	Malaysia	Provision of tour and travel related services
RWB (Labuan) Limited	100	100	Labuan, Malaysia	Dormant
Seraya Mayang Sdn Bhd	100	100	Malaysia	Investment holding
Setiabahagia Sdn Bhd	100	100	Malaysia	Property development
Setiaseri Sdn Bhd	100	100	Malaysia	Letting of its apartment units
Sierra Springs Sdn Bhd	100	100	Malaysia	Investment holding
Stake Excellent Sdn Bhd	100	100	Malaysia	Ceased operation
Vestplus Sdn Bhd	100	100	Malaysia	Sale and letting of completed apartment units
*Vestplus (Hong Kong) Limited	100	100	Hong Kong, SAR	Dormant
<u>Indirect Subsidiaries</u>				
Aliran Tunas Sdn Bhd	100	100	Malaysia	Provision of water services at Genting Highlands
Best Track International Limited	-	100	Mauritius	Removed from Register of Companies in 2008
^@ Latte (USA) LLC	100	-	Delaware, USA	Dormant
^ Bromet Limited	100	-	Isle of Man	Investment holding
^ Digital Tree (USA) Inc.	100	-	Delaware, USA	Investment holding
^ Digital Tree LLC	100	-	Delaware, USA	Collection of royalties
Genasa Sdn Bhd	100	100	Malaysia	Sale and letting of apartment units
Genas Sdn Bhd	100	100	Malaysia	Dormant
Genawan Sdn Bhd	100	100	Malaysia	Dormant
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	Dormant
Gentas Sdn Bhd	100	100	Malaysia	Dormant
Genting Administrative Services Sdn Bhd	100	100	Malaysia	Investment holding
Gentinggi Quarry Sdn Bhd	100	100	Malaysia	Dormant
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
Lingkaran Cergas Sdn Bhd	100	100	Malaysia	Provision of services at Genting Highlands
Merriwa Sdn Bhd	100	100	Malaysia	Dormant
Nature Base Sdn Bhd	100	100	Malaysia	Provision of services at Genting Highlands

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

## 42. SUBSIDIARIES (cont'd)

	Effective Percentage of Ownership		Country of Incorporation	Principal Activities
	2008	2007		
<b>Indirect Subsidiaries (cont'd)</b>				
Netyield Sdn Bhd	100	-	Malaysia	Dormant
^ New Quest, LLC	100	-	Delaware, USA	Dormant
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 Concepts Limited (formerly known as Resorts World Retail Concepts Limited which was formerly known as Genting Retail Concepts Limited which was formerly known as Ambani Limited)	100	-	Isle of Man	Dormant
^ Resorts World Digital, LLC (formerly known as VendWorld LLC)	100	-	Delaware, USA	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	Dormant
Twinmatics Sdn Bhd	100	100	Malaysia	Dormant
^ Two Digital Trees LLC	100	-	Delaware, USA	Investment holding
^ VendWorld, LLC	100	-	Delaware, USA	Dormant
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	Dormant
Jomara Sdn Bhd	60	60	Malaysia	Dormant
Laserwood Sdn Bhd	60	60	Malaysia	Dormant
Neutrino Space Sdn Bhd	60	60	Malaysia	Dormant
Possible Affluent Sdn Bhd	60	60	Malaysia	Dormant
Rapallo Sdn Bhd	60	60	Malaysia	Dormant
Space Fair Sdn Bhd	60	60	Malaysia	Dormant
Sweet Bonus Sdn Bhd	60	60	Malaysia	Renting part of its leasehold land
Tullamarine Sdn Bhd	60	60	Malaysia	Dormant
Twinkle Glow Sdn Bhd	60	60	Malaysia	Dormant
Vintage Action Sdn Bhd	60	60	Malaysia	Dormant
Waxwood Sdn Bhd	60	60	Malaysia	Dormant
Yarrowin Sdn Bhd	60	60	Malaysia	Dormant

\* 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.

^ These entities are subjected to limited review carried out by PricewaterhouseCoopers, Malaysia, although they are not subjected to statutory audit.

## 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) **Non-renounceable offer for sale by Resorts World Limited ("RWL") (an indirect wholly-owned subsidiary of the Company) of Ordinary Shares of USD0.10 each in Genting International P.L.C. ("Offer Shares") to the shareholders of the Company ("OFS")**

The OFS by RWL of its entire equity interest of 593,719,711 ordinary shares of USD0.10 each in Genting International P.L.C. ("Offer Shares") to the shareholders of the Company 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, at the offer price of RM0.88 per Offer Share was completed on 30 April 2008. Total gross proceeds from the OFS were RM522.5 million generating a gain on disposal of RM19.8 million arising from foreign exchange translation.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2008

### 43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

#### b) Maturity of RM1.1 billion nominal value 2-year convertible notes due 2008 ("Notes")

On 21 September 2006, the Company issued RM1.1 billion nominal value zero coupon convertible notes due in 2008 ("Notes") which are convertible at the option of the holders of the Notes into new ordinary shares of the Company at any time during the period beginning on and including 20 October 2006 and ended on 11 September 2008.

During the nine months ended 30 September 2008, RM172.0 million of Notes were converted into 67.9 million new ordinary shares of 10 sen each of the Company. The Company redeemed the outstanding Notes of RM4.7 million on 19 September 2008 (being the business day immediately preceding the maturity date of the Notes on 21 September 2008) at 99.0% of the principal amount.

#### c) Acquisitions of the entire issued and paid-up share capital of Bromet Limited and Digital Tree (USA), Inc. for a total cash consideration of USD69.0 million

On 26 November 2008, RWL had entered into a sale and purchase agreement with KH Digital Limited ("KHD") to acquire from KHD the entire issued and paid-up share capitals of Bromet Limited and Digital Tree (USA) Inc. for a total cash consideration of USD69.0 million ("Acquisitions"), equivalent to RM243.7 million. As part of the Acquisitions, RWL and KHD had on 26 November 2008 entered into a call option agreement ("Option Agreement") where KHD had granted a call option ("Call Option") for a cash consideration of USD1 for RWL to acquire, within a period of eighteen months from the date of the Option Agreement ("Call Option Period"), the entire issued and paid-up share capital of Karridale Limited at an exercise price of USD27.0 million.

The Acquisitions were completed on 17 December 2008. As at 18 February 2009, RWL has not exercised the Call Option.

## 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 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 2008.

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

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

This statement is made in accordance with a resolution of the Board dated 25 February 2009.

## 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 39 to 76 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 25 February 2009

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**KOH POY YONG**

Before me,

**DATO' NG MANN CHEONG**  
Commissioner for Oaths  
Kuala Lumpur

## INDEPENDENT AUDITORS' REPORT

To The Members Of Resorts World Bhd  
(Company No. 58019-U)  
(Incorporated in Malaysia)

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Resorts World Bhd, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 76.

#### Management's Responsibility for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 42 to the financial statements.
- (c) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

ERIC OOI LIP AUN  
(No. 1517/06/10(J))  
Chartered Accountant

Kuala Lumpur  
25 February 2009