

INCOME STATEMENTS

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Note(s)	Group		Company	
		2007	2006 Restated	2007	2006
Continuing operations:					
Revenue	5 & 6	8,483.8	6,418.6	1,751.2	854.4
Cost of sales	7	(5,005.4)	(3,536.4)	(65.4)	(63.3)
Gross profit		3,478.4	2,882.2	1,685.8	791.1
Other income					
- net gain on disposal/deemed disposal/dilution of shareholdings	43(h)	989.3	-	1,218.7	-
- gain on disposal of investment in associate	43(e)	337.1	-	-	-
- others		561.5	691.0	151.8	153.1
Selling and distribution costs		(94.4)	(78.9)	-	-
Administration expenses		(290.2)	(235.7)	(12.4)	(9.2)
Other expenses	8				
- impairment losses		(1,016.1)	(13.5)	-	-
- others		(235.8)	(166.4)	(303.8)	(1.5)
Profit from operations		3,729.8	3,078.7	2,740.1	933.5
Finance cost		(395.4)	(212.6)	(61.5)	(73.0)
Share of results in jointly controlled entities		(11.2)	(0.4)	-	-
Share of results in associates		(9.7)	(161.8)	-	-
Gain on dilution of investment in associate		81.0	-	-	-
Profit before taxation	5, 9, 10 & 11	3,394.5	2,703.9	2,678.6	860.5
Taxation	12	(662.2)	(500.0)	(475.2)	(234.9)
Profit for the financial year from continuing operations		2,732.3	2,203.9	2,203.4	625.6
Discontinued operations:					
(Loss)/profit for the financial year from discontinued operations	13	(170.0)	38.6	-	-
Profit for the financial year		2,562.3	2,242.5	2,203.4	625.6
Attributable to:					
Equity holders of the Company		1,988.9	1,504.2	2,203.4	625.6
Minority interests		573.4	738.3	-	-
		2,562.3	2,242.5	2,203.4	625.6
Earnings per share for profit attributable to the equity holders of the Company:					
Basic earnings per share (sen) *	14				
- from continuing operations		58.30	41.50		
- from discontinued operations		(4.49)	1.07		
		53.81	42.57		
Diluted earnings per share (sen) *					
- from continuing operations		58.09	41.15		
- from discontinued operations		(4.49)	1.07		
		53.60	42.22		
Gross dividends per share (sen) *	15	37.0	6.4		

* The comparative figures were recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007.

BALANCE SHEETS

as at 31 December 2007

Amounts in RM million unless otherwise stated

	Note	Group		Company	
		2007	2006 Restated	2007	2006
ASSETS					
Non-Current Assets					
Property, plant and equipment	16	8,903.0	8,989.3	5.5	5.1
Land held for property development	17	495.3	488.8	-	-
Investment properties	18	26.1	30.1	-	-
Plantation development	19	469.5	445.3	-	-
Leasehold land use rights	20	1,767.9	383.1	-	-
Intangible assets	21	4,689.4	5,372.6	-	-
Exploration costs	22	312.5	219.8	-	-
Subsidiaries	23	-	-	6,042.9	3,367.9
Amounts due from subsidiaries	23	-	-	856.0	855.2
Jointly controlled entities	24	15.4	1.3	-	-
Associates	25	575.2	2,493.9	-	-
Available-for-sale financial asset	26	1,505.4	-	-	-
Other long term investments	27	267.8	258.8	-	-
Long term receivables	30	128.3	21.3	-	-
Deferred tax assets	28	23.9	13.1	7.8	6.3
		19,179.7	18,717.4	6,912.2	4,234.5
Current Assets					
Property development costs	17	111.1	104.2	-	-
Inventories	29	311.4	446.6	-	-
Trade and other receivables	30	710.8	749.2	0.7	0.7
Current tax assets		118.8	110.0	19.2	19.2
Amounts due from subsidiaries	23	-	-	529.2	446.1
Amounts due from jointly controlled entities	24	1.6	17.2	-	-
Amounts due from associates	25	0.2	1.8	-	-
Restricted cash	32	155.3	106.8	-	-
Short term investments	31	1,789.1	2,585.5	295.1	1,568.2
Bank balances and deposits	32	7,800.9	5,386.0	249.1	1,341.1
		10,999.2	9,507.3	1,093.3	3,375.3
Total Assets		30,178.9	28,224.7	8,005.5	7,609.8
EQUITY AND LIABILITIES					
Equity Attributable To Equity Holders Of The Company					
SHARE CAPITAL	33	370.4	369.4	370.4	369.4
TREASURY SHARES	34	(7.2)	-	(7.2)	-
RESERVES	35	11,991.8	10,925.3	6,404.7	5,167.0
		12,355.0	11,294.7	6,767.9	5,536.4
Minority Interests		9,182.3	5,372.2	-	-
Total Equity		21,537.3	16,666.9	6,767.9	5,536.4
Non-Current Liabilities					
Long term borrowings	36	4,029.4	5,305.0	-	-
Amounts due to subsidiaries	23	-	-	1,005.8	1,843.2
Deferred tax liabilities	28	1,545.7	1,720.6	-	-
Provisions	37	103.7	97.5	165.6	77.8
Other liabilities	38	42.9	83.4	-	-
		5,721.7	7,206.5	1,171.4	1,921.0
Current Liabilities					
Trade and other payables	39	1,369.1	1,360.5	19.4	24.5
Amounts due to subsidiaries	23	-	-	11.1	96.1
Short term borrowings	36	1,292.7	2,825.1	-	-
Taxation		258.1	165.7	35.7	31.8
		2,919.9	4,351.3	66.2	152.4
Total Liabilities		8,641.6	11,557.8	1,237.6	2,073.4
Total Equity And Liabilities		30,178.9	28,224.7	8,005.5	7,609.8
NET ASSETS PER SHARE *		RM3.34	RM3.06		

* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007.

The notes set out on pages 61 to 113 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

Group	Attributable to equity holders of the Company										
	Non-Distributable										
	Share Capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Reserve on Exchange Differences	Other Reserves	Retained Earnings	Treasury Shares	Total	Minority Interests	Total Equity
At 1 January 2007	369.4	1,125.5	307.0	-	(42.6)	11.2	9,524.2	-	11,294.7	5,372.2	16,666.9
Foreign exchange differences recognised directly in equity	-	-	-	-	(102.5)	-	-	-	(102.5)	(104.3)	(206.8)
Available-for-sale financial asset											
- measurement at date of designation	-	-	-	730.4	-	-	-	-	730.4	743.5	1,473.9
- effects of shareholding movement	-	-	-	(12.3)	-	-	-	-	(12.3)	12.3	-
- fair value movement	-	-	-	(547.8)	-	-	-	-	(547.8)	(576.6)	(1,124.4)
Changes in share of associates' reserves	-	-	-	-	2.1	(11.2)	13.4	-	4.3	(4.6)	(0.3)
Others	-	-	(1.4)	-	-	-	1.4	-	-	-	-
Net (expenses)/income recognised directly in equity	-	-	(1.4)	170.3	(100.4)	(11.2)	14.8	-	72.1	70.3	142.4
Profit for the financial year	-	-	-	-	-	-	1,988.9	-	1,988.9	573.4	2,562.3
Total recognised income and expense for the year	-	-	(1.4)	170.3	(100.4)	(11.2)	2,003.7	-	2,061.0	643.7	2,704.7
Effects arising from changes in composition of the Group	-	-	-	-	-	-	-	-	-	54.1	54.1
Effects of share-based payment	-	-	-	-	-	-	-	-	-	1.5	1.5
Effects of issue of shares by subsidiaries	-	-	-	-	-	-	(28.8)	-	(28.8)	3,759.4	3,730.6
Issue of shares	1.0	25.9	-	-	-	-	-	-	26.9	-	26.9
Buy-back of shares	-	-	-	-	-	-	-	(7.2)	(7.2)	(324.5)	(331.7)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(324.1)	(324.1)
Appropriation:											
Final dividend paid for financial year ended 31 December 2006 (4.0 sen less 27% income tax)	-	-	-	-	-	-	(107.9)	-	(107.9)	-	(107.9)
Interim dividend paid for financial year ended 31 December 2007 (2.7 sen less 27% income tax)	-	-	-	-	-	-	(72.8)	-	(72.8)	-	(72.8)
Special dividend paid (30.0 sen less 27% income tax)	-	-	-	-	-	-	(810.9)	-	(810.9)	-	(810.9)
Balance at 31 December 2007	370.4	1,151.4	305.6	170.3	(143.0)	-	10,507.5	(7.2)	12,355.0	9,182.3	21,537.3

The notes set out on pages 61 to 113 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

Group	Attributable to equity holders of the Company										
	Non-Distributable										
	Share Capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Reserve on Exchange Differences	Other Reserves	Retained Earnings	Treasury Shares	Total	Minority Interests	Total Equity
At 1 January 2006	352.7	111.7	307.4	-	87.6	11.2	8,158.6	-	9,029.2	4,898.1	13,927.3
Adjustment to provisional negative goodwill	-	-	-	-	-	-	8.6	-	8.6	9.1	17.7
	352.7	111.7	307.4	-	87.6	11.2	8,167.2	-	9,037.8	4,907.2	13,945.0
Foreign exchange differences recognised directly in equity	-	-	-	-	(130.2)	-	-	-	(130.2)	(82.9)	(213.1)
Others	-	-	(0.4)	-	-	-	0.4	-	-	-	-
Net income/(expenses) recognised directly in equity	-	-	(0.4)	-	(130.2)	-	0.4	-	(130.2)	(82.9)	(213.1)
Profit for the financial year	-	-	-	-	-	-	1,504.2	-	1,504.2	738.3	2,242.5
Total recognised income and expense for the year	-	-	(0.4)	-	(130.2)	-	1,504.6	-	1,374.0	655.4	2,029.4
Effects arising from changes in composition of the Group	-	-	-	-	-	-	9.8	-	9.8	(16.0)	(6.2)
Effects of share-based payment	-	-	-	-	-	-	-	-	-	4.0	4.0
Effects of issue of shares by subsidiaries	-	-	-	-	-	-	-	-	-	50.5	50.5
Issue of shares	16.7	1,013.8	-	-	-	-	-	-	1,030.5	-	1,030.5
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	(228.9)	(228.9)
Appropriation:											
Final dividend paid for financial year ended 31 December 2005 (3.8 sen less 28% income tax)	-	-	-	-	-	-	(96.5)	-	(96.5)	-	(96.5)
Interim dividend paid for financial year ended 31 December 2006 (2.4 sen less 28% income tax)	-	-	-	-	-	-	(60.9)	-	(60.9)	-	(60.9)
Balance at 31 December 2006	369.4	1,125.5	307.0	-	(42.6)	11.2	9,524.2	-	11,294.7	5,372.2	16,666.9

The notes set out on pages 61 to 113 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

Company	← Non-Distributable →		← Distributable →		Total
	Share Capital	Share Premium	Retained Earnings	Treasury Shares	
At 1 January 2007	369.4	1,125.5	4,041.5	-	5,536.4
Issue of shares (see Note 33)	1.0	25.9	-	-	26.9
Buy-back of shares	-	-	-	(7.2)	(7.2)
Profit for the financial year	-	-	2,203.4	-	2,203.4
Appropriation:					
Final dividend paid for financial year ended 31 December 2006 (4.0 sen less 27% income tax)	-	-	(107.9)	-	(107.9)
Interim dividend paid for financial year ended 31 December 2007 (2.7 sen less 27% income tax)	-	-	(72.8)	-	(72.8)
Special dividend paid (30.0 sen less 27% income tax)	-	-	(810.9)	-	(810.9)
Balance at 31 December 2007	370.4	1,151.4	5,253.3	(7.2)	6,767.9
Company					
At 1 January 2006	352.7	111.7	3,573.3	-	4,037.7
Issue of shares (see Note 33)	16.7	1,013.8	-	-	1,030.5
Profit for the financial year	-	-	625.6	-	625.6
Appropriation:					
Final dividend paid for financial year ended 31 December 2005 (3.8 sen less 28% income tax)	-	-	(96.5)	-	(96.5)
Interim dividend paid for financial year ended 31 December 2006 (2.4 sen less 28% income tax)	-	-	(60.9)	-	(60.9)
Balance at 31 December 2006	369.4	1,125.5	4,041.5	-	5,536.4

The notes set out on pages 61 to 113 form part of these financial statements.

CASH FLOW STATEMENTS

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Group		Company	
	2007	2006 Restated	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation				
- Continuing operations	3,394.5	2,703.9	2,678.6	860.5
- Discontinued operations	-	45.9	-	-
	3,394.5	2,749.8	2,678.6	860.5
Adjustments for:				
Net impairment loss arising from intangible assets	952.6	13.2	-	-
Depreciation of property, plant and equipment ("PPE")	583.8	498.0	0.9	2.4
Finance cost	395.4	212.6	61.5	73.0
Bad debts written off	142.9	27.8	-	-
Net impairment loss arising from PPE	63.5	35.2	-	-
Net provision for retirement gratuities	22.0	34.2	7.7	12.3
Amortisation of intangible assets	11.7	11.3	-	-
Share of results in jointly controlled entities	11.2	0.4	-	-
Share of results in associates	9.7	161.8	-	-
Net allowance for/(write-back of) diminution in value of investments	9.6	(9.7)	-	-
Amortisation of leasehold land use rights	6.3	5.2	-	-
Net allowance for/(write-back of) doubtful debts	2.4	(0.2)	-	-
PPE written off	1.7	2.6	-	-
Provision for share-based payment	1.5	4.0	-	-
Depreciation of investment properties	1.1	1.1	-	-
Net impairment loss arising from investments	-	0.3	-	-
Net gain on disposal of PPE and plantation development	(1.1)	(1.7)	(0.2)	(0.2)
Net gain on disposal of investment property	(2.0)	(0.5)	-	-
Net gain on disposal of investments	(4.1)	(178.8)	-	-
Dividend income	(4.8)	(37.6)	(1,260.7)	(428.9)
Net unrealised exchange gain	(57.8)	(188.3)	(5.0)	(38.0)
Gain on dilution of investment in associate	(81.0)	-	-	-
Bad debts recovered	(143.1)	(0.2)	-	-
Interest income	(289.4)	(221.1)	(124.2)	(107.3)
Gain on disposal of equity investment in associate	(337.1)	-	-	-
Net gain on disposal/dilution of shareholdings arising from				
- deemed disposal	(989.3)	-	-	-
- others	(3.5)	-	(1,218.7)	-
Waiver of amounts due by subsidiaries	-	-	217.4	-
Provision for/(reversal of) contingent losses	-	-	85.0	(6.7)
Other non-cash items	4.2	(1.7)	(21.6)	-
	306.4	367.9	(2,257.9)	(493.4)
Operating profit before changes in working capital	3,700.9	3,117.7	420.7	367.1
Working capital changes:				
Property development costs	4.2	15.0	-	-
Inventories	(3.9)	(7.5)	-	-
Receivables	(194.6)	3.8	-	-
Payables	23.0	65.3	(9.5)	(4.2)
Amounts due from associates	0.3	(1.0)	-	-
Amounts due from jointly controlled entities	(0.5)	(16.6)	-	-
Amounts due from subsidiaries	-	-	(1.5)	(8.6)
	(171.5)	59.0	(11.0)	(12.8)

The notes set out on pages 61 to 113 form part of these financial statements.

CASH FLOW STATEMENTS (cont'd)

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Group		Company	
	2007	2006 Restated	2007	2006
Cash generated from operations	3,529.4	3,176.7	409.7	354.3
Taxation paid	(705.6)	(579.3)	(132.4)	(113.8)
Retirement gratuities paid	(5.9)	(2.1)	(0.4)	-
Advance membership fees	(0.6)	(0.8)	-	-
Taxation refund	26.8	2.8	-	-
	(685.3)	(579.4)	(132.8)	(113.8)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,844.1	2,597.3	276.9	240.5
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of leasehold land use rights	(1,366.3)	-	-	-
Purchase of PPE	(1,320.5)	(648.1)	(1.7)	(1.2)
Purchase of additional shares from minority shareholders	(587.8)	(52.2)	-	-
Purchase of investments	(267.0)	(44.6)	(2,796.1)	(770.3)
Exploration cost incurred	(104.2)	(187.0)	-	-
Investment in associates	(72.0)	(496.9)	-	-
Purchase of intangible assets	(66.8)	(19.9)	-	-
Advances to jointly controlled entities	(30.8)	-	-	-
Purchase of plantation development	(23.3)	(12.1)	-	-
Disposal of international betting operations	(15.3)	-	-	-
Costs incurred on land held for property development	(7.1)	(2.9)	-	-
Investment in jointly controlled entities	(1.9)	(1.1)	-	-
Purchase of investment properties	(0.1)	(0.9)	-	-
Acquisition of subsidiaries				
- Stanley Leisure plc	-	(3,408.5)	-	-
- Meizhou Wan Plant	-	(455.0)	-	-
Dividends received	4.0	33.3	926.7	304.2
Proceeds from disposal of investment property	5.0	1.0	-	-
Dividends received from associates	7.1	9.8	-	-
Proceeds from disposal of PPE	12.5	4.6	0.6	0.2
Proceeds from disposal of investments/return of cash by				
- Stanley Leisure plc	-	701.0	-	-
- others	18.6	-	-	-
Interest received	283.6	222.1	79.2	59.3
Disposal of subsidiaries (see Note a)	690.5	-	-	-
Proceeds from disposal of equity investment in associate	1,172.7	-	-	-
Acquisition of subsidiary	-	1.0	-	-
Repayments from associates	-	2.0	-	-
Additional compensation received from acquisition of freehold land	-	10.0	-	-
Net loans and advances to subsidiaries	-	-	(216.1)	(187.6)
Proceeds from redemption of preference shares by subsidiary	-	-	50.0	80.0
NET CASH USED IN INVESTING ACTIVITIES	(1,669.1)	(4,344.4)	(1,957.4)	(515.4)

The notes set out on pages 61 to 113 form part of these financial statements.

CASH FLOW STATEMENTS (cont'd)

for the Financial Year Ended 31 December 2007

Amounts in RM million unless otherwise stated

	Group		Company	
	2007	2006 Restated	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	(2,154.5)	(692.0)	-	-
Dividends paid	(991.6)	(157.4)	(991.6)	(157.4)
Buy-back of shares	(484.4)	-	(7.2)	-
Dividends paid to minority shareholders	(324.1)	(228.9)	-	-
Finance cost paid	(308.5)	(194.8)	(0.9)	(1.7)
Settlement of Zero Coupon Convertible Notes	(77.6)	-	-	-
Net proceeds from issue of shares	26.9	1,030.5	26.9	1,030.5
Proceeds from bank borrowings	130.2	2,786.5	-	-
Net proceeds from issue of Convertible Bonds/Notes	1,986.6	1,083.9	-	-
Proceeds from issue of shares to minority shareholders	2,477.4	55.1	-	-
Repayment of borrowing to subsidiary	-	-	(19.5)	(21.0)
Borrowings from subsidiaries	-	-	307.7	770.3
NET CASH FLOW FROM FINANCING ACTIVITIES	280.4	3,682.9	(684.6)	1,620.7
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS				
	1,455.4	1,935.8	(2,365.1)	1,345.8
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR				
	7,927.1	5,996.3	2,909.3	1,563.5
EFFECT OF CURRENCY TRANSLATION				
	(70.3)	(5.0)	-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR				
	9,312.2	7,927.1	544.2	2,909.3
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank balances and deposits (see Note 32)	7,800.9	5,386.0	249.1	1,341.1
Money market instruments (see Note 31)	1,511.3	2,542.7	295.1	1,568.2
	9,312.2	7,928.7	544.2	2,909.3
Bank overdrafts (see Note 36)	-	(1.6)	-	-
	9,312.2	7,927.1	544.2	2,909.3

a) ANALYSIS OF THE DISPOSAL OF SUBSIDIARIES

- i) Net assets disposed and net cash inflow on disposals of subsidiaries are analysed as follows:

	2007
Property, plant and equipment	736.2
Inventories	138.7
Trade and other receivables	143.6
Bank balances and deposits	39.6
Trade and other payables	(52.5)
Provision for liabilities and charges	(1.4)
Deferred taxation	(54.4)
Other long term liabilities	(22.7)
Net assets disposed	927.1
Less: Loss arising from disposal	(197.0)
Sale consideration (net of incidental costs)	730.1
Bank balances and deposits of subsidiaries disposed of	(39.6)
Net cash inflow on disposal of subsidiaries	690.5

- ii) Cash flows of discontinued operations as disclosed in Note 13 are analysed as follows:

	2007	2006
Cash flows from operating activities	70.3	77.9
Cash flows from investing activities	(6.6)	(30.1)
Cash flows from financing activities	-	(80.0)
Total cash flows	63.7	(32.2)

The notes set out on pages 61 to 113 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

Amounts in RM million unless otherwise stated

1. PRINCIPAL ACTIVITIES

The Company is principally an investment holding and management company.

The principal activities of the subsidiaries include leisure and hospitality, gaming and entertainment businesses, plantation, the generation and supply of electric power, property development and management, tours and travel related services, genomics research and development, investments and oil and gas exploration, development and production activities.

The principal activities of the associates include the generation and supply of electric power, resort, property investment and property development.

During the financial year, the Group disposed off its entire equity interests in the paper and packaging businesses and ceased to have significant influence over an associate involved in the cruise and cruise related operations.

Details of the principal activities of the subsidiaries and associates are set out in Note 47 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 of the Group and the Company have been prepared in accordance with and comply with Financial Reporting Standards, the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965. The bases of measurement applied to assets and liabilities include cost, amortised cost, lower of cost and net realisable value, revalued amount and fair value.

The preparation of financial statements in conformity with the Financial Reporting Standards and the provisions of the Companies Act, 1965 requires the Directors to make 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 reported 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 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 and estimates that can significantly affect the amount recognised in the financial statements. These judgements and estimates include:

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.

ii) Provisional fair values of assets and liabilities

Arising from the acquisition of Genting Stanley plc ("Genting Stanley") (formerly known as Stanley Leisure plc) on 6 October 2006, the amount of assets (including intangible assets) and liabilities arising from the acquisition of Genting Stanley as at 31 December 2006 is determined based on provisional fair values assigned to the identifiable assets and liabilities as at acquisition date and hence has yet to be allocated to the Group's cash generating units. Any adjustments to these provisional values upon finalisation of the detailed fair value exercise will be recognised within 12 months of the acquisition date. The adjustments will be calculated as if the fair values had been recognised on acquisition date. Goodwill will also be adjusted to the amount that would have been recognised if the adjusted fair values had been used at acquisition date. As a result, comparative information may be restated.

On 15 September 2006, Genting International Investment (UK) Limited, an indirect wholly owned subsidiary of Genting International P.L.C. ("GIPLC"), which in turn is a 53.4% owned subsidiary of the Group as at 31 December 2007, made a recommended cash offer for the entire issued and to be issued ordinary share capital of Genting Stanley at a price of 860 pence per share. As at 6 October 2006, the offer became unconditional in all respects. Genting Stanley subsequently became a wholly owned subsidiary of GIPLC.

The value of assets (including intangible assets) and liabilities of Genting Stanley ensuing from the acquisition had initially been determined based on provisional fair values assigned to identifiable assets and liabilities on acquisition date and were not allocated to the GIPLC Group's cash generating units ("CGUs") pending finalisation of the Purchase Price Allocation ("PPA") exercise. Any adjustments to these provisional values upon finalisation of the PPA exercise were to be recognised within 12 months from acquisition date as permitted by FRS 3, Business Combinations.

The GIPLC Group engaged an independent valuation firm to assist in the PPA exercise and the said exercise has been completed. The effects of the PPA exercise is summarised in Note 46. These adjustments will be accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements.

iii) Exploration costs

Exploration cost is accounted for in accordance with the full cost method. Under this method, all costs relating to the exploration activities are capitalised when incurred. Exploration cost is written off to the income statement when:

- it is determined that further exploration activities will not yield commercial quantities of reserves, or
- no further exploration drilling is planned, or
- the petroleum contract has expired or is surrendered.

In making decisions about whether to continue to capitalise exploration drilling costs, it is necessary to make judgements about the satisfaction of the above conditions after all geological and geophysical and other relevant assessment have been performed.

iv) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. The calculations require the use of estimates as set out in Note 21.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

2. BASIS OF PREPARATION (cont'd)

Judgements and estimations (cont'd)

v) Investment in Star Cruises Limited

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

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

- There is no representation on the board of directors or equivalent governing body of SCL;
- There is no participation in policy-making processes, including participation in decisions about dividends or other distributions;
- There are no material transactions, interchange of managerial personnel or provision of essential technical information between the Group and SCL.

By virtue of paragraphs 6 and 7 of FRS 128 and the non-existence of significant influence by the Group over SCL, SCL will not be considered an associated company of the Group and the Group will not equity account the results of SCL when the Group's shareholding falls below 20%. As at 31 December 2007, the Group's shareholding in SCL was approximately 19.3%.

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 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures

Amendment to FRS 119₂₀₀₄ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures.

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

FRS 117	Leases
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Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted

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

- FRS 107₂₀₀₇ Cash Flow Statements. This revised standard has no significant changes as compared to the original standard.
- FRS 111₂₀₀₇ Construction Contracts. This revised standard has no significant changes as compared to the original standard.
- FRS 112₂₀₀₇ Income Taxes. This revised standard has removed the requirements that prohibit recognition of deferred tax on reinvestment allowances or other allowances in excess of capital allowances. See Note 28.
- FRS 118₂₀₀₇ Revenue. This revised standard has no significant changes as compared to the original standard.
- FRS 120₂₀₀₇ Accounting for Government Grants and Disclosure of Government Assistance. This revised standard allows alternative treatment that non-government grant to be recorded at nominal amount.
- Amendment to FRS 121₂₀₀₇ The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation. This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in.
- FRS 134₂₀₀₇ Interim Financial Reporting. This revised standard has no significant changes as compared to the original standard.
- FRS 137₂₀₀₇ Provisions, Contingent Liabilities and Contingent Assets. This revised standard has no significant changes as compared to the original standard.
- IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities. This interpretation deals with changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate.
- IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments. This interpretation deals with liabilities or equity classification of financial instruments which give the holder the right to request redemption, but subject to limits on whether it will be redeemed.
- IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds. This interpretation deals with accounting in the financial statements of a contributor for its interests arising from decommissioning funds.
- IC Interpretation 6 Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment. This interpretation provides guidance on the recognition, in the financial statements of producers, of liabilities for waste management under the EU Directive in respect of sales of historical household equipment.
- IC Interpretation 7 Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies. This interpretation provides guidance on how to apply the requirement of FRS 129 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

2. BASIS OF PREPARATION (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted (cont'd)

- IC Interpretation 8 Scope of FRS 2. This Interpretation clarifies that FRS 2 Share-based Payment applies even in the absence of specifically identifiable goods or services.

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

The above standards, amendments to published standards and interpretations to existing standards do not have any material impact to the Group and Company other than FRS 112, which possible impact is set out in Note 28.

Changes In Accounting Policies

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

i) FRS 117: Leases

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

The effects on the comparatives to the Group on adoption of FRS 117 are set out in Note 46.

3. SIGNIFICANT ACCOUNTING POLICIES

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 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 accounting policy note on treatment of goodwill.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition and prior to 1 January 2006, the negative goodwill is credited to retained earnings in the year of acquisition. Negative goodwill arising from new acquisition on or after 1 January 2006, is recognised directly in the income statement.

All material intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also 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 or market value and the Group's share of its net assets together with any balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

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

b) Jointly Controlled Entities

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

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the income statement and its share of post acquisition movements within reserves in reserves. The Group's interest in jointly controlled entities is stated at cost net of goodwill written off, for acquisitions prior to 1 January 2004, plus adjustments to reflect changes in the Group's share of the net assets of the jointly controlled entities. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

c) Associates

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

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

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

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

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

In the event the Group ceases to have significant influence over its associate, the Group shall discontinue the use of equity method from the date that it ceases to have significant influence and account for the investment in accordance with FRS 139, Financial Instruments: Recognition and Measurement, from that date.

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

Property, Plant and Equipment

Property, plant and equipment are tangible items that:

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

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for certain properties which were revalued before 1998. In accordance with the transitional provision allowed by MASB upon first adoption of IAS 16, Property, Plant and Equipment, the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation, amortisation and impairment losses.

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

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 of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Freehold land and capital work-in-progress are not depreciated. The Group depreciates other assets based on their consumption pattern and is applied separately to each significant component.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Buildings and improvements	2 – 50
Plant, equipment and vehicles	2 – 20

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

Where an indication of impairments 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 proceeds with the carrying amounts 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.

Investment in freehold land is stated at cost. Other investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation for other investment properties is calculated using the straight-line method to allocate their cost over their estimated economic lives as follows:

	Years
Buildings and improvements	5 - 50

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 non-financial assets.

Gains and losses on disposal are determined by comparing net disposal proceeds with 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 payments in FRS 117, Leases) that are amortised over the lease term in accordance with the pattern of benefits provided.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Plantation Development

Plantation development (previously termed as "Biological Assets") comprise cost of planting and development on oil palms and other plantation crops.

Cost of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. The cost of new planting capitalised is not amortised. However, where the cost of new planting is incurred on leasehold land which has unexpired period shorter than the crop's economic life, the cost is amortised over the remaining period of the lease on a straight line basis.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

Property Development Activities

a) Land Held for Property Development

Land held for property development consist 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 cost incurred on activities necessary to prepare the land for its intended use. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS201²⁰⁰⁴ 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 property 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 as an expense 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 ceases 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 an 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 shall be regarded as its cost on initial measurement as an available-for-sale financial asset ("AFS"). After the initial measurement, the Group shall measure 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 shall be recognised directly in equity, through the statement of changes in equity, 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 shall be removed from equity and recognised in income statement even though the AFS has not been derecognised. The amount of cumulative loss is measured as the difference between the carrying amount and current fair value, less any impairment loss on that AFS previously recognised in income statement.

Investments

Investments in non-current investments other than investments in subsidiaries, jointly controlled entities, associates and available-for-sale financial assets are stated at cost and 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 2007

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 at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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.

b) Licences

Casino licences

The Group capitalises purchased casino licences. The amount capitalised is the difference between the price paid for a casino including the associated licence and the fair value of a similar property without a casino licence. Casino licences have indefinite useful lives as based on all relevant factors there is no foreseeable limit to the period over which the licences are expected to generate cash inflows. Each licence is reviewed annually for impairment and as such is stated at cost less any accumulated impairment losses.

Theme park licences

Theme park licences are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Such cost is amortised using the straight line method over the shorter of its estimated useful life and periods of contractual right. The amortisation period and amortisation method are reviewed at each balance sheet date. The effects of any revision are recognised in the income statements when changes arise. Amortisation expense incurred during the construction period is capitalised as part of construction-in-progress. Where an indication of impairment exists, the carrying amount of licence is assessed and written down immediately to its recoverable amount.

c) Royalty

Royalty expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over the estimated useful lives, not exceeding a period of 20 years.

d) Trademark

Trademark is stated at cost less any accumulated impairment losses. Trademark has an indefinite useful life as it is maintained through continuous marketing and upgrading. See accounting policy on impairment of non-financial assets.

e) Rights

Acquired licenses of independent power plant are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over the licensing agreement periods.

f) Research and Development Expenditure

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (ii) Management intends to complete the intangible asset and use or sell it;
- (iii) There is an ability to use or sell the intangible asset;
- (iv) It can be demonstrated that the intangible asset will generate probable future economic benefits;
- (v) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (vi) The expenditure attributable to the intangible asset during its development can be reliably measured.

Collaborations and alliances are maintained with third parties for provision of research and development expertise and capacity in genomics for the achievement of performance milestones. Milestones payments are capitalised to the extent that the capitalisation criteria in FRS 138 - Intangible Assets are met. Judgement is involved in determining whether amount paid meets the performance milestones so as to enable the amount to be capitalised as intangible assets.

Other development expenditure that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful lives, not exceeding twenty years.

Intangible assets are tested for impairment annually, in accordance with FRS 136. See accounting policy note on impairment of non-financial assets.

Exploration Cost

Exploration cost is accounted for in accordance with the full cost method. Under this method, all costs relating to the exploration activities are capitalised when incurred. Exploration cost is written off to the income statement when:

- it is determined that further exploration activities will not yield commercial quantities of reserves, or
- no further exploration drilling is planned, or
- the petroleum contract has expired or is surrendered.

Exploration cost is stated net of impairment loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 of 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.

Non-Current Assets 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 (net of bank overdrafts), 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. Bank overdrafts are included within short term borrowings in the current liabilities and money market instruments are included within short term investments in current assets in the balance sheet.

Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another entity or to exchange financial assets or liabilities with another entity that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issue of new shares, options or for the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

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

Treasury Shares

A purchase by the Company or its subsidiaries of its own equity shares is accounted for under the treasury stock method. Under this method, the shares repurchased and held as treasury shares is measured and carried at the cost of repurchase (including any directly attributable incremental external costs, net of tax) on initial recognition and subsequently. On presentation in the balance sheet, the carrying amount of the treasury shares is offset against equity. Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or the distributable reserves, or both. Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration and the carrying amount of the treasury shares

is shown as the movement in equity. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

Borrowings

Borrowings are recognised initially based on proceeds received. Subsequently, borrowings are stated at amortised cost using the effective interest method; any difference between the amount recorded as borrowings and the associated redemption value is recognised in the income statement over the period of the borrowings.

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.

Impairment of Non-Financial Assets

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

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

- a) tests intangible assets with indefinite useful life for impairment annually by comparing its carrying amount with its recoverable amount.
- b) tests goodwill acquired in a business combination 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.

Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements, except in a business combination. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contingent Liabilities and Contingent Assets (cont'd)

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 their existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of FRS 137²⁰⁰⁴ and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118.

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 profits 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 entities and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area

of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

Government Grants

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the income statement on the straight line basis over the expected lives of the related assets.

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

Defined contribution plans

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

d) Share-based compensation

The Company together with its listed subsidiaries, each operate an equity-settled, share-based compensation plan, where share options are issued by the respective companies to their respective eligible executives and executive directors.

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. 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 lapsed are transferred to retained earnings.

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

Revenue Recognition

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

The sales relating to property development projects are recognised progressively as the project activity progresses and are in respect of sales where agreements have been finalised. The recognition of sales is based on the percentage of completion method and is consistent with the method adopted for profit recognition.

Sales of short term investments are accounted for when the contracts are executed.

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

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

Dividends

Dividends on ordinary shares are accrued as a liability in the financial year in which the obligation to pay is established.

Interest income

Interest income is recognised on an accrual basis, when it is determined that such income will accrue to the Group.

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 the 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.

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 completed on/after 1 January 2006, 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

b) Financial instruments not recognised on the balance sheet

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

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

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

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

c) Fair value estimation for disclosure purpose

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 revenue 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, plantation development, investment properties, leasehold land use rights, 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 subsidiaries enter into transactions that are not denominated in their functional currencies. The Group attempts to significantly limit its exposure for committed transactions by entering into forward foreign currency exchange contracts within the constraints of market and government regulations.

Interest rate risk

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

Market risk

The Group, in the normal course of business, is exposed to market risks in respect of its equity investments and volatility in market prices of palm products. 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 7 days to 120 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 are reviewed to minimise potential losses.

The Group avoids, where possible, any significant exposure to a single customer. However, in the ordinary course of business, certain subsidiaries in the Group's Power Division has trade receivables that are solely from their off-takers, the provincial or national electricity utility companies. As such, the counter party risk is considered to be minimal.

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 risk 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 2007

5. SEGMENT ANALYSIS

a) Primary segment - by activity:

2007	Leisure & Hospitality	Plantation	Property	Oil & Gas	Power	Others	Eliminations	Continuing operations	Discontinued operations (Manufacturing)	Total
Revenue										
External	5,889.0	845.7	81.7	142.9	1,491.6	32.9	-	8,483.8	-	8,483.8
Inter segment	3.3	-	14.6	-	-	62.8	(80.7)	-	-	-
	5,892.3	845.7	96.3	142.9	1,491.6	95.7	(80.7)	8,483.8	-	8,483.8
Results										
Segment profit	2,019.1	431.0	23.0	49.0	505.9	54.0	48.1	3,130.1	40.1	3,170.2
Net gain on disposal/ deemed disposal/ dilution of shareholdings	-	-	-	-	-	989.3	-	989.3	-	989.3
Gain on disposal of investment in associate	337.1	-	-	-	-	-	-	337.1	-	337.1
Impairment losses	(938.4)	-	-	-	(40.5)	(37.2)	-	(1,016.1)	-	(1,016.1)
Interest income								289.4	1.0	290.4
Finance cost								(395.4)	(4.1)	(399.5)
Share of results in jointly controlled entities	(11.3)	-	-	-	-	0.1	-	(11.2)	-	(11.2)
Share of results in associates	(81.6)	3.5	0.2	-	68.2	-	-	(9.7)	-	(9.7)
Gain on dilution of investment in associate	81.0	-	-	-	-	-	-	81.0	-	81.0
Profit before taxation								3,394.5	37.0	3,431.5
Taxation								(662.2)	(10.0)	(672.2)
Profit for the financial year								2,732.3	27.0	2,759.3
Loss from disposal of paper & packaging businesses								-	(197.0)	(197.0)
Profit/(loss) for the financial year								2,732.3	(170.0)	2,562.3
2006										
Revenue										
External	4,286.9	486.0	107.9	141.3	1,325.8	70.7	-	6,418.6	525.2	6,943.8
Inter segment	5.0	-	15.7	-	12.1	55.6	(88.4)	-	-	-
	4,291.9	486.0	123.6	141.3	1,337.9	126.3	(88.4)	6,418.6	525.2	6,943.8
Results										
Segment profit	1,723.7	193.2	25.7	51.0	458.6	352.9	54.5	2,859.6	43.9	2,903.5
Interest income								219.1	2.0	221.1
Finance cost								(212.6)	-	(212.6)
Share of results in jointly controlled entities	(0.4)	-	-	-	-	-	-	(0.4)	-	(0.4)
Share of results in associates	(196.0)	1.9	(0.1)	-	32.4	-	-	(161.8)	-	(161.8)
Profit before taxation								2,703.9	45.9	2,749.8
Taxation								(500.0)	(7.3)	(507.3)
Profit for the financial year								2,203.9	38.6	2,242.5

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

5. SEGMENT ANALYSIS (cont'd)

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

2007	Leisure & Hospitality	Plantation	Property	Manufacturing (Discontinued operations)	Oil & Gas	Power	Others	Eliminations	Total
Other Information:									
Assets									
Segment assets	14,238.0	1,244.5	1,050.2	-	529.1	3,508.1	1,315.7	(1,293.4)	20,592.2
Interest bearing instruments									8,856.2
Jointly controlled entities	12.3	1.9	-	-	-	-	1.2	-	15.4
Associates	334.4	8.7	2.7	-	-	229.4	-	-	575.2
Unallocated corporate assets									139.9
Total assets									<u>30,178.9</u>
Liabilities									
Segment liabilities	1,424.1	67.0	133.6	-	98.4	586.7	482.2	(1,293.4)	1,498.6
Interest bearing instruments									5,339.2
Unallocated corporate liabilities									1,803.8
Total liabilities									<u>8,641.6</u>
Other Disclosures									
Capital expenditure *	2,740.4	66.0	3.2	-	41.0	14.6	1.0	-	2,866.2
Depreciation & amortisation	332.8	22.6	6.2	-	19.5	219.6	2.3	-	603.0
Impairment losses	938.4	-	-	-	-	40.5	37.2	-	1,016.1
Other significant non-cash charges	22.2	3.2	1.8	-	0.1	2.6	0.7	-	30.6
2006									
Other Information:									
Assets									
Segment assets	10,979.8	1,109.4	1,045.8	1,128.6	402.2	3,622.0	541.8	(683.3)	18,146.3
Interest bearing instruments									7,464.2
Jointly controlled entities	0.2	-	-	-	-	-	1.1	-	1.3
Associates	2,331.0	10.1	2.9	-	-	149.9	-	-	2,493.9
Unallocated corporate assets									119.0
Total assets									<u>28,224.7</u>
Liabilities									
Segment liabilities	1,225.6	57.0	66.0	173.6	302.6	224.9	122.6	(683.3)	1,489.0
Interest bearing instruments									8,172.9
Unallocated corporate liabilities									1,895.9
Total liabilities									<u>11,557.8</u>
Other Disclosures									
Capital expenditure *	539.6	44.2	3.3	35.1	48.2	15.9	0.1	-	686.4
Depreciation & amortisation	252.9	16.5	6.1	44.3	13.6	181.0	1.2	-	515.6
Impairment losses	-	-	-	35.2	-	13.2	-	-	48.4
Other significant non-cash charges	37.4	0.8	0.3	1.6	0.1	0.1	0.7	-	41.0

* Includes capital expenditure in respect of property, plant and equipment, investment properties, plantation development and leasehold land use rights.

b) Secondary segment - by geographical location

	Revenue		Assets		Capital expenditure	
	2007	2006 Restated	2007	2006	2007	2006
Malaysia	6,034.6	5,133.3	11,790.5	14,329.9	448.1	417.0
Singapore	-	27.8	8,186.0	1,465.4	2,030.4	67.6
Asia Pacific (excluding Malaysia & Singapore)	882.3	723.6	3,543.1	3,315.5	71.2	62.8
Europe	1,566.9	533.9	6,034.7	6,605.9	316.5	139.0
Other countries	-	-	34.0	12.8	-	-
	<u>8,483.8</u>	<u>6,418.6</u>	<u>29,588.3</u>	<u>25,729.5</u>	<u>2,866.2</u>	<u>686.4</u>
Jointly controlled entities	-	-	15.4	1.3	-	-
Associates	-	-	575.2	2,493.9	-	-
	<u>8,483.8</u>	<u>6,418.6</u>	<u>30,178.9</u>	<u>28,224.7</u>	<u>2,866.2</u>	<u>686.4</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

5. SEGMENT ANALYSIS (cont'd)

The Group is organised into six main business segments:

Leisure & Hospitality	- this division includes the hotel, gaming and entertainment businesses, tours & travel related services and other support services.
Plantation	- this division is involved mainly in oil palm plantations, palm oil milling and related activities.
Property	- this division is involved in property development activities.
Oil & Gas	- this division is involved in oil & gas exploration, development, production and sale of crude oil.
Power	- this division is involved in the generation and supply of electric power.
Manufacturing	- this division is involved in the manufacturing and trading of paper and paper related products and downstream activities involving packaging. Paper and packaging businesses were disposed off during the financial year.

Further to the disposal of the paper and packaging businesses as disclosed in Note 13, the Manufacturing segment is no longer deemed a material segment for separate disclosure. The businesses which remain therein, including the bio-oil and wood plastic composite businesses are consequently included into "Others".

All other immaterial business segments including investments in equities are aggregated and disclosed under "Others" as they are not of a sufficient size to be reported separately.

Geographically, the Group operates in Asia Pacific and Europe. The main business segments of the Group are concentrated in Malaysia. Included in the Europe region is the Group's casino operations and its investment in shares of quoted corporations. The assets in the Asia Pacific region (excluding Malaysia & Singapore) mainly comprise interest bearing investments and power businesses, whilst the assets in the Europe region mainly comprise gaming and entertainment businesses.

6. REVENUE

	Group		Company	
	2007	2006 Restated	2007	2006
Rendering of services:				
Leisure & hospitality	5,889.0	4,286.9	-	-
Rental and property management income	24.2	18.4	-	-
Fees from management and licensing services	-	-	481.9	418.5
Other services	20.8	18.3	8.6	7.0
Sale of goods:				
Plantation produce	845.7	486.0	-	-
Properties and progressive sales on property development projects	59.5	89.5	-	-
Crude oil	142.9	141.3	-	-
Electricity	1,473.5	1,325.8	-	-
Others	19.4	2.8	-	-
Sale of investments	4.0	5.6	-	-
Investment income	4.8	44.0	1,260.7	428.9
	8,483.8	6,418.6	1,751.2	854.4

7. COST OF SALES

	Group		Company	
	2007	2006 Restated	2007	2006
Cost of inventories recognised as an expense	1,534.1	1,292.1	-	-
Cost of services and other operating costs	3,471.3	2,244.3	65.4	63.3
	5,005.4	3,536.4	65.4	63.3

Included in other operating costs are gaming related expenses amounting to RM1,255.2 million (2006: RM965.3 million) for the Group and Nil (2006: Nil) for the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

8. OTHER EXPENSES

Included in other expenses of the Group are an impairment loss of RM897.3 million (2006: RM Nil) on goodwill arising on the acquisition of Genting Stanley (see Note 21(b)), and gross foreign exchange differences arising from translation of foreign denominated balances.

The Company's other expenses for the current financial year included waiver of amounts due by its wholly owned subsidiaries of RM217.4 million (2006: RM Nil) and a provision for contingent losses amounting to RM85.0 million arising from guarantees issued to financial institutions on borrowings extended to subsidiaries for the purpose of raising finance for the Group's investments.

9. PROFIT BEFORE TAXATION

Profit before taxation has been determined after inclusion of the following charges and credits. The comparative figures have been restated after excluding the charges and credits for discontinued operations. The expenses by nature of the Group are also disclosed in the charges below:

	Group		Company	
	2007	2006	2007	2006
	RM'000	Restated RM'000	RM'000	RM'000
Charges:				
Depreciation of property, plant and equipment	583,802	455,066	901	2,445
Depreciation of investment properties	1,108	1,070	-	-
Amortisation of plantation development	7	7	-	-
Amortisation of leasehold land use rights	6,318	5,178	-	-
Amortisation of intangible assets	11,729	11,256	-	-
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 11)	91,485	101,341	44,708	48,043
Impairment of property, plant and equipment included in:				
- Other expenses	63,487	-	-	-
Impairment of intangible assets included in:				
- Other expenses	952,646	13,200	-	-
Impairment of long term investment included in:				
- Other expenses	-	342	-	-
Property, plant and equipment written off	1,661	1,699	-	-
Net allowance for diminution in value of investments	9,647	-	-	-
Net allowances for doubtful debts	2,356	-	-	-
Bad debts written off	142,947	27,820	-	-
Replanting expenditure	5,378	3,836	-	-
Hire of equipment	30,632	11,693	-	-
Rental of land and buildings	62,260	13,249	-	-
Finance cost	395,419	212,625	-	-
Net exchange losses - realised	-	8,103	-	-
Auditors' remuneration				
- Payable to auditors	1,560	1,234	43	36
- Payable to member firms of an organisation to which the auditors is also a member	2,722	2,150	-	-
Expenditure paid to subsidiaries:				
- Finance cost	-	-	61,451	73,037
- Rental of land and buildings	-	-	2,037	1,832
- Rental of equipment	-	-	1,517	1,416
- Service fees	-	-	1,117	1,058
Employee benefits expense (see Note 10)	1,400,291	814,996	65,407	63,308
Repair and maintenance	131,052	157,661	894	866
Utilities	63,901	88,679	170	155
Legal and professional fees	61,293	63,169	2,784	2,173
Transportation costs	47,579	61,422	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

9. PROFIT BEFORE TAXATION (cont'd)

	Group		Company	
	2007	2006 Restated	2007	2006
	RM'000	RM'000	RM'000	RM'000
Credits:				
Interest income	289,405	219,102	78,037	57,551
Net gain on disposal of property, plant and equipment and plantation development	1,079	1,694	156	155
Gain on disposal of investment property	2,019	458	-	-
Net gain on disposal of long term investments	-	173,179	-	-
Net gain on disposal of short-term investments	4,064	5,662	-	-
Net write back of allowance for doubtful debts	-	601	-	-
Bad debts recovered	143,071	-	-	-
Rental income from land and buildings	58,397	54,239	-	-
Net write back of allowance for diminution in value of investments	-	9,671	-	-
Additional compensation arising from acquisition of freehold land	27	-	-	-
Net exchange gains - realised	15,309	-	-	-
Net exchange gains - unrealised	57,809	188,586	4,999	38,057
Dividends (gross) from:				
- Quoted local companies	4,326	3,873	-	-
- Quoted foreign corporations	515	33,737	-	-
Income from subsidiaries				
- Gain on disposal of long-term investment	-	-	1,218,741	-
- Management and licensing fees	-	-	481,768	418,352
- Gross dividends	-	-	1,260,637	428,919
- Interest income	-	-	46,215	49,779
- Shared services fees	-	-	8,596	7,027
- Royalty	-	-	152	148
Other information:				
Non statutory audit fees				
- payable to auditors	3,718	2,093	435	78
- payable to member firms of an organisation to which the auditors is also a member	1,015	665	4	1

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007	2006 Restated	2007	2006
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	1,196,193	664,376	49,463	43,702
Defined contribution plan	69,092	54,457	6,315	5,647
Other short-term employee benefits	111,503	57,682	1,916	1,585
Share-based payments	1,491	3,953	-	-
Provision for retirement gratuities	22,012	34,528	7,713	12,374
	1,400,291	814,996	65,407	63,308

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

11. DIRECTORS' REMUNERATION

	Group		Company	
	2007	2006 Restated	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Non-Executive Directors:</u>				
Fees	726	373	463	287
<u>Executive Directors:</u>				
Fees	770	929	349	450
Salaries & bonuses	68,851	66,322	32,969	31,537
Defined contribution plan	9,006	8,565	4,488	4,281
Other short-term employee benefits	523	481	72	24
Provision for retirement gratuities	11,609	24,671	6,367	11,464
	90,759	100,968	44,245	47,756
Directors' remuneration excluding estimated money value of benefits-in-kind (see Note 9)	91,485	101,341	44,708	48,043
Estimated money value of benefits-in-kind (not charged to the income statements) in respect of Executive Directors	966	722	39	88
	92,451	102,063	44,747	48,131

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

Amounts in RM'000	2007	2006
	Number	
<u>Non-Executive Directors:</u>		
Below 50,000	1	-
50 - 100	1	1
100 - 150	1	1
150 - 200	-	1
200 - 250	1	-
250 - 300	1	-
<u>Executive Directors:</u>		
1,150 - 1,200	-	1
1,400 - 1,450	1	-
1,650 - 1,700	-	1
1,800 - 1,850	1	-
1,950 - 2,000	1	-
2,000 - 2,050	-	1
4,200 - 4,250	-	1
86,450 - 86,500	1	-
92,550 - 92,600	-	1

Executive directors of the Company have been granted options under the Employees Share Option Scheme ("Scheme") on the same terms and conditions as those offered to other employees. Details of the Scheme are set out in Note 33. The unissued shares under the Scheme in respect of Directors are as follows:

Grant Date	Subscription price per share RM	Number of shares				
		At 1 January '000	Offered and Accepted '000	Exercised '000	Lapsed '000	At 31 December '000
Financial year ended 31.12.2007						
2 September 2002	2.868	11,380	-	(4,235)	-	7,145
Financial year ended 31.12.2006						
2 September 2002	2.868	12,170	-	(790)	-	11,380
					2007	2006
					'000	'000
Number of share options vested at balance sheet date					315	2,820

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

12. TAXATION

	Group		Company	
	2007	2006 Restated	2007	2006
Current taxation charge:				
Malaysian taxation	708.3	564.8	476.5	238.0
Foreign taxation	69.9	41.4	-	-
	<u>778.2</u>	<u>606.2</u>	<u>476.5</u>	<u>238.0</u>
Deferred tax	(84.1)	(4.4)	(1.5)	(3.1)
	<u>694.1</u>	<u>601.8</u>	<u>475.0</u>	<u>234.9</u>
Prior years' taxation:				
Income tax (over)/under provided	(13.5)	(105.7)	0.2	-
Deferred tax (over)/under provided	(18.4)	3.9	-	-
	<u>662.2</u>	<u>500.0</u>	<u>475.2</u>	<u>234.9</u>

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

	Group		Company	
	2007	2006 Restated	2007	2006
	%	%	%	%
Malaysian tax rate	27.0	28.0	27.0	28.0
Tax effects of:				
- expenses not deductible for tax purposes	11.4	0.8	3.7	2.5
- over provision in prior years	(0.9)	(3.8)	-	-
- different tax regime	(1.2)	(2.6)	-	-
- tax incentive	(2.1)	(3.4)	-	-
- income not subject to tax	(11.7)	(1.1)	(13.0)	(3.3)
- effect of change in income tax rate on deferred tax	(2.5)	(1.3)	-	0.1
- others	(0.5)	1.9	-	-
Average effective tax rate	<u>19.5</u>	<u>18.5</u>	<u>17.7</u>	<u>27.3</u>

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

13. DISCONTINUED OPERATIONS

On 16 March 2007, the Company had announced the disposal of the Group's entire paper and packaging businesses which was subsequently completed on 24 July 2007. Consequently, the Group has recognised a loss arising from disposal of RM197.0 million for the current financial year ended 31 December 2007. Details of the disposal are set out in Note 43(b).

The comparative consolidated income statement has been re-presented to show the discontinued operations separately from continuing operations.

a) Profit attributable to the discontinued operations were as follows:

	2007	2006
Revenue	315.4	531.6
Cost of sales	(257.4)	(418.6)
Gross profit	58.0	113.0
Other income	2.9	4.5
Selling and distribution costs	(6.8)	(11.6)
Administration expenses	(11.8)	(16.2)
Other expenses	(1.2)	(37.4)
Dividend on preference shares to the Company	-	(6.4)
Finance cost	(4.1)	-
Profit before taxation of discontinued operations	37.0	45.9
Taxation	(10.0)	(7.3)
Profit after taxation of discontinued operations	27.0	38.6
Loss arising from disposal	(197.0)	-
(Loss)/profit for the year from discontinued operations	(170.0)	38.6
Attributable to:		
Equity holder of the Company	(166.1)	37.7
Minority interest	(3.9)	0.9
	(170.0)	38.6

b) The following charges and credits have been included in arriving at profit before taxation of discontinued operations:

	Group	
	2007	2006
	RM'000	RM'000
Charges:		
Property, plant and equipment		
- depreciation	22,622	42,927
- impairment loss	-	35,138
- written off	58	845
Allowance for doubtful debts	730	395
Hire of plant and machinery	1,858	2,805
Rental of premises	72	48
Exchange loss		
- realised	-	128
- unrealised	532	329
Auditors' remuneration	75	132
Employee benefits expenses	27,547	45,071
Credits:		
Interest income from short term deposits	957	1,986
Rental income	107	160
Exchange gain		
- realised	208	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

14. 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 by the weighted average number of ordinary shares in issue during the financial year.

	2007			2006		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/(loss) for the financial year (RM'million)	2,155.0	(166.1)	1,988.9	1,466.5	37.7	1,504.2
Weighted average number of ordinary shares in issue ('000)			3,696,235			3,533,214
Basic earnings/(loss) per share (sen)	58.30	(4.49)	53.81	41.50	1.07	42.57

b) Diluted earnings per share:

For the diluted earnings per share calculation, the Group's profit for the financial year is reduced by the lower consolidated earnings from subsidiaries arising from the potential dilution of the Group's shareholdings in those subsidiaries that have issued potential ordinary shares that are dilutive. The weighted average number of ordinary shares in issue of the Company is also adjusted to assume conversion of all dilutive potential ordinary shares issued by the Company.

	2007			2006		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Earnings adjusted as follows:						
Profit/(loss) for the financial year (RM'million)	2,155.0	(166.1)	1,988.9	1,466.5	37.7	1,504.2
Net impact on earnings on potential exercise of Employees Share Options awarded to executives of the Company's subsidiaries (RM'million)	(3.3)	-	(3.3)	(8.3)	-	(8.3)
Adjusted earnings/(loss) for the financial year (RM'million)	2,151.7	(166.1)	1,985.6	1,458.2	37.7	1,495.9
Weighted average number of ordinary shares adjusted as follows:						
Weighted average number of ordinary shares in issue ('000)			3,696,235			3,533,214
Adjustment for share options granted to executives of the Company ('000)			8,108			9,999
Adjusted weighted average number of ordinary shares in issue ('000)			3,704,343			3,543,213
Diluted earnings per share (sen)	58.09	(4.49)	53.6	41.15	1.07	42.22

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

15. DIVIDENDS

	2007		2006	
	Gross dividend per share Sen	Amount of dividend, net of tax RM million	Gross dividend per share Sen	Amount of dividend, net of tax RM million
Interim dividend paid	2.7	72.8	2.4	60.9
Special dividend paid	30.0	810.9	-	-
Proposed final dividend	4.3	117.8	4.0	107.9
	37.0	1,001.5	6.4	168.8

The comparative figures were recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 16 April 2007.

On 22 November 2007, the Board of Directors of the Company had declared a special dividend of 30.0 sen per ordinary share of 10 sen each, less 27% tax, in memory of the late Founder and Honorary Life Chairman of the Company, Tan Sri (Dr.) Lim Goh Tong. This special dividend was paid on 21 December 2007.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 4.3 sen less 26% tax (2006: 4.0 sen less 27% tax) per ordinary share of 10 sen each amounting to RM117.8 million (2006: RM107.9 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.

16. PROPERTY, PLANT AND EQUIPMENT

2007 Group	Freehold land	Long leasehold land	Freehold buildings and improvements	Leasehold buildings and improvements	Plant, equipment and vehicles	Construction in progress	Total
Net Book Value:							
At 1 January 2007	370.3	383.1	3,356.6	884.2	4,182.4	195.8	9,372.4
Effects of adoption of - FRS 117	-	(383.1)	-	-	-	-	(383.1)
Restated at 1 January 2007	370.3	-	3,356.6	884.2	4,182.4	195.8	8,989.3
Additions	2.0	-	118.8	111.2	453.6	720.7	1,406.3
Disposals	-	-	(7.8)	-	(3.6)	-	(11.4)
Written off	-	-	(0.3)	-	(1.3)	-	(1.6)
Depreciation	-	-	(83.0)	(42.2)	(458.6)	-	(583.8)
Assets of companies disposed	(46.1)	-	(153.6)	(93.6)	(454.8)	(1.0)	(749.1)
Reclassification/transfers	(2.0)	-	95.9	(1.6)	126.6	(271.3)	(52.4)
Impairment losses	-	-	(1.6)	-	(61.4)	(0.5)	(63.5)
Currency fluctuations	(0.3)	-	(19.4)	(4.1)	(7.8)	(0.5)	(32.1)
Others	-	-	(0.4)	0.6	-	1.1	1.3
At 31 December 2007	323.9	-	3,305.2	854.5	3,775.1	644.3	8,903.0
At 31 December 2007:							
Cost or valuation	323.9	-	4,064.3	987.1	6,354.2	644.8	12,374.3
Accumulated depreciation	-	-	(757.5)	(118.9)	(2,512.4)	-	(3,388.8)
Accumulated impairment losses	-	-	(1.6)	(13.7)	(66.7)	(0.5)	(82.5)
Net book value	323.9	-	3,305.2	854.5	3,775.1	644.3	8,903.0
Comprising							
Cost	63.2	-	3,868.8	953.1	6,342.8	644.8	11,872.7
At valuation:							
- 1981	48.3	-	-	-	-	-	48.3
- 1982	8.8	-	76.7	-	2.9	-	88.4
- 1983	105.1	-	2.3	-	-	-	107.4
- 1986	-	-	-	-	8.5	-	8.5
- 1989	83.3	-	115.8	-	-	-	199.1
- 1991	-	-	0.7	34.0	-	-	34.7
- 1996	15.2	-	-	-	-	-	15.2
	323.9	-	4,064.3	987.1	6,354.2	644.8	12,374.3

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

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

2006 Group	Freehold land	Long leasehold land	Freehold buildings and improvements	Leasehold buildings and improvements	Plant, equipment and vehicles	Construction in progress	Total
Net Book Value:							
At 1 January 2006	367.6	474.8	2,800.3	247.0	2,538.3	54.8	6,482.8
Effects of adoption of - FRS 117	-	(368.0)	-	-	-	-	(368.0)
Restated at 1 January 2006	367.6	106.8	2,800.3	247.0	2,538.3	54.8	6,114.8
Additions	2.4	12.9	45.8	20.1	327.1	261.4	669.7
Disposals	(0.4)	(0.1)	-	-	(2.1)	-	(2.6)
Written off	-	-	(0.2)	(0.2)	(1.4)	(0.8)	(2.6)
Depreciation	-	(16.5)	(82.5)	(14.7)	(384.3)	-	(498.0)
Assets of companies acquired	-	409.6	-	-	1,465.8	3.5	1,878.9
Provisional fair values of property, plant and equipment on Stanley Leisure	-	-	539.3	116.7	270.5	20.8	947.3
Reclassification/transfers	-	(518.1)	48.6	530.0	100.7	(155.3)	5.9
Impairment losses	-	-	-	-	(35.2)	-	(35.2)
Currency fluctuations	0.7	(2.9)	5.4	(14.3)	(83.4)	11.4	(83.1)
Others	-	8.3	(0.1)	(0.4)	(13.6)	-	(5.8)
At 31 December 2006	370.3	-	3,356.6	884.2	4,182.4	195.8	8,989.3
At 31 December 2006:							
Cost or valuation	370.3	-	4,080.2	988.3	6,806.6	195.8	12,441.2
Accumulated depreciation	-	-	(723.6)	(90.2)	(2,581.9)	-	(3,395.7)
Accumulated impairment losses	-	-	-	(13.9)	(42.3)	-	(56.2)
Net book value	370.3	-	3,356.6	884.2	4,182.4	195.8	8,989.3
Comprising							
Cost	108.4	-	3,884.7	954.3	6,795.2	195.8	11,938.4
At valuation:							
- 1981	48.3	-	-	-	-	-	48.3
- 1982	8.8	-	76.7	-	2.9	-	88.4
- 1983	106.3	-	2.3	-	-	-	108.6
- 1986	-	-	-	-	8.5	-	8.5
- 1989	83.3	-	115.8	-	-	-	199.1
- 1991	-	-	0.7	34.0	-	-	34.7
- 1996	15.2	-	-	-	-	-	15.2
	370.3	-	4,080.2	988.3	6,806.6	195.8	12,441.2

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

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

Group

Fixed assets have been revalued by the Directors based upon valuations carried out by independent firms of professional valuers using the fair market value basis except for assets revalued in 1991, which were based on the values determined by a regulatory authority in connection with a restructuring exercise. The net book value of the revalued assets of the Group would have amounted to RM239.8 million (2006: RM264.6 million) had such assets been stated in the financial statements at cost.

On 22 December 2005, a legal charge was created on the freehold land and buildings of a subsidiary of GIPLC with a carrying value of RM39.1 million (2006: RM40.8 million) equivalent for all monies due or that become due to a mortgagee. The facility for which the legal charge had been created was not utilised as at 31 December 2007.

Property, plant and equipment and leasehold land use rights that have been pledged as collateral as at 31 December 2007 amounted to RM1.7 billion (2006: RM1.8 billion) equivalent and RM5.3 million (2006: RM5.6 million) equivalent respectively, for certain borrowings in the Group's power plant business.

The Group recognised an impairment loss of RM63.5 million (2006: RM35.2 million) during the financial year mainly due to a decline in the recoverable value of RM30.2 million (2006: RM Nil) of a power generation plant owned by an indirect subsidiary, and an impairment loss of RM33.3 million (2006: RM35.2 million) was recognised in relation to certain under-performing and idle plant and machineries in the Group's manufacturing business.

	Freehold buildings and improvements	Plant, equipment and vehicles	Construction in progress	Total
2007				
Company				
Net book value:				
At 1 January 2007	1.3	3.7	0.1	5.1
Additions	-	1.7	-	1.7
Depreciation	(0.1)	(0.8)	-	(0.9)
Reclassification/transfer	-	(0.4)	-	(0.4)
At 31 December 2007	1.2	4.2	0.1	5.5
At 31 December 2007:				
Cost	8.8	14.4	0.1	23.3
Accumulated depreciation	(7.6)	(10.2)	-	(17.8)
Net book value	1.2	4.2	0.1	5.5
2006				
Company				
Net book value:				
At 1 January 2006	3.0	3.2	0.1	6.3
Additions	-	1.2	-	1.2
Depreciation	(1.7)	(0.7)	-	(2.4)
At 31 December 2006	1.3	3.7	0.1	5.1
At 31 December 2006:				
Cost	8.8	14.9	0.1	23.8
Accumulated depreciation	(7.5)	(11.2)	-	(18.7)
Net book value	1.3	3.7	0.1	5.1

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

17. PROPERTY DEVELOPMENT ACTIVITIES

			Group	
	2007		2006	
(a) Land held for property development:				
Freehold land		352.3		354.3
Development cost		143.0		134.5
		<u>495.3</u>		<u>488.8</u>
Beginning of the financial year				
- freehold land	354.3		356.6	
- development costs	134.5	488.8	131.4	488.0
Costs incurred during the financial year				
- freehold land	2.2		-	
- development costs	15.4	17.6	8.6	8.6
Costs transferred to property development costs (see Note 17(b))				
- freehold land	(4.2)		(2.3)	
- development costs	(6.9)	(11.1)	(5.5)	(7.8)
End of the financial year		<u>495.3</u>		<u>488.8</u>
(b) Property development costs:				
Freehold land		31.0		31.2
Development costs		116.8		152.5
Accumulated costs charged to income statement		(36.7)		(79.5)
		<u>111.1</u>		<u>104.2</u>
Beginning of the financial year				
- freehold land	31.2		29.7	
- development costs	152.5		132.5	
- accumulated costs charged to income statement	(79.5)	104.2	(50.8)	111.4
Costs incurred during the financial year				
- transfer from land held for property development (see Note 17(a))	11.1		7.8	
- freehold land at cost	0.1		-	
- development costs	33.7	44.9	47.1	54.9
Costs charged to income statement		(28.6)		(57.3)
Costs transferred to inventories				
- freehold land	(4.5)		(0.8)	
- development costs	(76.3)		(32.6)	
- accumulated costs charged to income statement	71.4	(9.4)	28.6	(4.8)
End of the financial year		<u>111.1</u>		<u>104.2</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

18. INVESTMENT PROPERTIES

	Group	
	2007	2006
Net Book Value:		
At 1 January	30.1	28.9
Additions	0.1	0.9
Disposals	(3.0)	(0.5)
Depreciation	(1.1)	(1.1)
Reclassifications/transfers	-	1.9
At 31 December	<u>26.1</u>	<u>30.1</u>
At 31 December:		
Cost	39.4	43.9
Accumulated depreciation	(13.3)	(13.8)
Net book value	<u>26.1</u>	<u>30.1</u>
Fair value at end of the financial year	<u>55.9</u>	<u>54.1</u>

The aggregate rental income and direct operating expenses arising from investment properties that generated rental income which was recognised during the financial year amounted to RM4.7 million and RM1.3 million respectively (2006: RM4.3 million and RM0.9 million).

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

19. PLANTATION DEVELOPMENT

	Group	
	2007	2006
Net Book Value:		
At 1 January	445.3	429.7
Additions	24.3	12.9
Disposals	-	(0.2)
Written-off	(0.1)	-
Assets of companies acquired	-	2.9
At 31 December	<u>469.5</u>	<u>445.3</u>
At 31 December:		
Cost	469.5	445.3
Accumulated amortisation	-	-
Net book value	<u>469.5</u>	<u>445.3</u>

20. LEASEHOLD LAND USE RIGHTS

	Group	
	2007	2006
Net Book Value:		
At 1 January	-	-
Effect of adoption of FRS 117	383.1	368.0
Restated at 1 January	<u>383.1</u>	<u>368.0</u>
Additions	1,435.7	2.9
Assets of companies acquired	-	25.1
Amortisation	(6.3)	(5.2)
Reclassifications/transfers	(44.6)	(7.4)
Currency fluctuations	-	(0.3)
At 31 December	<u>1,767.9</u>	<u>383.1</u>
At 31 December:		
Cost	1,828.7	417.0
Accumulated amortisation	(60.8)	(33.9)
Net book value	<u>1,767.9</u>	<u>383.1</u>
Analysed by:		
- unexpired period more than 50 years	1,741.5	354.5
- unexpired period less than 50 years	26.4	28.6
	<u>1,767.9</u>	<u>383.1</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

21. INTANGIBLE ASSETS

Group	Goodwill	Casino licence	Rights	Trademark	Royalty	Other intangibles	Total
Net book value:							
At 1 January 2007	1,816.5	3,332.7	81.2	96.5	4.0	41.7	5,372.6
Exchange differences	(29.7)	(92.3)	0.2	(2.9)	-	(0.5)	(125.2)
Additions	372.1	17.4	-	-	-	26.2	415.7
Disposals	(6.2)	(2.2)	-	-	-	-	(8.4)
Amortisation charge	-	(1.0)	(11.6)	-	(0.1)	-	(12.7)
Impairment charge	(906.5)	-	(1.1)	-	(3.9)	(41.1)	(952.6)
At 31 December 2007	1,246.2	3,254.6	68.7	93.6	-	26.3	4,689.4
At 31 December 2007:							
Cost	2,130.9	3,255.6	95.7	93.6	4.3	66.7	5,646.8
Accumulated amortisation	-	(1.0)	(22.6)	-	(0.4)	(0.1)	(24.1)
Accumulated impairment losses	(884.7)	-	(4.4)	-	(3.9)	(40.3)	(933.3)
Net book value	1,246.2	3,254.6	68.7	93.6	-	26.3	4,689.4
Net book value:							
At 1 January 2006	91.4	-	-	6.5	3.2	-	101.1
Exchange differences	12.4	16.1	(0.8)	0.8	-	2.0	30.5
Additions	1,722.6	3,316.6	96.4	89.2	0.9	39.8	5,265.5
Amortisation charge	-	-	(11.1)	-	(0.1)	(0.1)	(11.3)
Impairment charge	(9.9)	-	(3.3)	-	-	-	(13.2)
At 31 December 2006	1,816.5	3,332.7	81.2	96.5	4.0	41.7	5,372.6
At 31 December 2006:							
Cost	1,826.4	3,332.7	95.6	96.5	4.3	41.8	5,397.3
Accumulated amortisation	-	-	(11.1)	-	(0.3)	(0.1)	(11.5)
Accumulated impairment losses	(9.9)	-	(3.3)	-	-	-	(13.2)
Net book value	1,816.5	3,332.7	81.2	96.5	4.0	41.7	5,372.6

The other intangibles include internally generated development cost on the genomics based techniques to increase the yields and potential profit streams from the oil palm where it is reasonably anticipated that the costs will be recovered through future commercial activity. Amortisation of these internally generated development cost will only commence when the asset is available for use.

The remaining amortisation periods for royalty and rights at balance sheet date range from 1 to 18 years (2006: 1 to 20 years).

a) Completion of Purchase Price Allocation ("PPA") exercise

On 15 September 2006, the Group through its indirect subsidiary, Genting International Investment (UK) Limited made a recommended cash offer for the entire issued and to be issued ordinary share capital of Genting Stanley at a price of 860 pence per share. As at 6 October 2006, the offer became unconditional in all respects. Genting Stanley subsequently became an indirect subsidiary of the Group.

The value of assets (including intangible assets) and liabilities of Genting Stanley ensuing from the acquisition had initially been determined based on provisional fair values assigned to identifiable assets and liabilities on acquisition date and were not allocated to the Group's cash generating units ("CGUs") pending finalisation of the PPA exercise. Any adjustments to these provisional values upon finalisation of the PPA exercise were to be recognised within 12 months from acquisition date as permitted by FRS 3, Business Combinations.

The Group engaged an independent valuation firm to assist in the PPA exercise and the said exercise has been completed. The value of casino licences were determined using the profit gap approach or Greenfield approach which are both income based valuation methodologies. The value of tradenames from the acquisition was determined using the relief for royalty method. The effects of the PPA exercise is summarised in Note 46. These adjustments have been accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

21. INTANGIBLE ASSETS (cont'd)

- b) Impairment tests for goodwill and other intangible assets with indefinite useful lives

Goodwill and other intangible assets with indefinite useful lives are allocated to the Group's cash-generating units ("CGU") identified according to geographical area and business segments.

A segment-level summary of the GIPLC Group's net book value of goodwill and other intangible assets with indefinite useful lives allocation is as follows:

Group	2007	2006
Europe		
- London, United Kingdom	1,865.2	2,106.5
- Provincial, United Kingdom	2,251.0	3,168.6
Singapore	181.1	-
Others	2.5	2.7

Goodwill and other intangible assets with indefinite useful lives - United Kingdom ("UK")

Goodwill and other intangible assets with indefinite useful lives that have been allocated to the UK Group were tested for impairment using the value-in-use method.

The recoverable amount of CGUs in the United Kingdom were determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the leisure & hospitality business in which the CGUs operate.

Key assumptions used for value-in-use calculations:

	Leisure and hospitality	
	London	Provincial
Growth rate	3.00%	3.00%
Weighted average cost of capital ("WACC")	8.83%	8.05%
Cost of debt	6.00%	6.00%

The above assumptions were used in the review of both the London and Provincial CGUs within the leisure and hospitality business segment in the Europe. The growth rates used were consistent with the forecasts included in industry reports. The WACC used is post-tax and is assumed to reflect specific risks relating to the relevant segments.

The review indicated that the Group suffered an impairment loss of RM897.3 million (2006: RM Nil) on goodwill arising on the acquisition of Genting Stanley in 2006. The impairment loss is included within "Other operating expenses" in the income statement. The impairment charge largely attributable to the increase in gaming duty rates by the UK government effective from April 2007. The increase in gaming duty rates took the UK gaming industry by surprise as it was made without any prior consultation and indication.

If the cost of debt used to compute WACC is 1% higher for both London and Provincial (2006: Nil) with all other variables including tax rate being held constant, the results after tax for the Group will be lower by RM298.3 million (2006: RM Nil) as a result of higher impairment loss.

If the cost of debt used to compute WACC is 1% lower for both London and Provincial (2006: Nil) with all other variables including tax rate being held constant, the results after tax for the Group will be higher by RM335.5 million (2006: RM Nil) as a result of lower impairment loss.

Goodwill - Singapore

The goodwill attributed to the Singapore CGU mainly arises from the acquisition of 25% equity interest in Resorts World at Sentosa Pte Ltd ("RWS") which is developing the Sentosa Integrated Resort in Singapore. The impairment test for goodwill relating to the Singapore CGU was mainly determined using an implied market valuation determined by independent financial advisor.

Based on the impairment test, no impairment is required for goodwill attributed to the Singapore CGU.

- c) Others

Included in other intangible assets is an option owned by Stanley Genting Casinos (Leeds) Limited, which is a wholly owned subsidiary of Stanley Genting Casinos Limited ("SGCL"), to purchase land at Elland Road, Leeds, United Kingdom and other licenses.

The abovementioned option expired on 16 July 2007 and an impairment loss of RM41.1 million was made in the current financial year to "Other operating expenses" in the income statement.

- d) Impairment loss – Meizhou Wan Plant

In the current year, an amount of RM40.5 million was recognised as impairment charge mainly due to an impairment charge of RM30.2 million in respect of property, plant and equipment and an impairment charge of RM10.3 million for the goodwill and intangible assets of FPEC arising from a deterioration in cash flow projections caused primarily by rising fuel costs.

In the previous year, the impairment charge in respect of goodwill and other intangibles relates to the following: (a) goodwill arising from the acquisition of Genting Power (Putian) Management Company, Ltd ("GPP"), an indirect wholly owned subsidiary, on 26 May 2006, and (b) the Amended & Restated Project Management & Operational Services Contract ("PMOSC") signed between FPEC and GPP. These intangible assets are subsequently impaired, as FPEC and GPP have mutually agreed to terminate the PMOSC on 15 December 2006.

- e) Amortisation charge included in the income statement is analysed as follows:

	Group	
	2007	2006
Cost of sales	11.6	11.2
Administration expenses	0.1	0.1
	11.7	11.3

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

22. EXPLORATION COSTS

	Group	
	2007	2006
Net book value:		
At 1 January	219.8	39.6
Exchange differences	(11.5)	(2.6)
Additions	104.2	182.8
At 31 December	312.5	219.8
At 31 December:		
Cost/net book value	312.5	219.8

Exploration costs comprised capitalised exploration drilling costs. These costs remain capitalised as firm exploration/appraisal wells or seismic data acquisition are planned in the near future, and/or firm development activities are being progressed with a final investment decision expected in the future.

23. SUBSIDIARIES

	Group	
	2007	2006
Investment in subsidiaries:		
Quoted shares in Malaysia - at cost	742.0	813.1
Unquoted shares - at cost	5,300.9	2,554.8
	6,042.9	3,367.9
Market value of quoted shares	14,364.3	10,871.4
Amounts due from subsidiaries are unsecured and comprise:		
Current:		
Interest bearing	11.2	22.4
Interest free	518.0	423.7
	529.2	446.1
Non-current:		
Interest bearing	854.9	855.2
Interest free	1.1	-
	856.0	855.2
	1,385.2	1,301.3
Amounts due to subsidiaries are unsecured and comprise:		
Current:		
Interest bearing	9.3	19.6
Interest free	1.8	76.5
	11.1	96.1
Non-current:		
Interest bearing	1,005.8	1,843.2
	1,016.9	1,939.3

The subsidiaries are listed in Note 47.

- (a) The interest free portion of the amount due from/to subsidiaries has no fixed repayment terms. During the financial year, the Company waived certain amounts due from its wholly owned subsidiaries, amounting to RM217.4 million (2006: RM Nil).

The interest bearing portion of the amount due from subsidiaries bears interest at rates ranging from 5.9% to 7.0% (2006: 5.9% to 7.0%) per annum.

Included in the interest bearing amount due to subsidiaries are US Dollar loans obtained by the Company from the following subsidiaries:

- (i) USD2.8 million (RM9.3 million) (2006: USD8.3 million (RM29.4 million)) loan from Genting Sanyen Power (Labuan) Limited, a wholly owned indirect subsidiary of the Company. The loan bears interest at 3.6% (2006: 3.6%) per annum and is repayable in full over ten half yearly installments maturing in the year 2008.
- (ii) The loan from Prime Venture (Labuan) Limited ("PVLL"), a wholly owned subsidiary of the Company, has been fully settled during the year (2006: outstanding balance of USD300.1 million (RM1,060.9 million)). The loan bears an effective interest rate of 3.6% (2006: 3.6%) per annum.
- (iii) USD300.0 million (RM1,005.8 million) (2006: USD218.5 million (RM772.5 million)) loan from Prime Holdings (Labuan) Limited ("PHLL"), a wholly owned subsidiary of the Company. The loan bears an effective interest rate of 5.9% (2006: 5.9%) per annum. Repayment terms for this loan are similar to the terms on the fixed rate notes facility obtained by PHLL.

The above loans are used to finance the Group's investments in overseas projects.

- (b) As at 31 December 2007, the Company's percentage shareholding in RWB has decreased to 48.7% compared to 57.6% as at 31 December 2006 due to the combined effects of RWB's purchase of its own shares, exchange of part of the Exchangeable Notes issued by PVLL for existing RWB ordinary shares and conversion of part of the Notes issued by RWB into new RWB ordinary shares.

RWB's financial results continue to be consolidated with those of the Company as its subsidiary notwithstanding the Company's shareholding of less than 50% in RWB as the Company has control over RWB by virtue of its ability to manage the financial and operating policies of RWB pursuant to a 30 year Resort Management Agreement ("RMA") entered into in 1989 between the Company's wholly owned subsidiary, Genting Hotel & Resorts Management Sdn Bhd ("GHRM") and RWB. 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 of RWB and which includes the supply of senior management and other personnel deemed necessary or appropriate by GHRM for the operation of RWB. A fee based on the gross revenue and the net operating income before fixed charges and taxation of RWB is payable by RWB to GHRM for services under the RMA.

In addition, the Company is the single largest shareholder of RWB and RWB also continues to regard the Company as its holding company by virtue of the Company being able to manage the financial and operating policies of RWB.

- (c) GIPLC changed its functional currency from United States Dollars to Singapore Dollars with effect from 1 April 2007, being its currency of primary funding and expenditure.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

24. JOINTLY CONTROLLED ENTITIES

	Group	
	2007	2006
Unquoted - at cost:		
Shares in foreign corporations	28.2	2.3
Shares in a Malaysian company	1.0	1.0
Group's share of post acquisition reserves	(13.8)	(2.0)
	15.4	1.3
Amounts due from jointly controlled entities	93.4	17.2
Less: Balance included in long term receivables (see Note 30)	(91.8)	-
Balance included in current assets	(1.6)	(17.2)
	-	-
	15.4	1.3

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

	2007	2006
Income	15.1	11.6
Expenses	(26.3)	(12.0)
Net loss	(11.2)	(0.4)
Non-current assets	353.0	1.5
Current assets	38.7	5.2
Current liabilities	(102.3)	(5.4)
Non-current liabilities	(275.8)	-
Net assets	13.6	1.3

There are no capital commitments or contingent liabilities relating to the Group's interest in jointly controlled entities at the financial year end (2006: Nil).

Details of jointly controlled entities are as follows:

Names of Jointly Controlled Entities	Effective percentage of ownership		Country of incorporation	Principal activities
	2007	2006		
Gemstones Investments Pte Ltd	17.8	19.5	Singapore	Investment holding
Kensington Hotel Pte Ltd	17.8	19.5	Singapore	Investment holding
Kensington Residential Pte Ltd	17.8	19.5	Singapore	Investment holding
KHS Management Limited	17.8	19.5	United Kingdom	Property management services
WorldCard International Limited	26.7	29.3	Isle of Man	Investment holding
WCI Management Limited	26.7	29.3	Isle of Man	Investment holding
WorldCard (Hong Kong) Limited	26.7	29.3	Hong Kong	Provision of loyalty programme management services
WorldCard (Singapore) Pte Ltd	26.7	29.3	Singapore	Provision of loyalty programme management services
808 Holdings Pte Ltd	17.8	19.5	Singapore	Investment holding
818 Pte Ltd	17.8	19.5	Singapore	Investment holding
828 Pte Ltd	17.8	19.5	Singapore	Investment holding
838 Pte Ltd	17.8	19.5	Singapore	Investment holding
Genting INTI Education Sdn Bhd	17.1	20.2	Malaysia	Managing a college for education, tourism, leisure and hospitality
SGSI-Asiatic Limited	27.4	-	British Virgin Islands	Genomics research and development
WCI Intellectual Limited	26.7	29.3	Isle of Man	Dormant

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

25. ASSOCIATES

	Group	
	2007	2006
Quoted - at cost:		
Shares in foreign corporations	-	2,353.1
Shares in Malaysian companies	299.7	230.9
Negative goodwill arising from acquisition	13.8	13.8
Group's share of post acquisition reserves	20.9	(266.8)
	334.4	2,331.0
Unquoted - at cost:		
Shares in foreign corporations	133.8	125.3
Shares in Malaysian companies	2.1	2.1
Group's share of post acquisition reserves	104.9	35.5
	240.8	162.9
Amounts due from associates	0.2	4.3
Less: Balance included in long term receivables (see Note 30)	-	(2.5)
Balance included in current assets	(0.2)	(1.8)
	-	-
	575.2	2,493.9
Market value of quoted shares	434.2	2,981.7

The Group's aggregate share of revenue, profit, assets and liabilities of associates are as follows:

	Group	
	2007	2006
Revenue	1,747.5	3,476.5
Net loss	(9.7)	(161.8)
Total assets	949.0	8,236.2
Total liabilities	294.2	5,703.3

The associates are listed in Note 47.

With effect from 31 July 2007, the Group ceased to have significant influence over SCL, and pursuant to Financial Reporting Standard ("FRS") 128, Investments in Associates, SCL has been derecognised as an associate.

Consequently, SCL has been accounted for in accordance with the requirements of FRS 139, Financial Instruments: Recognition and Measurement, and reclassified as "Available-for-sale Financial Asset ("AFS")".

There are no contingent liabilities relating to the Group's interest in associates at the financial year end. There are capital commitments of RM0.6 million relating to property, plant and equipment of an associate.

26. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group	
	2007	2006
At 1 January	-	-
Initial recognition, at cost	1,195.1	-
Fair value at date of designation	1,473.9	-
	2,669.0	-
Foreign exchange differences	(39.2)	-
Fair value movement transfer to equity	(1,124.4)	-
	1,505.4	-
At 31 December		
Investment in foreign corporation		
- Quoted	1,505.4	-

During the financial year, the Group ceased to have significant influence over SCL. The carrying amount of the investment at the date it ceases to be an associate is regarded as its cost on initial measurement as an AFS. After the initial measurement, the Group measures AFS at its fair value.

There were no disposal or impairment provision on AFS during the current financial year.

The currency profile of the AFS as at the financial year end are as follows:

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

27. OTHER LONG TERM INVESTMENTS

	Group	
	2007	2006
Quoted shares in foreign corporations, at cost	202.0	197.7
Unquoted shares in Malaysian companies, at cost	4.1	4.1
Less: Amounts written down to-date	(1.0)	(1.0)
	3.1	3.1
Other unquoted investments outside Malaysia, at cost	62.7	58.0
	62.7	58.0
	267.8	258.8

The market value of the Group's investments in foreign quoted shares amounted to RM241.9 million (2006: RM210.4 million). It was not practicable within the constraints of cost to estimate reliably the fair values of the balance of unquoted shares which are carried in the financial statements as there are no comparable securities that are traded.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

28. DEFERRED TAXATION

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

	Group		Company	
	2007	2006 Restated	2007	2006
Deferred tax assets				
- subject to income tax (see (i) below)	23.9	12.9	7.8	6.3
- subject to real property gains tax (see (iii) below)	-	0.2	-	-
	23.9	13.1	7.8	6.3
Deferred tax liabilities				
- subject to income tax (see (ii) below)	(1,545.7)	(1,712.2)	-	-
- subject to real property gains tax (see (iv) below)	-	(8.4)	-	-
	(1,545.7)	(1,720.6)	-	-
Net deferred tax (liability)/asset	(1,521.8)	(1,707.5)	7.8	6.3
At 1 January:				
As reported previously	(1,717.0)	(537.8)	6.3	3.2
Prior year adjustment (see Note 46)	9.5	-	-	-
As restated	(1,707.5)	(537.8)	6.3	3.2
Credited/(charged) to income statement (see Note 12)				
- property, plant and equipment	23.9	(13.0)	-	-
- provisions	0.8	4.7	1.5	3.1
- change in tax rate	84.2	9.6	-	-
- others (including discontinued operations)	(6.4)	(7.3)	-	-
	102.5	(6.0)	1.5	3.1
Disposal/(acquisition) of subsidiaries	53.5	(1,158.2)	-	-
Currency translation differences	29.7	(5.5)	-	-
At 31 December	(1,521.8)	(1,707.5)	7.8	6.3
Subject to income tax:				
i) Deferred tax assets (before offsetting)				
- property, plant and equipment	30.4	10.2	-	-
- land held for property development	2.8	2.1	-	-
- provisions	30.3	29.4	8.2	6.7
- tax losses	0.2	4.2	-	-
- others	13.1	24.6	-	-
	76.8	70.5	8.2	6.7
- offsetting	(52.9)	(57.6)	(0.4)	(0.4)
Deferred tax assets (after offsetting)	23.9	12.9	7.8	6.3

	Group		Company	
	2007	2006 Restated	2007	2006
ii) Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(461.2)	(747.5)	(0.4)	(0.4)
- land held for property development	(39.7)	(39.5)	-	-
- intangible assets	(1,079.9)	(947.7)	-	-
- equity (including revaluation reserve)	-	(1.0)	-	-
- others	(17.8)	(34.1)	-	-
	(1,598.6)	(1,769.8)	(0.4)	(0.4)
- offsetting	52.9	57.6	0.4	0.4
Deferred tax liabilities (after offsetting)	(1,545.7)	(1,712.2)	-	-
Subject to real property gains tax:				
iii) Deferred tax assets (before offsetting)				
- property, plant and equipment	-	0.7	-	-
	-	0.7	-	-
- offsetting	-	(0.5)	-	-
Deferred tax assets (after offsetting)	-	0.2	-	-
iv) Deferred tax liabilities (before offsetting)				
- property, plant and equipment	-	(7.6)	-	-
- land held for property development	-	(1.3)	-	-
	-	(8.9)	-	-
- offsetting	-	0.5	-	-
Deferred tax liabilities (after offsetting)	-	(8.4)	-	-

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

	Group		Company	
	2007	2006	2007	2006
Unutilised tax losses	80.2	87.1	-	-
Property, plant and equipment	98.2	115.4	-	-
Provision	1.4	1.1	-	-
	179.8	203.6	-	-

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

The revised FRS 112 suggests that companies can now recognise deferred tax asset on its unutilised reinvestment allowances or other tax allowances including Investment Tax Allowance ("ITA").

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

28. DEFERRED TAXATION (cont'd)

Consequently, the possible impact in recognising deferred tax asset on the Group's unutilised ITA, provided that future taxable profits are available to offset the unused tax credits, on a retrospective basis for the financial year ending 31 December 2008 is as follows:

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

29. INVENTORIES

	Group	
	2007	2006
Stores and spares	153.8	199.3
Food, beverages and other hotel supplies	18.9	18.8
Produce stocks and finished goods	9.6	27.1
Completed properties	129.1	130.8
Raw materials	-	70.6
	<u>311.4</u>	<u>446.6</u>

30. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
Current:				
Trade debtors	441.3	481.5	-	-
Other debtors	114.7	132.4	0.2	0.2
Less: Allowance for doubtful debts	(3.6)	(26.1)	(0.1)	(0.1)
	<u>552.4</u>	<u>587.8</u>	<u>0.1</u>	<u>0.1</u>
Accrued billings in respect of property development	7.6	13.4	-	-
Deposits	55.0	91.2	0.6	0.6
Prepayments	95.8	56.8	-	-
	<u>710.8</u>	<u>749.2</u>	<u>0.7</u>	<u>0.7</u>
Non-current:				
Trade debtors	9.2	9.6	-	-
Amount due from joint controlled entities (see Note 24)	91.8	-	-	-
Amount due from associates (see Note 25)	-	2.5	-	-
Other debtors	27.3	9.2	-	-
	<u>128.3</u>	<u>21.3</u>	<u>-</u>	<u>-</u>
	<u>839.1</u>	<u>770.5</u>	<u>0.7</u>	<u>0.7</u>

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

	Group	
	2007	2006
More than one year and less than two years	95.0	8.3
More than two years and less than five years	17.8	6.4
More than 5 years	15.5	6.6
	<u>128.3</u>	<u>21.3</u>

The currency profile of trade and other receivables as at the financial year end is as follows:

	Group		Company	
	2007	2006	2007	2006
Ringgit Malaysia	429.9	469.6	0.7	0.7
US Dollars	45.5	52.2	-	-
Singapore Dollars	45.9	2.3	-	-
Sterling Pound	128.2	121.4	-	-
Renminbi	182.5	112.2	-	-
Other currencies	7.1	12.8	-	-
	<u>839.1</u>	<u>770.5</u>	<u>0.7</u>	<u>0.7</u>

Included in other debtors of the Group are housing and other loans extended to certain executive directors of the Group amounting to RM Nil (2006: RM0.6 million). The loans consist of an interest free loan amounting to RM Nil (2006: RM0.1 million) and interest bearing loans amounting to RM Nil (2006: RM0.5 million). The interest bearing loans carry interest rates of approximately 4% (2006: 4%) per annum.

Credit terms offered by the Group in respect of trade receivables range from 7 days to 120 days (2006: 7 days to 120 days) from date of invoice.

The amount due from associates represents outstanding amounts arising from inter-company sales and purchases, advances and payments made on behalf of associates. The amounts due are unsecured and interest free and those amounts included under long term receivables are not repayable within the next twelve months.

The fair values of the Group's non-current trade and other receivables amounted to approximately RM122.2 million (2006: RM21.3 million).

31. SHORT TERM INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
Quoted - at cost:				
Shares in Malaysian companies	12.4	27.0	-	-
Shares in foreign corporations	275.7	16.0	-	-
	<u>288.1</u>	<u>43.0</u>	<u>-</u>	<u>-</u>
Less: Allowance for diminution in value of investments	(10.3)	(0.2)	-	-
	<u>277.8</u>	<u>42.8</u>	<u>-</u>	<u>-</u>
Unquoted - at cost:				
Money market instruments (see Note 32)	1,511.3	2,542.7	295.1	1,568.2
	<u>1,789.1</u>	<u>2,585.5</u>	<u>295.1</u>	<u>1,568.2</u>
Market value of quoted shares:				
- Malaysian companies	16.9	26.8	-	-
- Foreign corporations	266.8	17.0	-	-
	<u>283.7</u>	<u>43.8</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

31. SHORT TERM INVESTMENTS (cont'd)

Investment in money market instruments comprises negotiable certificates of deposit and bankers' acceptances. The money market instruments of the Group and the Company have maturity periods ranging between overnight and two months (2006: overnight and two months).

As at 31 December 2007, Palomino Limited, a wholly owned subsidiary of the GIPLC Group, has acquired approximately 10.5% of the total issued and paid-up share capital of Rank Group plc, a company listed on the London Stock Exchange. Rank Group plc is the second largest bingo and casino operator in the UK and it also operates online gaming operations.

32. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
Deposits with licensed banks	7,330.4	4,792.0	242.2	1,338.5
Cash and bank balances	625.8	700.8	6.9	2.6
Bank balances and deposits	7,956.2	5,492.8	249.1	1,341.1
Less: Restricted cash	(155.3)	(106.8)	-	-
	7,800.9	5,386.0	249.1	1,341.1
Add: Money market instruments (see Note 31)	1,511.3	2,542.7	295.1	1,568.2
	9,312.2	7,928.7	544.2	2,909.3
Bank overdrafts	-	(1.6)	-	-
Cash and cash equivalents	9,312.2	7,927.1	544.2	2,909.3

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

	Group				Company			
	Currency Profile		Interest rates		Currency Profile		Interest rates	
	2007	2006	2007	2006	2007	2006	2007	2006
			%	%			%	%
Ringgit Malaysia	3,984.6	5,569.9	3.37	3.28	544.1	2,909.3	3.36	3.27
US Dollars	1,269.6	926.9	4.55	4.50	-	-	-	-
Singapore Dollars	3,683.2	230.8	1.71	2.83	-	-	-	-
Chinese Renminbi	168.9	257.3	2.15	2.01	-	-	-	-
Sterling Pound	136.1	824.4	3.81	4.65	0.1	-	-	-
Other foreign currencies	69.8	117.8	-	-	-	-	-	-
	9,312.2	7,927.1			544.2	2,909.3		

The deposits of the Group and Company as at 31 December 2007 have maturity periods ranging from overnight to sixteen months (2006: overnight to one year). Cash and bank balances of the Group and Company are held at call.

Included in deposits with licensed banks for the Group is an amount of RM14.7 million (2006: RM12.7 million) deposited by an indirect subsidiary into various Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966. This amount is available for use by the said subsidiary for the payment of property development expenditure.

Restricted cash relates to the deposits pledged with licensed banks to secure certain bank facilities, mainly denominated in RMB and GBP. These deposits have weighted average interest rates ranging from 2.8% to 5.5% per annum.

33. SHARE CAPITAL

	2007	2006
Authorised:		
8,000.0 million ordinary shares of 10 sen each	800.0	800.0
Issued and fully paid:		
Ordinary shares of 10 sen each		
At beginning of the financial year		
- 3,694.2 million (2006: 3,526.7 million)	369.4	352.7
Issue of shares:		
- pursuant to The Private Placement: 165.0 million	-	16.5
- pursuant to the Scheme: 9.4 million (2006: 2.455 million)	1.0	0.2
At end of the financial year		
- 3,703.6 million (2006: 3,694.2 million)	370.4	369.4

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

33. SHARE CAPITAL (cont'd)

a) Share Split

On 16 April 2007, the Company completed a share split involving the subdivision of each of the existing ordinary shares of RM0.50 each in the Company into 5 ordinary shares of RM0.10 each in the Company.

b) Executive Share Option Scheme

During the financial year and before the Share Split, 93,000 ordinary shares of 50 sen each fully paid at the subscription price of RM14.34 per share and 1,000 ordinary shares of 50 sen each fully paid at the subscription price of RM13.08 per share were issued by virtue of the exercise of options to take up unissued ordinary shares of the Company by executive employees pursuant to The Executive Share Option Scheme for Eligible Executives of Genting Berhad and its subsidiaries ("Scheme"). After the Share Split, 8,863,000 new ordinary shares of 10 sen each fully paid at the subscription price of RM2.868 per share and 49,000 new ordinary shares of 10 sen fully paid at the subscription price of RM2.616 per share were issued by virtue of the exercise of options to take up unissued ordinary shares of the Company by executive employees pursuant to the Scheme.

During the financial year, a total of 9,328,000 and 54,000 ordinary shares of 10 sen each fully paid at the subscription prices of RM2.868 per share and RM2.616 per share respectively were issued pursuant to the Scheme. The Scheme had become effective on 12 August 2002 for a duration of 10 years terminating on 11 August 2012. These ordinary shares rank pari passu with the then existing ordinary shares of the Company.

At an Extraordinary General Meeting ("EGM") of the Company held on 21 February 2002, the shareholders of the Company had approved the Scheme.

At another EGM held on 25 June 2002, the draft Bye-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 those 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 main features of the Scheme are as follows:

- i) The Scheme 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 the 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 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.
- v) Not more than 50% of the shares available under the Scheme would be allocated, in aggregate, to the Executive Directors and Senior Management. In addition, not more than 10% of the shares available under the Scheme would be allocated to any individual Eligible Executive who, either singly or collectively through persons connected, holds 20% or more in the issued and paid-up share capital of the Company.
- vi) The price at which the Grantee is entitled to subscribe upon exercise of his rights under the options shall be based on the weighted average market price of the shares as shown in the Daily Official List of the Bursa Malaysia Securities Berhad for the five (5) Market Days immediately preceding the Date of Offer. Notwithstanding this, the Option 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 Executive.
- 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 option which a Grantee can subscribe for from the third year onwards shall at all times be subject 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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

33. SHARE CAPITAL (cont'd)

b) Executive Share Option Scheme (cont'd)

- ix) All new ordinary shares issued upon exercise of the options granted under the Scheme will rank pari passu in all respects with the existing ordinary shares of the Company other than their entitlements to dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.
- x) The options shall not have any right to vote at general meeting of the Company and the Grantees shall not be entitled to any dividends, right or other entitlements in respect of their unexercised options.

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

Date granted	Exercisable period	Subscription price * RM	At start of financial year '000	Offered and accepted '000	Exercised '000	Lapsed '000	At end of financial year '000
Financial year ended 31.12.2007:							
Scheme							
2.9.2002	2.9.2004 to 11.8.2012	2.868	25,590	-	(9,328)	(270)	15,992
29.11.2002	29.11.2004 to 11.8.2012	2.616	105	-	(54)	-	51
			25,695	-	(9,382)	(270)	16,043
Financial year ended 31.12.2006:							
Scheme							
2.9.2002	2.9.2004 to 11.8.2012	2.868	28,130	-	(2,415)	(125)	25,590
29.11.2002	29.11.2004 to 11.8.2012	2.616	145	-	(40)	-	105
			28,275	-	(2,455)	(125)	25,695
						2007 '000	2006 '000
Number of share options vested at balance sheet date						1,113	6,300

* After adjusted for share split.

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

Exercise date	Fair value of shares at share issue date (RM/share)	Subscription price (RM/share)	Number of shares issued	
			2007	2006
January - March	6.45 – 8.19 / 4.22 – 4.92	2.868	460,000	175,000
January - March	6.45 – 8.19 / 4.22 – 4.92	2.616	-	5,000
April - June	7.85 – 9.37 / 4.34 – 5.15	2.868	1,890,000	35,000
April - June	7.85 – 9.37 / 4.34 – 5.15	2.616	5,000	5,000
July - September	6.75 – 8.68 / 4.62 – 5.12	2.868	272,000	885,000
July - September	6.75 – 8.68 / 4.62 – 5.12	2.616	5,000	10,000
October - December	7.53 – 8.44 / 4.75 – 6.63	2.868	6,706,000	1,320,000
October - December	7.53 – 8.44 / 4.75 – 6.63	2.616	44,000	20,000
			9,382,000	2,455,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

33. SHARE CAPITAL (cont'd)

b) Executive Share Option Scheme (cont'd)

	2007 RM'000	2006 RM'000
Ordinary share capital - at par	938.2	245.5
Share premium	25,955.8	6,785.4
Proceeds received on exercise of share options	26,894.0	7,030.9
Fair value at exercise date of shares issued	74,802.0	12,873.6

34. TREASURY SHARES

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

During the current financial year, the Company had repurchased a total of 1,000,000 ordinary shares of RM0.10 each of its issued share capital from the open market at an average price of RM7.22. The total consideration paid for the repurchase, including transaction costs, was RM7.22 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. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

During the financial year, of the total 3,703,556,770 issued and fully paid ordinary shares, 1,000,000 are held as treasury shares by the Company. As at 31 December 2007, the number of outstanding ordinary shares in issue after the offset is therefore 3,702,556,770 ordinary shares of RM0.10 each.

Details relating to the repurchase during the current financial year are as follows:

	Total shares repurchased in units 'million	Total consideration paid RM'million	Highest price RM	Lowest price RM	Average price * RM
2007					
At 1 January 2007	-	-	-	-	-
Shares repurchased during the financial year					
- August	1.0	7.22	7.20	7.20	7.22
At 31 December 2007	1.0	7.22	7.20	7.20	7.22

* Average price includes stamp duty, brokerage and clearing fees.

The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan would be applied in the best interests of the Company and its shareholders.

35. RESERVES

	Group		Company	
	2007	2006	2007	2006
Share premium	1,151.4	1,125.5	1,151.4	1,125.5
Revaluation reserves	305.6	307.0	-	-
Fair value reserve	170.3	-	-	-
Exchange differences	(143.0)	(42.6)	-	-
Share of associate's other reserves	-	11.2	-	-
Retained earnings	10,507.5	9,524.2	5,253.3	4,041.5
	11,991.8	10,925.3	6,404.7	5,167.0

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

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007. As at 31 December 2007, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits to pay RM3,933.2 million (2006: RM3,281.0 million) of the retained earnings of the Company as franked dividends.

In addition, the Company has tax exempt income as at 31 December 2007, available to frank as tax exempt dividends arising 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 RM525.2 million (2006: RM525.2 million). The estimated tax credit and tax exempt income are subject to agreement by the Inland Revenue Board. Based on the foregoing, the extent of the retained earnings of the Company not covered by available tax credit and tax exempt income, if all the retained earnings of the Company were to be distributed as dividends, would amount to RM794.9 million (2006: RM235.3 million).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

36. BORROWINGS

	Group		2007		2006	
	2007	2006	Before IRS	After IRS	Before IRS	After IRS
Current						
Secured:						
Term loan - RMB	110.7	91.8	5.8	3.6	6.2	4.5
Finance lease liabilities	6.2	10.8	7.0	7.0	5.8	5.8
Working capital loan - RMB	-	60.2	6.5	6.5	5.8	5.8
Unsecured:						
Term loans - GBP	843.8	2,553.4	5.7	5.7	5.1	5.1
Term loans - US Dollar	9.2	107.3	3.6	3.6	3.6	3.6
Zero coupon convertible notes	175.1	-	5.9	5.9	5.9	5.9
Redeemable exchangeable notes - US Dollar	147.7	-	2.0	2.0	-	-
Bank overdrafts	-	1.6	5.6	5.6	-	-
	1,292.7	2,825.1	5.7	5.7	6.1	6.1
Non-current						
Secured:						
Term loan - RMB	986.7	1,262.3				
Working capital loan - RMB	60.4	-				
Loan notes - GBP	57.7	-				
Finance lease liabilities	0.9	4.2				
Unsecured:						
Convertible bonds - SGD	1,171.6	-				
Fixed rate notes - US Dollar	975.8	1,025.3				
Term loan - GBP	776.3	729.1				
Term loans - US Dollar	-	50.7				
Zero coupon convertible notes	-	1,085.9				
Redeemable exchangeable notes - US Dollar	-	1,147.5				
	4,029.4	5,305.0				
	5,322.1	8,130.1				

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

	2007		2006	
	Before IRS	After IRS	Before IRS	After IRS
Effective during the year:				
US Dollar term loans	6.2	4.4	5.8	5.1
GBP term loans	6.5	6.5	5.8	5.8
RMB term loan	6.1	6.1	5.8	5.8
RMB working capital loan	5.6	5.6	5.1	5.1
US Dollar redeemable exchangeable notes	3.6	3.6	3.6	3.6
US Dollar fixed rate notes	5.9	5.9	5.9	5.9
SGD convertible bonds	2.0	2.0	-	-
GBP loan notes	5.4	5.4	-	-
Finance lease liabilities	5.7	5.7	6.1	6.1

	2007		2006	
	Before IRS	After IRS	Before IRS	After IRS
As at 31 December:				
US Dollar term loans	5.8	3.6	6.2	4.5
GBP term loans	7.0	7.0	5.8	5.8
RMB term loan	6.5	6.5	5.8	5.8
RMB working capital loan	5.7	5.7	5.1	5.1
US Dollar redeemable exchangeable notes	3.6	3.6	3.6	3.6
US Dollar fixed rate notes	5.9	5.9	5.9	5.9
SGD convertible bonds	2.0	2.0	-	-
GBP loan notes	5.6	5.6	-	-
Finance lease liabilities	5.7	5.7	6.1	6.1

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

	Borrowings	
	Floating interest rate	Fixed interest rate
As at 31 December 2007:		
Before interest rate swaps:		
Less than one year	963.7	329.0
More than one year and less than two years	126.1	0.3
More than two years and less than five years	1,282.9	1,172.0
More than five years	472.1	976.0
After interest rate swaps:		
Less than one year	954.5	338.2
More than one year and less than two years	126.1	0.3
More than two years and less than five years	1,282.9	1,172.0
More than five years	472.1	976.0
As at 31 December 2006:		
Before interest rate swaps:		
Less than one year	2,823.5	1.6
More than one year and less than two years	157.6	2,233.4
More than two years and less than five years	1,110.4	-
More than five years	778.3	1,025.3
After interest rate swaps:		
Less than one year	2,763.0	62.1
More than one year and less than two years	106.9	2,284.1
More than two years and less than five years	1,110.4	-
More than five years	778.3	1,025.3

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

36. BORROWINGS (cont'd)

c) The exposure of the borrowings of the Group to interest rate changes and the periods in which the borrowings reprice are as follows:

	Repricing periods					
	Total	1 to 3 months	More than 3 months & less than 1 year	More than 1 year & less than 2 years	More than 2 years & less than 5 years	More than 5 years
As at 31 December 2007:						
Total borrowings	5,322.1	1,629.3	1,544.5	0.3	1,172.0	976.0
Movements in repricing periods due to interest rate swaps	-	(9.2)	9.2	-	-	-
	5,322.1	1,620.1	1,553.7	0.3	1,172.0	976.0
As at 31 December 2006:						
Total borrowings	8,130.1	3,410.3	1,461.1	2,233.4	-	1,025.3
Movements in repricing periods due to interest rate swaps	-	(111.2)	60.5	50.7	-	-
	8,130.1	3,299.1	1,521.6	2,284.1	-	1,025.3

d) Redeemable Exchangeable Notes

On 12 December 2003 ("Issue Date"), the Company through its wholly owned subsidiary, Prime Venture (Labuan) Limited ("PVLL"), issued USD300.0 million nominal value 5-year redeemable exchangeable notes ("Exchangeable Notes") which are guaranteed by the Company and are exchangeable into existing ordinary shares of RM0.10 each ("Resorts Shares") in RWB held by the Company. The purpose of the issue is to fund the Group's future overseas investments.

The main features of the Exchangeable Notes are as follows:

- the Exchangeable Notes bear coupon interest from the Issue Date at 1% per annum payable in arrear on 12 June and 12 December each year commencing 12 June 2004;
- unless previously redeemed, exchanged or purchased and cancelled, the Exchangeable Notes will be redeemed on 12 December 2008 at 113.82% of their principal amount. The Yield to Maturity of the Exchangeable Notes is 3.55% per annum calculated on a semi-annual basis;
- the Noteholder of each Exchangeable Note has the right to exchange such Exchangeable Note into Resorts Shares, at the election of the Noteholder at any time on or after 21 January 2004 to the close of business on 2 December 2008 (10 days to maturity). The initial exchange ratio is 2,849.644 Resorts Shares for each USD10,000 principal amount of the Exchangeable Notes, subject to adjustment in accordance with the terms of the issue; and
- the Exchangeable Notes may be redeemed at the option of the Issuer at the early redemption amount on the date fixed for redemption in whole or in part after 12 December 2005 and up to but excluding the maturity date being 12 December 2008.

During the current financial year ended 31 December 2007, a total of USD260.3 million (2006: Nil) of these Exchangeable Notes were exchanged for 370.9 million (2006: Nil) existing Resorts Shares. The exchange gave rise to a gain on dilution of RM811.0

million (2006: Nil) and finance cost of RM300.7 million (2006: Nil), thus resulting in a net gain of RM510.3 million (2006: Nil) for the current financial year.

The Exchangeable Notes is recognised in the balance sheet as follows:

	2007		2006	
	USD (Mil)	Equivalent RM (Mil)	USD (Mil)	Equivalent RM (Mil)
Face value	39.7	133.0	300.0	1,060.7
Premium amortised	4.4	14.7	24.6	86.8
	44.1	147.7	324.6	1,147.5

The balance of the Exchangeable Notes which remains outstanding as at 31 December 2007 is USD39.7 million (2006: USD300.0 million).

e) Fixed Rate Notes

On 22 September 2004 ("Issue Date"), the Company through its wholly owned subsidiary, Prime Holdings (Labuan) Limited, issued USD300.0 million Guaranteed Notes ("Notes") of up to 10 years. The Notes which are guaranteed by the Company, were offered outside the United States in accordance with Regulation S. The Notes were only offered for subscription or sale outside Malaysia (except the Federal Territory of Labuan) to non-residents of Malaysia. The purpose of the issue is to fund the Group's future overseas investments.

The main features of the Notes are as follows:

- the Notes bear coupon interest from Issue Date at 5.375% per annum payable in arrears on 22 March and 22 September each year commencing on 22 March 2005; and
- unless previously purchased and cancelled, the Notes will be redeemed on 22 September 2014 at their principal amount.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

36. BORROWINGS (cont'd)

e) Fixed Rate Notes (cont'd)

The Fixed Rate Notes are recognised in the balance sheet as follows:

	2007		2006	
	USD (Mil)	Equivalent RM (Mil)	USD (Mil)	Equivalent RM (Mil)
Face value including hedge loss	289.6	971.0	289.6	1,024.0
Discount	(1.8)	(6.1)	(1.8)	(6.4)
Amortisation of hedge loss and discount	3.2	10.9	2.2	7.7
	291.0	975.8	290.0	1,025.3

f) Zero Coupon Convertible Notes

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

The main features of the Notes are as follows:

- i) The Notes are convertible at the option of the holders of the Notes ("Noteholders") into Resorts World Shares, at a conversion price of RM2.55 (adjusted following the share split of ordinary shares of RM0.50 each into 5 ordinary shares of RM0.10 each) per Resorts World share. The conversion price will be adjusted on the reset dates as stipulated in the Terms;
- ii) RWB may at its option, satisfy its obligation following a conversion, in whole or in part, by paying the Noteholders in cash. Any Note which is not redeemed, converted or purchased and cancelled before the maturity date will be redeemed in cash at 99% of their principal amount on the maturity date; and
- iii) The new Resorts World Shares to be issued upon conversion of the Notes will, upon issue and allotment, rank equal in all respects with the then existing Resorts World Shares except that they will not entitle their holders to any dividend, right, allotment and or other distributions, the entitlement date of which is before the date of allotment of the new Resorts World Shares. The Resorts World Shares will be listed and quoted on Bursa Malaysia Securities Berhad.

During the current financial year ended 31 December 2007, a total of RM872.2 million (2006: Nil) of Notes were converted into 342.0 million (2006: Nil) new Resorts World Shares and RM51.1 million (2006: Nil) was cash-settled. The conversion gave rise to a gain on dilution of RM235.4 million (2006: Nil) whilst a finance cost of RM26.5 million (2006: Nil) arose from the cash settlement.

The Zero Coupon Convertible Notes are recognised in the balance sheet as follows:

	Group	
	2007	2006
Current:		
Nominal value	176.7	-
Unamortised issuance cost	(1.6)	-
Non-current:		
Nominal value	-	1,100.0
Unamortised issuance cost	-	(14.1)
	175.1	1,085.9

The balance of the Notes which remains outstanding as at 31 December 2007 is RM176.7 million (2006: RM1,100.0 million).

- g) GIPLC had on 12 January 2007 issued SGD425.0 million convertible bonds due 2012 ("First Convertible Bonds") which were initially convertible into approximately 673.7 million fully paid-up new ordinary shares of USD0.10 each of GIPLC at a conversion price of SGD0.6308 per share, and are convertible from 7 February 2007 to 31 December 2011. The new ordinary shares, upon issue, shall rank pari passu with the existing ordinary shares of GIPLC. The First Convertible Bonds were listed and quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 15 January 2007.

As a result of GIPLC's rights issue on the basis of 3 rights shares for every 5 existing ordinary shares held by the GIPLC shareholders as at 17 August 2007, adjustments have been made to the conversion price, from SGD0.6308 per share to SGD0.55 per share with effect from 17 September 2007.

During the current financial year ended 31 December 2007, a total of SGD364.4 million of these First Convertible Bonds were converted into 577.7 million new GIPLC shares. The conversion gave rise to a gain on dilution of RM243.6 million.

The balance of the First Convertible Bonds which remains outstanding as at 31 December 2007 is SGD60.6 million.

- h) GIPLC had on 26 April 2007 issued SGD450.0 million convertible bonds due 2012 ("Second Convertible Bonds") which were initially convertible into approximately 363.4 million fully paid-up new ordinary shares of USD0.10 each of GIPLC at a conversion price of SGD1.2383 per share, and are convertible from 22 May 2007 to 16 April 2012. The new ordinary shares, upon issue, shall rank pari passu with the existing ordinary shares of GIPLC. The Second Convertible Bonds were listed and quoted on the SGX-ST with effect from 27 April 2007.

As a result of GIPLC's rights issue as mentioned above, adjustments have been made to the conversion price, from SGD1.2383 per share to SGD1.08 per share with effect from 17 September 2007.

None of the Second Convertible Bonds have been converted into new GIPLC shares during the current financial year ended 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

36. BORROWINGS (cont'd)

- i) Fair values of the borrowings as at the financial year ended 31 December 2007 are as follows:

	Group	
	2007	2006
Current	1,453.3	2,825.1
Non-current	4,022.5	5,396.4

37. PROVISIONS

	Group		Company	
	2007	2006	2007	2006
Provision for Retirement Gratuities (see (a) below)	112.5	97.9	32.8	25.5
Provision for Contingent Losses (see (b) below)	-	-	137.3	52.3
Other provision	2.5	-	-	-
	115.0	97.9	170.1	77.8

a) Provision for Retirement Gratuities

Beginning of the financial year	97.9	65.8	25.5	13.2
Charge for the financial year	22.9	35.5	7.9	12.6
Write-back of provision	(0.9)	(1.3)	(0.2)	(0.3)
Disposal of subsidiaries	(1.5)	-	-	-
Payments during the financial year	(5.9)	(2.1)	(0.4)	-
End of the financial year	112.5	97.9	32.8	25.5

Analysed as follows:

Current (see Note 39)	11.3	0.4	4.5	-
Non-current	101.2	97.5	28.3	25.5
	112.5	97.9	32.8	25.5

The fair value of provision for retirement gratuities closely approximate its book value.

b) Provision for Contingent Losses

	Company	
	2007	2006
Beginning of the financial year	52.3	59.0
Charge/(reversal) for the financial year	85.0	(6.7)
End of the financial year	137.3	52.3

As at the end of the current financial year, the Company has established a provision for contingent losses of RM137.3 million (2006: RM52.3 million). The contingent losses arise from guarantees issued to financial institutions on borrowings extended to subsidiaries for the purpose of raising finance for the Group's investments.

38. OTHER LIABILITIES

	Group	
	2007	2006
Advance membership fees	30.4	31.0
Accruals and other payables	12.5	29.7
Deferred income	-	22.7
	42.9	83.4

The advance membership fees relate to fees received on sale of timeshare units by an indirect subsidiary offering a timeshare ownership scheme. These fees are recognised as income over the next twenty four years from commencement of membership.

39. TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
Trade creditors	415.6	418.6	-	-
Accruals (restated, see Note 46)	592.9	662.0	14.7	24.3
Retirement gratuities (see Note 37(a))	11.3	0.4	4.5	-
Interest payable	20.7	21.6	-	-
Deposits	32.1	31.3	-	-
Other creditors	296.5	226.6	0.2	0.2
	1,369.1	1,360.5	19.4	24.5

The currency profile of trade and other payables as at the financial year end is as follows:

	Group		Company	
	2007	2006	2007	2006
Ringgit Malaysia	786.9	803.5	19.4	24.5
US Dollars	70.6	124.8	-	-
Sterling Pound	242.2	246.5	-	-
Singapore Dollars	105.6	30.1	-	-
Renminbi	154.5	141.5	-	-
Other currencies	9.3	14.1	-	-
	1,369.1	1,360.5	19.4	24.5

Included in other creditors and accruals of the Group are progress billings payable and accruals for capital expenditure relating to construction of a hotel, upgrading of resorts infrastructure and balance of purchase consideration for land acquisition amounting to RM54.0 million (2006: RM76.1 million).

Credit terms available to the Group range from 7 days to 90 days (2006: 7 days to 90 days) from date of invoice.

The carrying amounts of the Group's trade and other payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

40. FINANCIAL INSTRUMENTS

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

a) Currency Hedge

The Group has the following foreign currency borrowings as mentioned below which have not been hedged into Ringgit Malaysia. These foreign currency borrowings form part of the total borrowings as disclosed in Note 36:

As at 31 December 2007:

Currency	Start date	Maturity dates	Foreign currency (Mil)			Equivalent RM (Mil)
			Hedged	Unhedged	Total	Total
US Dollar	29/05/2003	29/05/2008	-	2.8	2.8	9.2
US Dollar	12/12/2003	12/12/2008	-	44.1	44.1	147.7
US Dollar	22/09/2004	22/09/2014	-	291.0	291.0	975.8
Chinese Renminbi	28/06/2004	20/03/2008 to 20/03/2019	-	2,415.6	2,415.6	1,097.4
Chinese Renminbi	12/03/2007	18/01/2010	-	133.0	133.0	60.4
Sterling Pound	19/10/2006	10/03/2008	-	125.0	125.0	843.8
Sterling Pound	31/12/2006	01/05/2010	-	115.0	115.0	776.3
Total						3,910.6

As at 31 December 2006:

Currency	Start date	Maturity dates	Foreign currency (Mil)			Equivalent RM (Mil)
			Hedged	Unhedged	Total	Total
US Dollar	27/11/2002	27/11/2007	-	13.2	13.2	46.8
US Dollar	29/05/2003	29/05/2007 to 29/05/2008	-	8.3	8.3	29.3
US Dollar	24/11/2003	24/11/2007 to 24/11/2008	-	18.0	18.0	63.6
US Dollar	11/12/2003	11/12/2007 to 11/12/2008	-	5.2	5.2	18.3
US Dollar	12/12/2003	12/12/2008	-	324.6	324.6	1,147.5
US Dollar	22/09/2004	22/09/2014	-	290.0	290.0	1,025.3
Chinese Renminbi	28/06/2004	20/03/2007 to 20/03/2019	-	2,993.6	2,993.6	1,354.1
Chinese Renminbi	07/07/2004	18/01/2007	-	133.0	133.0	60.2
Sterling Pound	19/10/2006	10/09/2007	-	366.4	366.4	2,544.5
Sterling Pound	31/12/2006	01/05/2010	-	105.0	105.0	729.1
Total						7,018.7

b) Interest Rate Swaps ("IRS")

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

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

	USD (Mil)	Equivalent RM (Mil)
As at 31 December 2007:		
Within one year	2.8	9.2
More than one year and less than 5 years	-	-
	2.8	9.2
As at 31 December 2006:		
Within one year	30.4	107.3
More than one year and less than 5 years	14.3	50.7
	44.7	158.0

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

40. FINANCIAL INSTRUMENTS (cont'd)

b) Interest Rate Swaps ("IRS") (cont'd)

The effect of the above interest rate swaps is to effectively hedge the interest rate payable on part of the foreign currencies borrowings mentioned in Note (a) above.

The fair value of the outstanding interest rate swap contracts of the Group which has not been recognised at the balance sheet date was a favourable net position of RM0.1 million (2006: a favourable net position of RM3.2 million).

c) Forward Foreign Exchange Contracts

As at the end of the current financial year, the Group does not have any outstanding forward foreign exchange contracts.

As at 31 December 2006:

Currency	Transaction dates	Expiry Dates	Contract Amounts (Mil)	Equivalent RM(Mil)
EUR	15/12/2006 to 28/12/2006	01/01/2007 to 28/02/2007	0.8	3.5
CHF	28/12/2006	30/03/2007	0.2	0.6

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

The fair value of the forward foreign currency contracts of the Group which has not been recognised at the balance sheet date was an unfavourable net position of RM0.01 million in 2006.

41. CONTINGENCIES

a) Contingent Liabilities

Group

Asiatic Development Berhad ("ADB"), a 54.8% owned subsidiary of the Company and Asiatic Tanjung Bahagia Sdn Bhd ("ATBSB") a wholly owned subsidiary of ADB, had vide previous announcements informed ADB's shareholders on the status of the legal suit filed in the High Court of Sabah and Sarawak at Kota Kinabalu Suit No. K22-245 of 2002 wherein ADB and ATBSB were named as the Second and Third Defendants respectively ("the Suit"). The Suit was instituted by certain natives ("the Plaintiffs") claiming Native Customary Rights over the agricultural land or part thereof held under title number CL095330724 measuring approximately 8,830 hectares situated at Sungai Tongod, District of Kinabatangan, Sandakan, Sabah ("the Tongod Land") which was acquired by ATBSB from Hap Seng Consolidated Berhad ("HSCB").

Subsequently, the Plaintiffs had also applied for an interlocutory injunction to restrain ADB and ATBSB from entering, trespassing, clearing, using or occupying the Tongod Land or part thereof ("the Injunction"). However, no injunction has been granted to date. The Court has still to deliver its ruling on a preliminary objection made against the injunction application.

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

There have been no material changes to the status of the aforesaid litigation as at the date of this report.

b) Contingent Assets

Group

i) The disposal of the Group's 45% interest in the Muturi Production Sharing Contract ("PSC") via Laila Limited in July 2001 for USD106.8 million and a deferred share of future pre-tax income from this PSC (the "Deferred Consideration"), enables the Group to retain rights to long-term future cash flows from the Tangguh Project. The Deferred Consideration has not been recognised in the financial statements as the economic benefits arising from the long term future cash flows are not certain as at the end of the financial year and therefore cannot be quantified.

ii) On 22 March 2007, Genting Stanley completed the disposal of its 50% interest in its international betting operations for a cash consideration of GBP1.0 million. In addition to this basic consideration, Genting Stanley is entitled to a share of the after tax profits from this disposed unit over the next three years, subject to a maximum aggregate of GBP5.0 million. For 2007, the share of profits will be one-third followed by 25% and 20% of the after tax profits respectively for 2008 and 2009. The impact of the 2007 share of profits have not been accounted for in the current financial year as it will be determined upon finalisation of the disposed international betting operations' year-end after tax results.

42. CAPITAL COMMITMENTS

	Group	
	2007	2006
Authorised capital expenditure not provided for in the financial statements:		
- contracted	1,512.2	295.4
- not contracted	11,525.4	12,472.5
	13,037.6	12,767.9
Analysed as follows:		
- Development expenditure (see Note 43(f))	11,688.2	11,866.3
- Property, plant and equipment	1,045.2	753.3
- Investments	59.1	60.3
- Drilling and exploration costs	91.4	49.7
- Plantation development	78.8	36.9
- Intellectual property development	49.3	-
- Investment properties	25.6	1.4
	13,037.6	12,767.9

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 12 January 2007, GIPLC had issued SGD425.0 million convertible bonds due 2012 ("First Convertible Bonds") which were initially convertible into approximately 673.7 million fully paid-up new ordinary shares of USD0.10 each of GIPLC at a conversion price of SGD0.6308 per share, and are convertible from 7 February 2007 to 31 December 2011. The First Convertible bonds were listed and quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 15 January 2007. See Note 36(g). As a result of the rights issue (see Note 43(i)), adjustments have been made to the conversion price, from SGD0.6308 per share to SGD0.55 per share with effect from 17 September 2007.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

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

- b) On 16 March 2007, the Company announced the disposal of:
- Genting Sanyen (Malaysia) Sdn Bhd's ("GSM"), a 97.7% owned subsidiary of the Company, entire equity interests in GSM's subsidiaries which are involved in the paper and packaging businesses; and
 - the Company's 25.0 million 14% redeemable non-convertible cumulative preference shares in Genting Sanyen Industrial Paper Sdn Bhd, a wholly owned subsidiary of GSM, (jointly, the "Divestments").
- On 24 July 2007, the Company completed the Divestments to Paperbox Holdings Limited for a total cash consideration of RM745.0 million.
- c) On 27 March 2007, GIPLC had entered into an agreement with SCL whereby GIPLC had, through its wholly owned subsidiary, Star Eagle Holdings Limited ("Star Eagle"), agreed to acquire SCL's 25% equity interest in RWS for a purchase consideration of SGD255.0 million. GIPLC now has full control over the integrated resort project, *Resorts World at Sentosa* in Singapore. The acquisition was completed on 29 May 2007. As a result of the acquisition, RWS is currently a wholly owned subsidiary of Star Eagle.
- d) On 26 April 2007, GIPLC had issued SGD450.0 million convertible bonds due 2012 ("Second Convertible Bonds") which were initially convertible into approximately 363.4 million fully paid-up new ordinary shares of USD0.10 each of GIPLC at a conversion price of SGD1.2383 per share, and are convertible from 22 May 2007 to 16 April 2012. The new ordinary shares, upon issue, shall rank *pari passu* with the existing ordinary shares of GIPLC. The Second Convertible Bonds were listed and quoted on the SGX-ST with effect from 27 April 2007. See Note 36(h).
- e) On 13 July 2007, RWB through CIMB Investment Bank Berhad ("CIMB"), announced that Resorts World Limited ("RWL") (an indirect wholly owned subsidiary of the Company) had accepted an offer made by CMY Capital (L) Ltd ("CMYL") to purchase 1.01 billion ordinary shares of USD0.10 each in SCL from RWL ("Proposed Disposal"), for a total cash consideration of HKD2.6462 billion (approximately RM1.172 billion).

The Proposed Disposal which was completed on 30 July 2007 has resulted in a net gain of RM337.1 million for the RWB Group.

- f) On 6 November 2007, GIPLC announced that in anticipation of the bullish tourism outlook for Singapore and Asia in the next few years, RWS will be adding six new attractions to its Resort. To account for these enhancements, the rising costs of construction as well as a further contingency provision of SGD250 million, RWS has revised its original budget of SGD5.2 billion for the development of the Resort to SGD6.0 billion. This represents a 15% increase to the original budget. The projected returns to the Resort, despite the higher budget, are unlikely to be affected.
- g) On 28 December 2007, RWB through CIMB announced a proposal by RWL to undertake a non-renounceable offer for sale ("OFS") of its entire equity interest of 593,719,711 ordinary shares of USD0.10 each in GIPLC ("Offer Shares") to the shareholders of RWB ("Proposed OFS") on a pro-rata basis of 1 Offer Share for every 10 existing ordinary shares of RM0.10 each in RWB held by the shareholders of RWB.

The Proposed OFS is conditional upon the following approvals being obtained:

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

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

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

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

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

- h) In relation to the Exchangeable Notes as set out in Note 36(d), a total of USD206.3 million of the Exchangeable Notes were exchanged into 370.9 million existing RWB shares held by the Company during the current financial year. The net gain on dilution arising from this exchange amounted to RM510.3 million.

In relation to the Notes as set out in Note 36(f), a total of RM872.2 million of the Notes were converted into 342.0 million new RWB shares. The gain on dilution arising from this conversion amounted to RM235.4 million.

In relation to First Convertible Bonds as set out in Note 36(g), a total of SGD364.4 million of the First Convertible Bonds were converted into 577.7 million new GIPLC shares. The gain on dilution arising from this conversion amounted to RM243.6 million.

The total net gain on dilution arising from the above transactions amounted to RM989.3 million.

- i) GIPLC undertook a renounceable underwritten Rights Issue (which was announced on 28 June 2007) on the basis of 3 rights shares for every 5 existing ordinary shares held by the GIPLC shareholders as at 17 August 2007. The rights issue, which was completed on 18 September 2007, was oversubscribed and raised gross proceeds of approximately SGD2.17 billion.

As at 31 December 2007, GIPLC has utilised SGD630.4 million of its rights issue proceeds to repay part of an outstanding bridging loan of GBP297.0 million taken by the GIPLC Group for the acquisition of Genting Stanley in 2006 and for working capital.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

44. SUBSEQUENT EVENTS

- a) As at 21 February 2008, the Company's percentage shareholding in RWB has decreased marginally to 48.6% compared to 48.7% as at 31 December 2007 due to the combined effects of RWB's purchase of its own shares (see Note b) below), exchange of part of the Exchangeable Notes issued by PVLL for existing RWB ordinary shares and conversion of part of the Notes issued by RWB into new RWB ordinary shares.

Although the Company's shareholding in RWB has fallen below 50%, RWB is consolidated as a subsidiary of the Company as the Company continues to have control over RWB within the definition of "control" set out in FRS 127: "Consolidated and Separate Financial Statements".

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

Subsequent to the end of the current financial year ended 31 December 2007 and up to 21 February 2008, RWB had repurchased a total of 230,000 ordinary shares of RM0.10 each of its issued share capital from the open market for a total consideration of RM0.92 million. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965.

- c) On 6 February 2008, GIPLC announced that Resorts World at Sentosa Pte Ltd ("RWS"), an indirect wholly owned subsidiary of GIPLC, obtained SGD4.0 billion credit facilities for its integrated resort development in Singapore, subject to final documentation. The credit facilities would fund two-thirds of the estimated project costs with the remaining to be funded through equity raised by GIPLC from internal funds and proceeds received from its Rights Issue in 2007.
- d) On 13 February 2008, ADB and Asiatic SDC Sdn Bhd, a wholly owned subsidiary of ADB, entered into a Sale and Purchase Agreement for the sale and purchase of approximately 27,952 acres of plantation land and other assets located in Sabah for a total cash consideration of RM470.5 million ("the Proposed Exercise"). The Proposed Exercise was transacted at market values determined by an independent firm of professional valuers and has no financial impact at Group level. The objective of the Proposed Exercise is to streamline operation and rationalise assets backing of the Group.

The Proposed Exercise is subject to the approval from Foreign Investment Committee.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

45. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	Group		Company	
	2007	2006	2007	2006
a) Transactions with subsidiaries				
i) Licensing fees from the subsidiaries to the Company for the use of name and accompanying logo of "Genting" and "Awana" owned by the Company.	-	-	143.4	123.2
ii) Management fees from Genting Hotel & Resorts Management Sdn Bhd ("GHRM"), a wholly owned subsidiary of the Company, to the Company for the provision of the necessary resort management services to enable GHRM to perform its various obligations under the Resort Management Agreement with RWB.	-	-	337.9	295.2
iii) Interest income earned by the Company from its subsidiaries on the interest bearing portion of the amount due from subsidiaries.	-	-	46.2	49.8
iv) Finance cost charged by subsidiaries to the Company on the interest bearing portion of the amount due to subsidiaries.	-	-	61.5	73.0
b) Transactions with associates				
i) Air ticketing and transportation services rendered by Resorts World Tours Sdn Bhd, a wholly owned subsidiary of RWB, to SCL and its subsidiaries, an associate of the Group until 31 July 2007. With effect from 31 July 2007, the Group ceased to have significant interest over SCL, and SCL has been derecognised as an associate.	1.6	4.0	-	-
ii) Provision of genomics research services by SGSI-Asiatic Limited to Asiatic Centre for Genome Technology Sdn Bhd ("ACGT"), a wholly owned subsidiary of ADB, where Tan Sri Lim Kok Thay is a director and shareholder as well as a director, shareholder and option holder of the Company. SGSI-Asiatic Limited is a jointly controlled entity in which Tan Sri Lim Kok Thay is a beneficiary of a trust which has 13.6% equity interest in Synthetic Genomics Inc, which in turn has 50% interest in SGSI-Asiatic Limited.	41.1	-	-	-
c) Transactions with other related parties				
i) Rental of premises and provisions of connected services by RWB to Oriregal Creations Sdn Bhd ("Oriregal"). Puan Sri Lim (Nee Lee) Kim Hua, mother of Tan Sri Lim Kok Thay, is a director and substantial shareholder of Oriregal.	1.3	1.0	-	-
ii) Progress payments made by Asiatic Land Development Sdn Bhd, a wholly owned subsidiary of ADB to the contractor, Kien Huat Development Sdn Bhd, a company in which Datuk Lim Chee Wah, a brother of Tan Sri Lim Kok Thay, is a director and has deemed substantial financial interest, for the development of properties in Kulai, Johor. The progress payments include fees and reimbursables totalling RM Nil million (2006: RM1.4 million).	0.1	37.5	-	-
iii) Design and consultancy services rendered to GIPLC, by International Resort Management Services Pte Ltd, a company in which Tan Sri Lim Kok Thay has substantial financial interest in relation to the submission of the bids for the proposed integrated resorts at Marina Bay and Sentosa respectively.	13.8	3.7	-	-
d) Directors and key management personnel				
The remuneration of Directors and other key management personnel is as follows:				
Fees, salaries and bonuses	72.2	68.6	35.7	33.2
Defined contribution plan	9.2	8.7	4.7	4.4
Other short term employee benefits	0.5	0.5	-	-
Provision for retirement gratuities	11.9	24.9	6.7	11.7
Estimated money value of benefits-in-kind (not charged to the income statements)	1.0	0.8	0.1	0.1
e) The significant outstanding balances with other related parties as at 31 December 2007 were as follows:				
i) Amount receivables from related parties:				
Other related parties	28.1	13.8	-	-
ii) Amount payables from related parties:				
Other related parties	46.9	46.2	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

46. COMPARATIVES

The following tables disclose the adjustments that have been made in accordance with the adoption of FRS 117, Leases, and finalisation of the PPA exercise as mentioned in Note 2(ii), to each of the line items in the Group's balance sheets as at 31 December 2006:

Restatement of Balance Sheets as at 31 December 2006

	As previously stated	Change in accounting policy FRS 117 (See Note 2)	Finalisation of PPA exercise (See Note 2 (ii))	As restated
Property, Plant and Equipment ("PPE")	9,511.3	(383.1)	(138.9)	8,989.3
Included in the following line items:				
Long leasehold land				
- Reclassification to Leasehold land use rights	383.1	(383.1)	-	-
Freehold buildings & improvements				
- Provisional fair values of PPE on acquisition of Stanley Leisure	677.6	-	(138.3)	539.3
- Currency fluctuations	6.0	-	(0.6)	5.4
Leasehold land use rights	-	383.1	-	383.1
Included in the following line items:				
Effects of adoption of FRS 117				
- Reclassification from PPE	-	383.1	-	383.1
Intangible Assets *	5,438.2	-	154.2	5,592.4
Included in the following line items:				
Goodwill and other intangibles (including casino licence)				
- Additions	5,014.7	-	64.3	5,079.0
- Exchange differences	30.2	-	0.3	30.5
Trademark				
- Additions	-	-	89.2	89.2
- Exchange differences	0.4	-	0.4	0.8
Deferred Tax	(1,730.1)	-	9.5	(1,720.6)
Included in the following line items:				
Deferred tax liabilities				
- Acquisition of subsidiaries	(1,167.7)	-	9.5	(1,158.2)
Subject to income tax				
- Deferred tax liabilities (before offsetting)	(1,721.7)	-	9.5	(1,712.2)
- Intangible assets	(957.2)	-	9.5	(947.7)
Trade & Other Payables	(1,335.7)	-	(24.8)	(1,360.5)
Included in the following line items:				
Accruals	(637.2)	-	(24.8)	(662.0)

* Includes Exploration cost of RM219.8 million.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

47. SUBSIDIARIES AND ASSOCIATES

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
Direct Subsidiaries				
Asiatic Development Berhad	54.8	55.2	Malaysia	Investment holding and management services
GB Credit & Leasing Sdn Bhd	69.5	69.5	Malaysia	Leasing and money lending
+ Genting Equities (Hong Kong) Limited	100.0	100.0	Hong Kong, SAR	Investments
Genting Highlands Tours and Promotion Sdn Bhd	100.0	100.0	Malaysia	Letting of land and premises
Genting Hotel & Resorts Management Sdn Bhd	100.0	100.0	Malaysia	Provision of resort management services
+ Genting Investment Holdings Limited	100.0	100.0	Isle of Man	Investment holding
Genting (Labuan) Limited	100.0	100.0	Labuan, Malaysia	Rent-A-Captive Offshore insurance business
Genting Management and Consultancy Services Sdn Bhd	100.0	100.0	Malaysia	Management services
Genting Oil & Gas Sdn Bhd	100.0	100.0	Malaysia	Provision of advisory, technical and administrative services to oil and gas companies
+ Genting Overseas Holdings Limited	100.0	100.0	Isle of Man	Investment holding
Genting Risk Solutions Sdn Bhd	100.0	100.0	Malaysia	Provision of risk and insurance management consultancy
+ Logan Rock Limited	100.0	100.0	Isle of Man	Investments
Maxitage Sdn Bhd	100.0	100.0	Malaysia	Investments
Oakwood Sdn Bhd	100.0	100.0	Malaysia	Property investment and management
Phoenix Spectrum Sdn Bhd	100.0	100.0	Malaysia	Investments
Prime Venture (Labuan) Limited	100.0	100.0	Labuan, Malaysia	Offshore financing
Prime Holdings (Labuan) Limited	100.0	100.0	Labuan, Malaysia	Offshore financing
Resorts World Bhd (see Note 23)	48.7	57.6	Malaysia	Resort, hotel and gaming operations
+ Resorts World Bhd (Hong Kong) Limited	100.0	100.0	Hong Kong, SAR	Dormant
+ Resorts World (Singapore) Pte Ltd	100.0	100.0	Singapore	Dormant
+ Genting Bhd (Hong Kong) Limited	100.0	100.0	Hong Kong, SAR	Pre-operating
Genting Digital Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
Genting Permata Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
Genting Sanyen Newsprint Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
+ Genting (Singapore) Pte Ltd	100.0	100.0	Singapore	Pre-operating
Genting Strategic Holdings Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
Genting Strategic Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
+ Resorts World Limited	100.0	100.0	Hong Kong, SAR	Pre-operating
Sri Highlands Express Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
Indirect Subsidiaries				
ADB (Sarawak) Palm Oil Mill Management Sdn Bhd	54.8	55.2	Malaysia	Provision of palm oil mill management services
+ Adriana Limited	53.4	58.5	Isle of Man	Sales co-ordinator
ALD Construction Sdn Bhd	54.8	55.2	Malaysia	Provision of project management services
Ascend International Holdings Limited	53.4	-	Hong Kong	Provision of IT related services, marketing and investment holding
Asiatic Center For Genome Technology Sdn Bhd	54.8	55.2	Malaysia	Genomics research and development
Asiatic Golf Course (Sg. Petani) Berhad	54.8	55.2	Malaysia	Golf course operation
Asiatic Indahpura Development Sdn Bhd	54.8	55.2	Malaysia	Property development
Asiatic Land Development Sdn Bhd	54.8	55.2	Malaysia	Property development
Asiatic Oil Mills (WM) Sdn Bhd	54.8	55.2	Malaysia	Fresh fruit bunches processing
Asiatic Plantations (WM) Sdn Bhd	54.8	55.2	Malaysia	Plantation

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
Asiatic Properties Sdn Bhd	54.8	55.2	Malaysia	Property Investment
Asiatic SDC Sdn Bhd	54.8	55.2	Malaysia	Plantation
Asiatic Tanjung Bahagia Sdn Bhd	54.8	55.2	Malaysia	Plantation
Asiaticom Sdn Bhd	54.8	55.2	Malaysia	Plantation
Awan Ria (M) Sdn Bhd	97.7	97.7	Malaysia	Investment holding
Awana Hotels & Resorts Management Sdn Bhd	100.0	100.0	Malaysia	Provision of hotels and resorts management services
+ Awana International Limited	100.0	100.0	Isle of Man	Investments
Awana Vacation Resorts Development Berhad	48.7	57.6	Malaysia	Proprietary timeshare ownership scheme
Bandar Pelabuhan Sdn Bhd	29.2	34.6	Malaysia	Investment holding
Calidone Limited	53.4	58.5	Isle of Man	Investment holding
Coastal Gusu Heat & Power Ltd	100.0	100.0	Cayman Islands	Investment holding
Coastal Nanjing Power Ltd	100.0	100.0	Cayman Islands	Investment holding
Coastal Suzhou Power Ltd	100.0	100.0	Cayman Islands	Investment holding
Coastal Wuxi Power Ltd	100.0	100.0	Cayman Islands	Investment holding
+ Coastbright Limited	53.4	58.5	United Kingdom	Casino owner and operator
Degan Limited	54.8	55.2	Isle of Man	Investment holding
Delquest Sdn Bhd	48.7	57.6	Malaysia	Investments
Eastern Wonder Sdn Bhd	48.7	57.6	Malaysia	Support services
E-Genting Holdings Sdn Bhd	53.4	58.5	Malaysia	Investment, management services and IT consultancy
E-Genting Sdn Bhd	53.4	58.5	Malaysia	IT/Data centre and consultancy
E-Genting Services Sdn Bhd	53.4	58.5	Malaysia	Management services and IT consultancy services
First World Hotels & Resorts Sdn Bhd	48.7	57.6	Malaysia	Hotel business
+ Freeany Enterprises Limited	53.4	58.5	United Kingdom	Trading
Fujian Electric (Hong Kong) LDC	100.0	100.0	Cayman Islands	Investment holding
+ Fujian Pacific Electric Company Limited	100.0	100.0	China	Generation and supply of electric power
Genasa Sdn Bhd	48.7	57.6	Malaysia	Sale and letting of apartment units
Genmas Sdn Bhd	48.7	57.6	Malaysia	Sale and letting of land and property
Gensa Sdn Bhd	48.7	57.6	Malaysia	Sale and letting of land and property
+ Genting (NSW) Pty Ltd	53.4	58.5	Australia	Investment and management services
Genting Administrative Services Sdn Bhd	48.7	57.6	Malaysia	Investment holding
Genting Bio-Fuels Asia Pte Ltd	100.0	-	Singapore	Investment holding
Genting Bio-Oil Sdn Bhd	97.7	97.7	Malaysia	Manufacturing and trading of bio-oil
Genting Centre of Excellence Sdn Bhd	48.7	57.6	Malaysia	Provision of training services
Genting Entertainment Sdn Bhd	48.7	57.6	Malaysia	Show agent
Genting Golf Course Bhd	48.7	57.6	Malaysia	Condotel and hotel business, golf resort and property development
Genting Highlands Berhad	48.7	57.6	Malaysia	Land and property development
+ Genting India Travel Services Private Limited	53.4	58.5	India	Tour promotion
+ Genting Industrial Holdings Limited	97.7	97.7	Isle of Man	Investment holding
Genting Information Knowledge Enterprise Sdn Bhd	53.4	58.5	Malaysia	Research and development of software and consultancy services
+ Genting International (Singapore) Pte Ltd	53.4	58.5	Singapore	Tour promotion
+ Genting International (Thailand) Limited	48.6	53.3	Thailand	Tour promotion
+ Genting International (UK) Limited	53.4	58.5	United Kingdom	Investment holding
+ Genting International Industries (Singapore) Pte Ltd	97.7	97.7	Singapore	Investment holding
+ Genting International Investment (UK) Limited	53.4	58.5	United Kingdom	Investment holding
+ Genting International Management Limited	53.4	58.5	Isle of Man	Investment holding and sales coordinator
+ Genting International Management Services Pte Ltd	53.4	58.5	Singapore	Investment holding
+ Genting International P.L.C.	53.4	58.5	Isle of Man	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
Genting International Paper Limited	100.0	100.0	Isle of Man	Investment holding
Genting International Properties Limited	53.4	58.5	Isle of Man	Investment holding
Genting International Services Sdn Bhd	53.4	58.5	Malaysia	Provision of services
Genting International Services Singapore Pte Ltd	53.4	-	Singapore	Provision of services
Genting Irama Sdn Bhd	48.7	57.6	Malaysia	Investment holding
+ Genting Lanco Power (India) Pvt Ltd	74.0	74.0	India	Provision of operation and maintenance services for power plant
Genting Leisure Sdn Bhd	48.7	57.6	Malaysia	Investment holding
+ Genting Oil & Gas (China) Limited	95.0	95.0	Isle of Man	Oil & gas development and production
+ Genting Oil & Gas Limited	95.0	95.0	Isle of Man	Investment holding
+ Genting Oil Morocco Limited	95.0	95.0	Isle of Man	Oil & gas exploration
+ Genting Oil Natuna Pte Ltd	95.0	95.0	Singapore	Oil & gas exploration
+ Genting Oil Salawati Pte Ltd	95.0	95.0	Singapore	Oil & gas exploration
Genting Overseas Management Limited	100.0	100.0	Isle of Man	Investment holding
Genting Power China Limited	100.0	100.0	Bermuda	Investment holding
+ Genting Power Holdings Limited	100.0	100.0	Isle of Man	Investment holding
+ Genting Power (India) Limited	100.0	100.0	Mauritius	Investment holding
+ Genting Power (M) Limited	100.0	100.0	Isle of Man	Investment holding
Genting Power Meizhou Wan Holding Company	100.0	100.0	Cayman Islands	Investment holding
Genting Sanyen (Malaysia) Sdn Bhd	97.7	97.7	Malaysia	Property management services and investment holding
Genting Sanyen Power (Labuan) Limited	100.0	100.0	Labuan, Malaysia	Investments
Genting Sanyen Power Sdn Bhd	58.6	58.6	Malaysia	Generation and supply of electric power
Genting Skyway Sdn Bhd	48.7	57.6	Malaysia	Provision of cable car management services
+ Genting Stanley plc (formerly known as Stanley Leisure plc)	53.4	58.5	United Kingdom	Investment holding
Genting Utilities & Services Sdn Bhd	48.7	57.6	Malaysia	Provision of utilities services and the collection and disposal of garbage at Genting Highlands Resort
Genting World Sdn Bhd	48.7	57.6	Malaysia	Leisure and entertainment business
Genting Worldcard Services Sdn Bhd	53.4	58.5	Malaysia	Management of loyalty programme services
Gentinggi Sdn Bhd	48.7	57.6	Malaysia	Investment holding
Geremi Limited	53.4	58.5	Isle of Man	Investment holding
GHR Risk Management (Labuan) Limited	48.7	57.6	Labuan, Malaysia	Offshore captive insurance
+ Harbour House Casino Limited	53.4	58.5	United Kingdom	Casino operator
Kijal Facilities Services Sdn Bhd	48.7	57.6	Malaysia	Property upkeep services
Kijal Resort Sdn Bhd	48.7	57.6	Malaysia	Property development and property management
Kinavest Sdn Bhd	54.8	55.2	Malaysia	Plantation
Lafleur Limited	48.7	57.6	Isle of Man	Investment holding
Landworthy Sdn Bhd	46.0	46.4	Malaysia	Plantation
Leisure & Cafe Concept Sdn Bhd	48.7	57.6	Malaysia	Karaoke business
Mastika Lagenda Sdn Bhd	97.7	97.7	Malaysia	Investment holding
Mastika Utilities & Services Sdn Bhd	97.7	97.7	Malaysia	Provision and sale of utilities consisting of treatment and supply of water
Mediglove Sdn Bhd	54.8	55.2	Malaysia	Investment holding
Medo Investment Pte Ltd	53.4	58.5	Singapore	Investment holding
Medo Limited	53.4	58.5	Isle of Man	Investment holding
Meizhou Wan Power Production Holding Co, Ltd	100.0	100.0	Cayman Islands	Investment holding
Meizhou Wan Generating Company Ltd	100.0	100.0	Cayman Islands	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
MZW Holdings, Ltd	100.0	100.0	Cayman Islands	Investment holding
+ MLG Investments Limited	53.4	58.5	United Kingdom	Investment holding
* Nanjing Coastal Xingang Cogeneration Power Plant	80.0	80.0	China	Generation and supply of electric power
+ Nedby Limited	53.4	58.5	Isle of Man	Investment holding
Orient Wonder International Limited	48.7	-	Bermuda	Ownership and operation of aircraft
+ Palomino Holdings Limited	53.4	58.5	Isle of Man	Investment holding
Palomino Limited	53.4	58.5	Isle of Man	Investments
+ Palomino Star Limited	53.4	58.5	Isle of Man	Investment holding
Palomino Sun Limited	53.4	58.5	Isle of Man	Investment holding
Palomino Sun (UK) Limited	53.4	58.5	United Kingdom	Investment holding
Palomino World Limited	53.4	58.5	Isle of Man	Investment holding
Papago Sdn Bhd	48.7	57.6	Malaysia	Resorts & hotel business
PT Sepanjang Intisurya Mulia	38.4	38.6	Indonesia	Plantation
Resorts Facilities Services Sdn Bhd	48.7	57.6	Malaysia	Property upkeep services
Resorts International (Labuan) Limited	48.7	57.6	Labuan, Malaysia	Offshore financing
Resorts Tavern Sdn Bhd	48.7	57.6	Malaysia	Land and property development
Resorts World (Labuan) Limited	48.7	57.6	Labuan, Malaysia	Offshore financing
+ Resorts World at Sentosa Pte Ltd	53.4	43.9	Singapore	Developer and operator of an integrated resort
+ Resorts World Limited	48.7	57.6	Isle of Man	Investment holding and investment trading
Resorts World Properties Sdn Bhd	48.7	57.6	Malaysia	Investment holding
Resorts World Tours Sdn Bhd	48.7	57.6	Malaysia	Provision of tour and travel related services
Roundhay Limited	95.0	95.0	Isle of Man	Investment holding
RWB (Labuan) Limited	48.7	57.6	Labuan, Malaysia	Offshore financing
R.W. Investments Limited	48.7	57.6	Isle of Man	Investment holding
+ Sanyen Oil & Gas Pte Ltd	95.0	95.0	Singapore	Oil & gas exploration
Sawit Sukau Usahasama Sdn Bhd	30.6	30.9	Malaysia	Plantation
Sedby Limited	53.4	58.5	Isle of Man	Investment holding
Seraya Mayang Sdn Bhd	48.7	57.6	Malaysia	Investment holding
Setiabahagia Sdn Bhd	48.7	57.6	Malaysia	Property development
Setiakahaya Sdn Bhd	77.4	77.6	Malaysia	Property investment
Setiarnas Sdn Bhd	54.8	55.2	Malaysia	Plantation and property development
Setiaseri Sdn Bhd	48.7	57.6	Malaysia	Renting of its apartment
Sierra Springs Sdn Bhd	48.7	57.6	Malaysia	Investment holding
+ Spielers Casino (Southend) Limited	53.4	58.5	United Kingdom	Casino operator
Sri Nangatayap Pte Ltd	54.8	55.2	Singapore	Investment holding
Stake Excellent Sdn Bhd	48.7	57.6	Malaysia	Support services
+ Stanley Casinos Holdings Limited	53.4	58.5	United Kingdom	Investment holding
+ Stanley Casinos Limited	53.4	58.5	United Kingdom	Casino operator
+ Stanley Genting Casinos Limited	53.4	58.5	United Kingdom	Investment holding
+ Stanley Interactive Limited	53.4	58.5	United Kingdom	Internet sports betting
+ Stanley Leisure Quest Trustees Limited	53.4	58.5	United Kingdom	Trustee company
+ Stanley Overseas Holdings Limited	53.4	58.5	United Kingdom	Investment holding
+ Star Eagle Holdings Limited	53.4	58.5	British Virgin Islands	Investment holding
* Suzhou Coastal Cogeneration Power Company Ltd	60.0	60.0	China	Generation and supply of electric power
Sweet Bonus Sdn Bhd	29.2	34.6	Malaysia	Renting part of its leasehold land

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
+ Tameview Properties Limited	53.4	58.5	United Kingdom	Property company
Technimode Enterprises Sdn Bhd	54.8	55.2	Malaysia	Property investment
Torrens Limited	97.7	97.7	Isle of Man	Investment holding
+ Triangle Casino (Bristol) Limited	53.4	58.5	United Kingdom	Casino operator
Trushidup Plantations Sdn Bhd	54.8	55.2	Malaysia	Investment holding
Vestplus Sdn Bhd	48.7	57.6	Malaysia	Sale and letting of completed apartment units
Wawasan Land Progress Sdn Bhd	54.8	55.2	Malaysia	Plantation
+ WEB Energy Ltd	100.0	100.0	Mauritius	Investments
Westcliff Casinos Limited	53.4	58.5	United Kingdom	Casino operator
+ Westcliff (CG) Limited	53.4	58.5	United Kingdom	Trading
+ Widuri Pelangi Sdn Bhd	48.7	57.6	Malaysia	Golf resort and hotel business
WorldCard Overseas Holdings Limited	53.4	-	Isle of Man	Investment holding
WorldCard Services Sdn Bhd (formerly known as Genting WorldCard Sdn Bhd)	53.4	58.5	Malaysia	Management of loyalty programme services
* Wuxi Huada Gas Turbine Electric Power Company	60.0	60.0	China	Generation and sale of electric power
Azzon Limited	54.8	55.2	Isle of Man	Dormant
+ Advanced Technologies Limited	53.4	58.5	Dominica	Dormant
Amalgamated Rubber (Penang) Sdn Bhd	54.8	55.2	Malaysia	Dormant
+ Annabel's Casino Limited	53.4	58.5	United Kingdom	Dormant
AR Property Development Sdn Bhd	54.8	55.2	Malaysia	Dormant
Asiatic Green Tech Sdn Bhd	54.8	55.2	Malaysia	Dormant
Asiatic Overseas Limited	54.8	55.2	Isle of Man	Dormant
+ Baychain Limited	53.4	58.5	United Kingdom	Dormant
+ C C Derby Limited	53.4	58.5	United Kingdom	Dormant
+ Capital Casinos Group Limited	53.4	58.5	United Kingdom	Dormant
+ Capital Clubs Limited	53.4	58.5	United Kingdom	Dormant
+ Capital Corporation (Holdings) Limited	53.4	58.5	United Kingdom	Dormant
+ Capital Corporation Limited	53.4	58.5	United Kingdom	Dormant
+ Cascades Casinos Limited	53.4	58.5	United Kingdom	Dormant
+ Cascades Clubs Limited	53.4	58.5	United Kingdom	Dormant
+ Castle Casino Limited	53.4	58.5	United Kingdom	Dormant
Cengkeh Emas Sdn Bhd	54.8	55.2	Malaysia	Dormant
+ Churchstirling Limited	53.4	58.5	United Kingdom	Dormant
+ Cotedale Limited	53.4	58.5	United Kingdom	Dormant
+ Crockfords Club Limited	53.4	58.5	United Kingdom	Dormant
+ Crockfords Investments Limited	53.4	58.5	Guernsey	Dormant
+ Cromwell Sporting Enterprises Limited	53.4	58.5	United Kingdom	Dormant
Dasar Pinggir (M) Sdn Bhd	97.7	97.7	Malaysia	Dormant
+ Dealduo Limited	53.4	58.5	United Kingdom	Dormant
Dianti Plantations Sdn Bhd	54.8	55.2	Malaysia	Dormant
Drawlink Limited	53.4	58.5	United Kingdom	Dormant
Equarius Pte Ltd	53.4	43.9	Singapore	Dormant
+ Gameover Limited	53.4	58.5	United Kingdom	Dormant
Genting International Paper (Netherlands) B.V.	100.0	100.0	Netherlands	Dormant
Genting Newsprint Sdn Bhd	100.0	100.0	Malaysia	Dormant
+ Genting Property Limited (formerly known as Genting Overseas Investments Limited)	100.0	100.0	Isle of Man	Dormant
+ Genting Sanyen Paper Pte Ltd	97.7	97.7	Singapore	Dormant
Genting Studio Sdn Bhd	48.7	57.6	Malaysia	Dormant
Glugor Development Sdn Bhd	54.8	55.2	Malaysia	Dormant

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
+ Hazelman Limited	53.4	58.5	United Kingdom	Dormant
+ Incomeactual Limited	53.4	58.5	United Kingdom	Dormant
Infomart Sdn Bhd	100.0	100.0	Malaysia	Dormant
+ International Sporting Club (London) Limited	53.4	58.5	United Kingdom	Dormant
Jamberoo Limited	95.0	95.0	Isle of Man	Dormant
Kenyalang Borneo Sdn Bhd	54.8	55.2	Malaysia	Dormant
Kituva Plantations Sdn Bhd	54.8	55.2	Malaysia	Dormant
+ L Stanley (Bermuda) Ltd	18.7	20.5	Bermuda	Dormant
+ Laila Limited	95.0	95.0	Isle of Man	Dormant
+ Langway Limited	53.4	58.5	United Kingdom	Dormant
+ Metro Leisure Group Limited	53.4	58.5	United Kingdom	Dormant
+ Palm Beach Club Limited	53.4	58.5	United Kingdom	Dormant
+ Pellanfayre Limited	53.4	58.5	United Kingdom	Dormant
Plantation Latex (Malaya) Sdn Bhd	54.8	55.2	Malaysia	Dormant
Resorts Overseas Investments Limited	48.7	57.6	Isle of Man	Dormant
Sahabat Alam Sdn Bhd	97.7	97.7	Malaysia	Dormant
Sorona Limited	100.0	100.0	Isle of Man	Dormant
+ Sportcrest Limited	53.4	58.5	United Kingdom	Dormant
+ St Aubin Properties Limited	53.4	58.5	United Kingdom	Dormant
+ Stanley Leisure (Canada) Limited	53.4	58.5	Canada	Dormant
+ Stanley Leisure Group (Malta) Limited	53.4	58.5	Malta	Dormant
+ Stanley Leisure Holdings (Malta) Limited	53.4	58.5	Malta	Dormant
+ Stanley Leisure (Ireland)	53.4	58.5	Ireland	Dormant
+ Stanley Leisure Trading (Malta) Limited	53.4	58.5	Malta	Dormant
+ Stanley Online Limited	53.4	58.5	United Kingdom	Dormant
+ Stanleybet Limited	53.4	58.5	United Kingdom	Dormant
+ Stanley Snooker Clubs Limited	53.4	58.5	United Kingdom	Dormant
+ Star City Casino Limited	53.4	58.5	United Kingdom	Dormant
+ The Colony Club Limited	53.4	58.5	United Kingdom	Dormant
+ The Kings Casino (Yarmouth) Limited	53.4	58.5	United Kingdom	Dormant
+ The Midland Wheel Club Limited	53.4	58.5	United Kingdom	Dormant
+ Tower Casino Group Limited	53.4	58.5	United Kingdom	Dormant
+ Tower Clubs Management Limited	53.4	58.5	United Kingdom	Dormant
+ TV-AM (News) Limited	53.4	58.5	United Kingdom	Dormant
+ TV-AM Enterprises Limited	53.4	58.5	United Kingdom	Dormant
+ TV-AM Limited	53.4	58.5	United Kingdom	Dormant
Waxwood Sdn Bhd	29.2	34.6	Malaysia	Dormant
+ William Crockford Limited	53.4	58.5	United Kingdom	Dormant
+ Worthchance Limited	53.4	58.5	United Kingdom	Dormant
Aliran Tunas Sdn Bhd	48.7	-	Malaysia	Pre-operating
Asiatic Awanpura Sdn Bhd	54.8	55.2	Malaysia	Pre-operating
Asiatic Commodities Trading Sdn Bhd	54.8	55.2	Malaysia	Pre-operating
Asiatic Equities (S'pore) Pte Ltd	54.8	55.2	Singapore	Pre-operating
Asiatic Vegetable Oils Refinery Sdn Bhd	54.8	55.2	Malaysia	Pre-operating
Awana Hotels & Resorts Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
Awana Vacation Resorts Management Sdn Bhd	100.0	100.0	Malaysia	Pre-operating
Cosmo-Jupiter Berhad (formerly known as Cosmo-Jupiter Sdn Bhd)	54.8	-	Malaysia	Pre-operating
Duta Rancak Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
EGenting Singapore Pte Ltd (formerly known as S.E.E.D Resort Pte Ltd)	53.4	29.3	Singapore	Pre-operating
Equarius Resort Sdn Bhd	53.4	29.3	Malaysia	Pre-operating

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
Gecoun Limited	100.0	100.0	Isle of Man	Pre-operating
Genas Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Genawan Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Gentas Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Gentasa Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Genting Biofuels Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
Genting International Corp	53.4	58.5	United States of America	Pre-operating
Genting Investments Corp	100.0	-	United States of America	Pre-operating
+ Genting Oil Kasuri Pte Ltd	95.0	-	Singapore	Pre-operating
Genting Petroleum Ventures Limited	95.0	95.0	Isle of Man	Pre-operating
Genting Power Indonesia Limited	100.0	100.0	Isle of Man	Pre-operating
Genting Power International Limited	100.0	100.0	Isle of Man	Pre-operating
Genting Power Philippines Limited	100.0	100.0	Isle of Man	Pre-operating
Genting Risk Management (Labuan) Limited	100.0	100.0	Labuan, Malaysia	Pre-operating
Genting Sanyen Incineration Sdn Bhd	97.7	97.7	Malaysia	Pre-operating
Genting Sanyen Indonesia Limited	95.0	95.0	Isle of Man	Pre-operating
Genting Stanley Alderney Limited	53.4	-	Alderney Channel Islands	Pre-operating
Genting Star (Macau) Limited	53.4	58.5	Macau	Pre-operating
Genting Star Limited	53.4	58.5	British Virgin Islands	Pre-operating
Genting Theme Park Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Gentinggi Quarry Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Green Synergy Limited	97.7	-	Hong Kong	Pre-operating
GP China Limited	100.0	100.0	Isle of Man	Pre-operating
Highlands Exploration Limited	95.0	95.0	Isle of Man	Pre-operating
Highlands Power Development Limited	100.0	100.0	Isle of Man	Pre-operating
Hitechwood Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Infinity At TheBay Sdn Bhd	53.4	29.3	Malaysia	Pre-operating
Ikhlas Tiasa Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Jomara Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Ketapang Holdings Pte Ltd	54.8	55.2	Singapore	Pre-operating
Laserwood Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
+ Lestari Listrik Pte Ltd	100.0	100.0	Singapore	Pre-operating
Lingkaran Cergas Sdn Bhd	48.7	-	Malaysia	Pre-operating
Maxims Casinos Limited	53.4	58.5	United Kingdom	Pre-operating
+ Maxims Clubs Pte Ltd	53.4	58.5	Singapore	Pre-operating
Maxims Clubs Sdn Bhd	53.4	58.5	Malaysia	Pre-operating
Merriwa Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
Nature Base Sdn Bhd	48.7	-	Malaysia	Pre-operating
Neutrino Space Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Orbit Crescent Sdn Bhd	54.8	55.2	Malaysia	Pre-operating
Oxalis Limited	97.7	97.7	Isle of Man	Pre-operating
Palomino World (UK) Limited	53.4	58.5	United Kingdom	Pre-operating
Phoenix Track Sdn Bhd	48.7	-	Malaysia	Pre-operating
Possible Affluent Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Rapallo Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Resorts World Spa Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
R.W. Overseas Investments Limited	48.7	57.6	Isle of Man	Pre-operating
Sandai Maju Pte Ltd	54.8	55.2	Singapore	Pre-operating
Space Fair Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Sri Kenyalang Pte Ltd	54.8	55.2	Singapore	Pre-operating

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2007

47. SUBSIDIARIES AND ASSOCIATES (cont'd)

	Effective Percentage of Ownership		Country of incorporation	Principal activities
	2007	2006		
+ Stanley Genting Casinos (Leeds) Limited	53.4	58.5	United Kingdom	Pre-operating
+ Swallow Creek Limited	95.0	95.0	Isle of Man	Pre-operating
Tamanaco Limited	100.0	-	Isle of Man	Pre-operating
Tetha Limited	95.0	95.0	Isle of Man	Pre-operating
Tullamarine Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Twinkle Glow Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Twinmatics Sdn Bhd	48.7	57.6	Malaysia	Pre-operating
+ Vestplus (Hong Kong) Limited	48.7	57.6	Hong Kong, SAR	Pre-operating
Vintage Action Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
Yarrowin Sdn Bhd	29.2	34.6	Malaysia	Pre-operating
+ Best Track International Limited	48.7	57.6	Mauritius	Pending deregistration
+ Genting Power (Swiss) GmbH	100.0	100.0	Switzerland	Pending liquidation
* Myanmar Genting Sanyen Limited	100.0	100.0	Myanmar	Pending liquidation
Genting Power (Putian) Management Company Ltd	100.0	100.0	China	Pending liquidation
Coastal Nanjing Investor Ltd	-	100.0	Cayman Islands	Deregistered
Coastal Nanjing Manager Ltd	-	100.0	Cayman Islands	Deregistered
Coastal Suzhou Investor Ltd	-	100.0	Cayman Islands	Deregistered
Coastal Suzhou Manager Ltd	-	100.0	Cayman Islands	Deregistered
Coastal Wuxi Investor Ltd	-	100.0	Cayman Islands	Deregistered
Coastal Wuxi New District Ltd	-	100.0	Cayman Islands	Deregistered
Coastal Wuxi Manager Ltd	-	100.0	Cayman Islands	Deregistered
+ Bolus d.o.o.	-	17.5	Croatia	Disposed off
+ Eurototo Limited	-	29.3	United Kingdom	Disposed off
Genting Sanyen Industrial Paper Sdn Bhd	-	97.7	Malaysia	Disposed off
Genting Sanyen Paperboard Sdn Bhd	-	97.7	Malaysia	Disposed off
Genting Sanyen Sales & Marketing Services Sdn Bhd	-	97.7	Malaysia	Disposed off
Genting Sanyen Utilities & Services Sdn Bhd	-	97.7	Malaysia	Disposed off
GS Packaging Industries (M) Sdn Bhd	-	97.7	Malaysia	Disposed off
Ideal Meridian Sdn Bhd	-	97.7	Malaysia	Disposed off
Persis Hijau Sdn Bhd	-	97.7	Malaysia	Disposed off
+ Stanley International Betting Limited	-	29.3	United Kingdom	Disposed off
+ Stanleybet Belgium SA/NV	-	29.3	Belgium	Disposed off
+ Stanleybet International Limited	-	29.3	United Kingdom	Disposed off
+ Apuestas Deportivas y Competicion 2003SA	-	14.6	Spain	Disposed off
+ Europe Betting SA	-	29.3	Spain	Disposed off
+ Stanley Lietuva	-	29.3	Lituania	Disposed off
+ Stanleybet (Cyprus) Limited	-	29.3	Cyprus	Disposed off
+ Stanleybet Deutschland GmbH	-	29.3	Germany	Disposed off
+ Stanleybet Sports Limited	-	21.9	United Kingdom	Disposed off
Associates				
* Aban Power Company Limited	36.3	36.3	India	Generation and supply of electric power
* Asiatic Ceramics Sdn Bhd	26.9	27.0	Malaysia	In receivership
+ Lanco Kondapalli Power Pvt Ltd	30.0	30.0	India	Generation and supply of electric power
* Landmarks Berhad	30.3	25.0	Malaysia	Resort, property investment and property development
Serian Palm Oil Mill Sdn Bhd	21.9	22.1	Malaysia	Fresh fruit bunches processing
* Sri Gading Land Sdn Bhd	26.9	27.0	Malaysia	Property development
+ Star Cruises Limited (ceased as an associate as set out in Note 25)	-	21.0	Isle of Man & continued into Bermuda on 9 October 2000	Cruise and cruise related operations

* The financial statements of these companies are audited by firms other than the auditors of the Company.

+ 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.

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 Genting Berhad 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 in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2007.

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

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

This statement is made in accordance with a resolution of the Board dated 28 February 2008.

STATUTORY DECLARATION

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

I, **CHONG KIN LEONG**, the Officer primarily responsible for the financial management of **GENTING BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 53 to 113 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)
CHONG KIN LEONG at KUALA LUMPUR on)
28 February 2008

CHONG KIN LEONG

Before me,

DATO' NG MANN CHEONG
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS

to the Members of Genting Berhad

We have audited the financial statements set out on pages 53 to 113. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

In our opinion:

- a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - ii) the state of affairs of the Group and the Company as at 31 December 2007 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

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

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 47 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

LEE TUCK HENG

(No. 2092/09/08 (J))
Partner of the firm

Kuala Lumpur
28 February 2008