

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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Directors' report

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

Principal activities

The principal activities of the Group consist of:

- investment holding and trading
- operation of general insurance business
- provision of leasing, hire purchase and general loan financing services
- operation and management of a licensed four digit numbers forecast betting game
- operation of hotels
- securities broking and dealing
- property development and property investment
- provision of computer software and other related services

The principal activities of the Company are that of investment holding, provision of share registration and management services.

There have been no significant changes in the nature of the principal activities during the financial year, except for the deconsolidation of Mont Delight Sdn. Bhd. ("MDSB") group of companies, following the Court's approval for winding-up as disclosed in Note 8 to the financial statements, which resulted in the discontinuance of part of its investment holding and trading segment.

Results

	Group RM'000	Company RM'000
Profit for the year	404,807	334,425
Attributable to:		
Equity holders of the Company	327,903	334,425
Minority interests	76,904	-
	404,807	334,425

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

Directors' report

Dividends

The amount of dividends paid by the Company since 31 December 2008 were as follows:

RM'000

In respect of the financial year ended 31 December 2008 as reported in the directors' report of that year:

Final dividend of 5 sen per share less income tax at 25%, on 998,224,354 ordinary shares paid on 15 July 2009.	37,433
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In respect of the financial year ended 31 December 2009:

Interim dividend of 4 sen per share less income tax at 25%, on 1,005,059,854 ordinary shares paid on 25 March 2009.	30,152
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67,585

During the financial year, the Company had distributed a total of 97,683,369 treasury shares as share dividends to shareholders of the Company amounting to RM121,820,930 on the basis of one (1) treasury share for every ten (10) existing ordinary shares of RM1.00 each in the Company.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009, of 5 sen dividend less 25% income tax, on 1,070,211,223 ordinary shares (excluding treasury shares of 7,537,431), amounting to a dividend payable of RM40,132,921 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2010.

Directors

The Directors of the Company in office since the date of the last report and the date of this report are:

Datuk Razman Md. Hashim bin Che Din Md. Hashim
Dato' Surin Upatkoon
Mr Ng Kok Cheang
Mr Vijeyaratnam a/l V. Thamothearam Pillay
Dato' Lim Tiong Chin
Encik Sahibudeen bin Abdul Kader
Dato' Wong Puan Wah

In accordance with Article 81 of the Company's Articles of Association, Dato' Lim Tiong Chin and Mr Ng Kok Cheang retire at the forthcoming Annual General Meeting and, being eligible, they offer themselves for re-election.

Datuk Razman Md. Hashim bin Che Din Md. Hashim, who has attained the age of 70 on 31 May 2009, will be seeking for re-appointment as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965.

Directors' report

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures or warrants of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 5(a) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants in the Company during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	1.1.2009	Acquired	Sold	31.12.2009
Shares in the Company				
Direct Interest:				
Datuk Razman Md. Hashim bin Che Din Md. Hashim	110,000	44,000 [^]	-	154,000
Dato' Wong Puan Wah	10,000	1,000 ^{^^}	-	11,000
Deemed Interest:				
Dato' Surin Upatkoorn #	309,883,965	52,988,396 ^{**}	-	362,872,361
Dato' Lim Tiong Chin *	298,766,865	40,876,686 ^{***}	-	339,643,551

	Number of warrants			
	1.1.2009	Exercised	Expired	31.12.2009
Warrants 2004/2009 in the Company				
Deemed Interest:				
Dato' Surin Upatkoorn *	37,996,170	(10,000,000) ^{##}	(27,996,170)	-
Dato' Lim Tiong Chin *	37,996,170	(10,000,000) ^{##}	(27,996,170)	-

Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd and Pinjaya Sdn Bhd.

* Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd ("CMSB").

[^] Out of 44,000 MPH B shares, 30,000 MPH B shares were acquired from the open market and balance 14,000 MPH B shares were received from the Company pursuant to the distribution of treasury shares to entitled shareholders.

^{^^} 1,000 MPH B shares received pursuant to the distribution of treasury shares to the entitled shareholders.

^{**} These are MPH B shares converted from MPH B Warrants by CMSB and also shares received by CMSB and MWE from MPH B pursuant to distribution of treasury shares to entitled shareholders.

Directors' interests (cont'd)

*** Out of 40,876,686 MPHB shares, 10,000,000 MPHB shares were converted from warrants and 30,876,686 MPHB shares were received from the Company pursuant to the distribution of treasury shares to entitled shareholders.

Conversion of MPHB warrants to MPHB shares.

The remaining 27,996,170 MPHB warrants held by CMSB were not exercised and had expired on 26 February 2009.

Dato' Surin Upatkoon and Dato' Lim Tiong Chin by virtue of their interest in shares in the Company are also deemed interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the issued and paid-up ordinary share capital of the Company increased from RM962,426,875 to RM1,077,748,654 by way of the issuance of 115,321,779 ordinary shares of RM1 each arising from the exercise of the subscription right of 115,321,779 warrants by warrant holders.

Treasury shares

During the financial year, the Company repurchased 60,636,700 of its issued ordinary shares from the open market at an average price of RM1.37 per share. The total consideration paid for the repurchase including transaction costs was RM83,066,263 comprising consideration paid amounting to RM82,824,838 and transaction costs of RM241,425. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2009, the Company held as treasury shares a total of 7,537,431 of its 1,077,748,654 issued ordinary shares. Such treasury shares are held at a carrying amount of RM12,116,553 and further relevant details are disclosed in Note 23 to the financial statements.

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Directors' report

Other statutory information (cont'd)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events during the year

Significant events during the year are disclosed in Note 38 to the financial statements.

Subsequent events

Subsequent events after the year end are disclosed in Note 39 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2010.

Dato' Surin Upatkoorn

Ng Kok Cheang

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Surin Upatkoon and Ng Kok Cheang, being two of the Directors of Multi-Purpose Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 46 to 129 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2010.

Dato' Surin Upatkoon

Ng Kok Cheang

Statutory Declaration

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

I, Dato' Surin Upatkoon, being the Director primarily responsible for the financial management of Multi-Purpose Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 129 are in my opinion 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 Dato' Surin Upatkoon
at Kuala Lumpur in the Federal Territory
on 28 April 2010

Dato' Surin Upatkoon

Before me,

M. Sivanason (Licence No. W590)
Commissioner for Oaths

Independent Auditors' Report

To The Members Of Multi-Purpose Holdings Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Multi-Purpose Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year 31 December 2009 then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 129.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements, being financial statements that have been included in the consolidated financial statements.

Independent Auditors' Report

To The Members Of Multi-Purpose Holdings Berhad
(Incorporated in Malaysia)

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No.2518/12/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2010

Income Statements

For the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	3	3,322,126	3,137,244	307,013	29,114
Cost of sales		(2,633,050)	(2,527,366)	-	-
Gross profit		689,076	609,878	307,013	29,114
Other income	4	222,884	177,000	87,314	1,156,268
Administrative expenses		(71,943)	(137,218)	(6,717)	(10,959)
Other expenses		(160,232)	(207,381)	(21,227)	(86,641)
Operating profit	5	679,785	442,279	366,383	1,087,782
Finance costs	6	(163,040)	(96,508)	-	(5,122)
Share of profits of associates		3,014	737	-	-
Profit before tax		519,759	346,508	366,383	1,082,660
Income tax expense	7	(76,514)	(63,588)	(31,958)	(2,171)
Profit for the year from continuing operations		443,245	282,920	334,425	1,080,489
Discontinued operations					
Loss for the year from discontinued operations	8	(38,438)	(83,644)	-	-
Profit for the year		404,807	199,276	334,425	1,080,489
Attributable to:					
Equity holders of the Company		327,903	158,618	334,425	1,080,489
Minority interests		76,904	40,658	-	-
		404,807	199,276	334,425	1,080,489
Earnings per share attributable to equity holders of the Company					
Basic, for profit from continuing operations	9	34.8	25.5		
Basic, for loss from discontinued operations	9	(3.6)	(8.8)		
Basic, for profit of the year		31.2	16.7		
Diluted, for profit from continuing operations	9	34.8	21.2		
Diluted, for loss from discontinued operations	9	(3.6)	(7.3)		
Diluted, for profit of the year		31.2	13.9		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As At 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	194,364	201,164	32,242	41,919
Land held for property development	11	-	-	-	-
Investment properties	12	640,750	541,074	182,386	173,139
Prepaid land lease payments	13	3,906	3,955	-	-
Subsidiary companies	14	-	-	2,356,081	2,512,087
Associated companies	15	106,343	104,509	86,603	86,603
Jointly controlled entities	16	-	-	-	-
Other investments	17	271,955	127,876	257,877	113,556
Long term receivable	18	33,833	39,966	-	-
Intangible assets	19	2,891,863	2,890,463	-	-
Deferred tax assets	29	120,533	136,332	-	-
		4,263,547	4,045,339	2,915,189	2,927,304
Current assets					
Inventories	20	5,344	6,297	-	-
Receivables	21	443,236	458,566	70,147	23,163
Tax recoverable		103,835	72,128	-	3,862
Short term deposits and investments	22	958,847	762,164	92,020	122,032
Cash and bank balances		51,699	59,013	3,145	5,940
		1,562,961	1,358,168	165,312	154,997
Assets of disposal group/Non-current assets classified as held for sale	8	-	242,332	-	-
Total assets		5,826,508	5,645,839	3,080,501	3,082,301

The accompanying notes form an integral part of the financial statements.

Balance Sheets

As At 31 December 2009 (cont'd)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	1,077,749	962,427	1,077,749	962,427
Share premium		681,390	803,211	681,390	803,211
Treasury shares	23	(12,117)	(50,871)	(12,117)	(50,871)
Other reserves	24	45,521	44,652	-	-
Retained profits	25	373,549	105,098	1,111,315	844,475
Shareholders' equity		2,166,092	1,864,517	2,858,337	2,559,242
Minority interests		439,366	518,025	-	-
Total equity		2,605,458	2,382,542	2,858,337	2,559,242
Non-current liabilities					
Amounts due to subsidiaries	26	-	-	203,971	509,393
Borrowings	27	1,991,299	2,095,381	-	-
Redeemable Convertible Unsecured Loan Stocks	28	482,274	524,607	-	-
Deferred tax liabilities	29	22,498	24,468	-	-
Reserves for unexpired risks	30	81,572	72,452	-	-
Provision for retirement benefits	31	659	653	-	-
		2,578,302	2,717,561	203,971	509,393
Current liabilities					
Payables	32	481,308	381,277	17,623	13,666
Provisions for liabilities	33	153,872	128,848	-	-
Borrowings	27	314	28,136	-	-
Provision for retirement benefits	31	-	478	-	-
Tax payable		7,254	315	570	-
		642,748	539,054	18,193	13,666
Liabilities associated with assets held for sale	8	-	6,682	-	-
Total liabilities		3,221,050	3,263,297	222,164	523,059
Total equity and liabilities		5,826,508	5,645,839	3,080,501	3,082,301

The accompanying notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2009

	← Attributable to Equity Holders of the Company →							
	← Non-distributable →					Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital (Note 23) RM'000	Share premium RM'000	Treasury shares (Note 23) RM'000	Other reserves (Note 24) RM'000	Retained profits (Note 25) RM'000			
At 1 January 2008	954,586	803,211	-	44,663	26,940	1,829,400	807,805	2,637,205
Issue of ordinary shares arising from conversion of warrants	7,841	-	-	-	-	7,841	-	7,841
Purchase of treasury shares	-	-	(50,871)	-	-	(50,871)	-	(50,871)
Profit for the year	-	-	-	-	158,618	158,618	40,658	199,276
Dividends paid	-	-	-	-	(80,460)	(80,460)	-	(80,460)
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	(4,095)	(4,095)
Disposal of shares in subsidiaries	-	-	-	-	-	-	86,210	86,210
Capital reduction and repayment by a subsidiary	-	-	-	-	-	-	(724,643)	(724,643)
Issue of shares and RCULS by a subsidiary	-	-	-	-	-	-	312,090	312,090
Exchange differences arising from translation of foreign currency financial statements	-	-	-	(11)	-	(11)	-	(11)
At 31 December 2008	962,427	803,211	(50,871)	44,652	105,098	1,864,517	518,025	2,382,542

The accompanying notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2009 (cont'd)

	← Attributable to Equity Holders of the Company →							
	← Non-distributable →					Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital (Note 23) RM'000	Share premium RM'000	Treasury shares (Note 23) RM'000	Other reserves (Note 24) RM'000	Retained profits (Note 25) RM'000			
At 1 January 2009	962,427	803,211	(50,871)	44,652	105,098	1,864,517	518,025	2,382,542
Issue of ordinary shares arising from conversion of warrants	115,322	-	-	-	-	115,322	-	115,322
Purchase of treasury shares	-	-	(83,067)	-	-	(83,067)	-	(83,067)
Profit for the year	-	-	-	-	327,903	327,903	76,904	404,807
Dividends paid	-	-	-	-	(67,585)	(67,585)	(53,922)	(121,507)
Distribution of treasury shares	-	(121,821)	121,821	-	-	-	-	-
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	(60,850)	(60,850)
Dissolution of subsidiary	-	-	-	-	-	-	(6)	(6)
Changes of fair value of securities available-for-sale ("AFS")	-	-	-	869	-	869	-	869
Accretion of interest in subsidiaries	-	-	-	-	6,622	6,622	(6,622)	-
Minority interests of subsidiaries	-	-	-	-	-	-	(35,024)	(35,024)
Effect of adopting Risk-Based Capital Framework	-	-	-	-	1,511	1,511	861	2,372
At 31 December 2009	1,077,749	681,390	(12,117)	45,521	373,549	2,166,092	439,366	2,605,458

The accompanying notes form an integral part of the financial statements.

Company Statement Of Changes In Equity

For the year ended 31 December 2009

	← Non-distributable →		→ (Accumulated losses)/		Total RM'000
	Share capital (Note 23) RM'000	Share premium RM'000	Treasury shares (Note 23) RM'000	retained profits (Note 25) RM'000	
At 1 January 2008	954,586	803,211	-	(155,554)	1,602,243
Profit for the year	-	-	-	1,080,489	1,080,489
Issue of ordinary shares arising from conversion of warrants	7,841	-	-	-	7,841
Purchase of treasury shares	-	-	(50,871)	-	(50,871)
Dividends paid	-	-	-	(80,460)	(80,460)
At 31 December 2008	962,427	803,211	(50,871)	844,475	2,559,242
At 1 January 2009	962,427	803,211	(50,871)	844,475	2,559,242
Profit for the year	-	-	-	334,425	334,425
Issue of ordinary shares arising from conversion of warrants	115,322	-	-	-	115,322
Purchase of treasury shares	-	-	(83,067)	-	(83,067)
Distribution of treasury shares	-	(121,821)	121,821	-	-
Dividends paid	-	-	-	(67,585)	(67,585)
At 31 December 2009	1,077,749	681,390	(12,117)	1,111,315	2,858,337

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009

	2009 RM'000	2008 RM'000
Cash flows from operating activities		
Profit before tax from:		
Continuing operations	519,759	346,508
Discontinued operations	(38,365)	(81,439)
Adjustments for:		
Depreciation of property, plant and equipment	28,049	19,182
Depreciation of investment properties	5,428	5,406
Interest expense	163,040	97,230
Accretion of discounts less amortisation of premiums	114	(71)
Amortisation of:		
- prepaid lease payment	49	50
- other investment	59	139
Increase in reserves for unexpired risks	9,120	7,323
Provision for bad and doubtful debts	4,399	4,405
Share of profits of associated companies and jointly controlled entities	(3,841)	(840)
(Gain)/loss on disposal :		
- property, plant and equipment	(503)	(134)
- investment properties	(690)	(563)
- other and short term investments	(67,491)	5,045
- subsidiaries	-	2,713
- jointly controlled entities	(10,502)	-
Loss on deconsolidated of subsidiaries	15,043	-
Unrealised loss on foreign exchange	1,299	4,928
Interest income	(25,045)	(34,069)
Dividend income on quoted shares and unit trusts	(58,247)	(9,322)
Gain on acquisition of additional shares in a subsidiary	(14,050)	-
Inventories written off	333	184
Provision for obsolete inventories	-	14
Property, plant and equipment written off	756	150
Impairment losses on property, plant and equipment	28,818	766
Impairment losses on investment property	-	1,592
Impairment losses on other and short term investments	-	196,545
Provision for retirement benefits	737	339
Write back of provision for doubtful debts	(3,782)	(4,189)
Write back of provision for impairment losses for other and short term investments	(51,570)	(29,454)
Bad debts written off	3,519	632
Bad debts recovered	(412)	(36)
Gain on redemption of Exchangeable Bonds	-	(101,081)
Operating profit before working capital changes	506,293	431,953
Changes in working capital:		
Inventories	620	1,579
Development costs incurred	(650)	-
Receivables	189,342	275,837
Payables	82,722	(22,832)
Monies held in trust	2,824	14,636
Cash generated from operations	781,151	701,173
Income tax paid	(87,181)	(95,316)
Retirement benefits paid	(1,209)	(1,685)
Net cash generated from operating activities	692,761	604,172

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009 (cont'd)

	2009 RM'000	2008 RM'000
Cash flows from investing activities		
Net proceeds from disposal of:		
- property, plant and equipment	936	3,874
- investment properties	3,960	5,105
- other and short term investments	417,641	33,634
Net cash outflow from disposal of investments in subsidiaries	-	(25,037)
Net cash outflow on deconsolidation of subsidiaries	(21,448)	-
Purchase of:		
- additional shares in subsidiary companies	(55,934)	(24,494)
- shares in associated companies	(100)	-
- property, plant and equipment	(30,530)	(20,191)
- investment properties	(98,750)	(65,884)
- other and short term investments	(359,748)	(174,621)
- prepaid lease payments	-	(3,500)
Movement in cash deposits pledged	6,542	(37,414)
Withdrawal of management fund/money market fund	12,173	10,878
Net dividend received from:		
- associated companies	1,280	-
- quoted shares and unit trusts	58,247	7,482
Interest received	25,045	34,069
Interest paid	(163,040)	(97,230)
Net cash used in from investing activities	(203,726)	(353,329)
Cash flows from financing activities		
Issuance of ordinary shares	115,322	7,841
Redemption of Exchangeable Bonds	-	(260,500)
Net (repayment)/drawdown of borrowings	(136,000)	1,864,484
Purchase of treasury shares	(83,066)	(50,871)
Capital repayment by a subsidiary	-	(2,462,849)
Dividend paid	(121,507)	(80,460)
Issuance of ordinary shares by a subsidiary	-	49,000
Issuance of Redeemable Convertible Unsecured Loan Stock by a subsidiary	-	674,658
Net cash used in financing activities	(225,251)	(258,697)

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009 (cont'd)

	Note	2009 RM'000	2008 RM'000
Effect of exchange rate changes on cash and cash equivalents		(56)	(1,218)
Net increase/(decrease) in cash and cash equivalents		263,784	(7,854)
Cash and cash equivalents at beginning of year		468,940	440,598
Cash and cash equivalents at end of year		732,668	431,526
Cash and cash equivalents comprise the following:			
Cash and bank balances		51,699	59,013
Deposits with financial institutions	22	754,030	456,745
Bank overdrafts	27	(314)	(2,136)
		805,415	513,622
Less: Cash deposits pledged		(25,241)	(37,414)
Client's monies held in trust		(42,741)	(39,975)
Remisiers' deposits held in trust		(4,765)	(4,707)
		732,668	431,526

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 December 2009

	2009 RM'000	2008 RM'000
Cash flows from operating activities		
Profit before tax	366,383	1,082,660
Adjustments for:		
Depreciation of property, plant and equipment	1,871	1,843
Depreciation of investment properties	3,483	3,453
Gain on disposal of property, plant and equipment	-	(167)
Gain on disposal of other investments	(35,892)	(1,914)
Gain on disposal of investment in a subsidiary	-	(1,009,190)
Gain on redemption of Exchangeable Bonds 2003/2009	-	(84,611)
Provision for doubtful debts	1,698	6,546
Write back of provision for doubtful debts	(6,090)	(1,057)
Impairment of other investments	-	62,987
Impairment of subsidiary	7,470	-
Reversal of impairment of other investments	(36,524)	(29,285)
Interest income	(14,944)	(28,997)
Dividend income	(281,200)	(2,933)
Interest expense	-	5,122
Operating profit before working capital changes	6,255	4,457
Changes in working capital:		
Receivables	(41,371)	1,304
Payables	4,662	(2,440)
Subsidiary companies indebtedness	(340,680)	61,409
Cash (used in)/generated from operations	(371,134)	64,730
Tax (paid)/refunded	(75)	6,270
Net cash (used in)/generated from operating activities	(371,209)	71,000
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,612)	(528)
Purchase of investment properties	(2,313)	-
Purchase of other investments	(164,724)	(196,973)
Proceeds from disposal of:		
- property, plant and equipment	-	169
- investment in a subsidiary	-	762,255
- other investments	211,048	7,763
Incorporation of a new subsidiary	-	(7)
Purchase of additional shares in subsidiaries	(139,428)	(26,933)
Proceeds from redemption of Redeemable Unsecured Loan Stock-A by a subsidiary	322,000	3,000
Dividends received	253,749	2,203
Interest received	14,944	5,385
Interest paid	-	(5,122)
Net cash generated from investing activities	492,664	551,212

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 December 2009 (cont'd)

	Note	2009 RM'000	2008 RM'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		115,322	7,841
Purchase of treasury shares		(83,066)	(50,871)
Redemption of Exchangeable Bonds		-	(260,500)
Net loan from subsidiary company		-	19,024
Dividends paid		(67,586)	(80,460)
Net repayment of borrowings		-	(256,861)
Net cash used in financing activities		(35,330)	(621,827)
Net increase in cash and cash equivalents		86,125	385
Cash and cash equivalents at beginning of year		9,040	8,655
Cash and cash equivalents at end of year		95,165	9,040
Cash and cash equivalents comprise the following:			
Cash and bank balances		3,145	5,940
Deposits with financial institutions	22	92,020	3,100
		95,165	9,040

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

31 December 2009

1. Corporate information

The principal activities of the Group and of the Company are as disclosed in the Directors' Report.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 39th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and the Rules of Bursa Malaysia Securities Berhad.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for those financial instruments which have been measured at their fair values and insurance liabilities which have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework ("RBC") for insurers issued by Bank Negara Malaysia ("the Framework").

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Associates (cont'd)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Jointly controlled entities

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

Research and development costs

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(e) Property, plant and equipment and depreciation

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

Subsequent to recognition, property plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at cost, less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	%
Buildings	2.0 - 5.0
Leasehold improvement	12.5
Plant and machinery, etc.	10.0 - 33.3
Fixtures and fittings	5.0 - 20.0
Motor vehicles	20.0
Computer equipment	12.5 - 33.3

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment and depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of building is charged to the income statement on a straight-line basis over the estimated useful lives of 25 to 50 years for buildings.

Leasehold land is depreciated over the residual lease period. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Leases (cont'd)

(iii) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2 (o)(v)).

(h) Impairment of assets

The carrying amounts of assets other than inventories, deferred tax assets and non-current assets (or disposal group) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU is allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the assets in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Provision for liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(k) Provision for claims

Provision is made for the estimated cost of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at the balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but reported at balance sheet date, using a mathematical method of estimation.

(l) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Employee benefits (cont'd)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) Defined benefit plans

The Group and the Company contribute at an approved rate to a funded scheme for eligible employees based on a defined benefit plan. This fund is known as the Multi-Purpose Group Retirement Scheme ("MPGRS") and was established pursuant to a trust deed in 1984.

Contributions made are charged to the income statement.

The financial position of MPGRS is subject to review by an actuary not less than once in every 3 years and in the event of a deficit, the Trustees of MPGRS may request the Group and the Company, subject to the consent of the Director-General of Inland Revenue being obtained, to make such further contributions as recommended by the actuary for the purpose of reducing or eliminating the said deficit.

The latest actuarial valuation of the liabilities of MPGRS was carried out based on the financial position as at 31 December 2007.

(n) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any impairment losses.

Land held for property development is reclassified as development properties at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Revenue recognition (cont'd)

(i) Dividend income

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

(ii) Interest income

Interest income is recognised on an accrual basis.

For the credit subsidiaries, income on hire purchase and finance lease transactions is computed on the 'sum of digits' method and interest income from housing, mortgage and other loans is recognised on the reducing balance basis. When an account is classified as non-performing, recognition of interest income is suspended until it is realised on a cash basis. Clients' accounts are classified as non-performing where repayments are in arrears for more than six months.

For the stockbroking subsidiary, when the receivable is classified as non-performing account under the Rules of Bursa Malaysia Securities Berhad, interest income from non-performing account will be suspended until it is realised on cash basis, except for margin accounts where interest will be suspended until the account is classified as performing again.

Clients' accounts are classified as non-performing under the following circumstances:

Type of account	Criteria
Contra losses	When the account remains outstanding for 16 calendar days or more from the date of contra transaction
Overdue purchase contracts	When the account remains outstanding from T + 3 market days onwards
Margin accounts	When the value of collateral has fallen below 130% of the outstanding balance

(iii) Brokerage income

Brokerage income is recognised upon execution of contracts.

(iv) Insurance premium income

Insurance premium income, other than those of inward treaty business is recognised on the date on which the premium receivable in respect of an insurance policy is first recorded in the books and for inward treaty business on the date of receipt of the statement of accounts. Premium in respect of risks incepted for which billings or policies have not been raised as of the balance sheet date are accrued at that date.

(v) Rental income

Rental income is recognised on an accrual basis.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Revenue recognition (cont'd)

(vi) Loan arrangement fees and commissions

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees are recognised as income based on time apportionment.

(vii) Revenue from gaming activities

Revenue from gaming activities is recognised based on ticket sales in respect of draw days within the financial year.

(viii) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ix) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(x) Commission on securities

Commissions on securities dealings are recognised on trade date basis.

(xi) Construction contracts

Revenue from construction contracts is accounted for by stage of completion method as describe in Note 2.2(u).

(xii) General insurance underwriting results

The general insurance underwriting results are determined for each class of business after taking into account, inter alia, reserves for unexpired risks, claims incurred and additional reserves.

(p) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost of raw materials comprises costs of purchase. The costs of finished goods comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. Cost of ticket stock and computer spares are determined on the weighted average basis. Cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(q) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group 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 also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(q) Foreign currencies (cont'd)

(iii) Foreign operations (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2009 RM	2008 RM
1 US Dollar	3.430	3.476
100 Hong Kong Dollar	44.225	44.850
100 Philippines Peso	7.435	7.320
100 Yuan Renminbi	50.200	50.600
100 Indonesia Rupiah	0.036	0.031
1 Singapore Dollar	2.441	2.418

(r) Assets on lease

The 'financing' method of accounting is adopted for leasing transactions. Under this method, investment in leased assets is taken up as a receivable, at an amount equal to the net investment in the lease.

(s) General insurance underwriting results, reserves for unexpired risks and provision for claims

The general insurance underwriting results are determined for each class of business after taking into account, inter alia, reserves for unexpired risks, claims incurred and additional reserves.

The reserves for unexpired risks ("RUR") represent the portion of net premium less the related net acquisition costs, not yet earned at the balance sheet date. RUR is computed based on the month of booking of the premiums as follows:

- (i) 25% method for marine and aviation cargo, and transit business.
- (ii) 1/24th method for all classes of general business within Malaysia.
- (iii) 1/8th method for all classes of overseas inward treaty business.

Provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at the balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date, using a mathematical method of estimation.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Disclosure information for financial assets and liabilities that relate to rights and obligations arising under insurance contracts are excluded from the scope of FRS 132: Financial Instruments - Disclosure and Presentation.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(ii) Short term investments

Malaysian Government Securities is stated at cost adjusted for the amortisation of premiums or accretion of discounts calculated on an effective yield basis, from the date of purchase to maturity dates. The amortisation of premiums and accretion of discounts are charged or credited to income statement/revenue account.

Quoted investments, unquoted investments and unit trusts are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Money market fund

Money market fund from the subsidiary is carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement.

(iv) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(t) Financial instruments (cont'd)

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Redeemable convertible unsecured loan stocks

The loan stocks are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the loan stocks and the fair value assigned to the liability component is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of equity component is not adjusted in subsequent periods.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible loan stock to the instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan stocks.

For early redemption, the consideration paid is allocated to the liability and equity components of the loan stock at the date of the transaction. The difference between the consideration allocated to the liability component and the carrying amount of the liability is recognised in profit or loss and the amount of consideration relating to the equity component is recognised in equity.

(viii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(u) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to work performed.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(v) Non-current assets (or disposal group) held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.3 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new Financial Reporting Standards ("FRSs") and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Company, which are mandatory for annual periods.

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellation
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs "Improvements to FRSs (2009)"
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Consession Arrangements
IC Interpretation 15: Agreements for the Construction of Real Estate
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

The Company plans to adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are expected to have no significant impact to the financial statements of the Company upon their initial application.

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

- (a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended) (cont'd)

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

- (b) FRS 4: Insurance Contracts

FRS 4 specifies the financial reporting requirements for insurance contracts by any entity that issues such contracts, including disclosures to assist users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts.

- (c) FRS 8: Operating Segment

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

- (d) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and of the Company.

- (e) FRS 123: Borrowing Costs (revised)

The Group's current accounting policies are consistent with the provision of FRS 123 *Borrowing Costs (revised)*.

- (f) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and of the Company's exposure to risks, enhanced disclosure regarding components of the Group's and of the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

(g) Amendments to FRSs 'Improvements to FRSs (2009)'

- (i) *FRS 5 Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those described by the Standard. The disclosures requirements from other FRSs only apply if specifically required for such non-current assets held for sale and disposal group or discontinued operations.
- (ii) *FRS 7 Financial Instruments: Disclosures*: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.
- (iii) *FRS 8 Operating Segments*: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.
- (iv) *FRS 101 Presentation of Financial Statements*: Clarifies that financial instruments classified as held for trading in accordance with *FRS 139 Financial Instruments: Recognition and Measurement* are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.
- (v) *FRS 107 Statement of Cash Flows (formerly known as Cash Flow Statements)*: Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.
- (vi) *FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors*: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.
- (vii) *FRS 110 Events after the Reporting Period (formerly known as Events After the Balance Sheet Date)*: Clarifies that dividends declared after the end of the reporting period are not liabilities as at the balance sheet date.
- (viii) *FRS 116 Property, Plant and Equipment*: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.
- (ix) *FRS 117 Leases*: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

(g) Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

- (x) FRS 118 *Revenue*: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.
- (xi) FRS 119 *Employee Benefits*: The amendment revises the definition of "past service costs", "return on plan assets" and "short term" and "other long-term" employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.
- (xii) FRS 123 *Borrowing Costs*: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.
- (xiii) FRS 127 *Consolidated and Separate Financial Statements*: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- (xiv) FRS 128 *Investments in Associates*: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.
- (xv) FRS 131 *Interests in Joint Ventures*: The amendment clarifies that if a joint venture is accounted for "at fair value through profit or loss", in accordance with FRS 139, only the requirements of FRS 131 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expense will apply.
- (xvi) FRS 136 *Impairment of Assets*: Clarifies that when discounted cash flows are used to estimate "fair value less cost to sell" additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate "value in use". The amendment further clarifies that the largest cash-generating unit for group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.
- (xvii) FRS 138 *Intangible Assets*: Clarifies that expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. The amendments also provide guidance regarding valuation techniques to measure the fair value of an intangible asset acquired in a business combination when there is no active market for the asset. In addition, the reference to "there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method" has been removed.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Standards and Interpretations issued but not yet effective (cont'd)

(g) Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

(xviii) FRS 139 Financial Instruments: Recognition and Measurement: Clarifies that changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the "fair value through profit or loss" classification after initial recognition. It also clarifies on the scope exemption for business combination contracts. The amendments remove the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge and requires the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. It also provides additional guidance on determining whether loan prepayment penalties result in an embedded derivatives that needs to be separated. In addition, the amendments state that the gains or losses on a hedged instrument should be reclassified from equity to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

(xix) FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such times as fair value can be determined or construction is complete. The Group has previously accounted for such assets using the cost model. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

(h) IC Interpretation 15: Agreements for the Construction of Real Estate

This IC requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit.

2.4 Significant accounting estimates and judgements

(a) **Critical judgements made in applying accounting policies**

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgements (cont'd)

(a) Critical judgements made in applying accounting policies (cont'd)

(ii) Classification of inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

During the financial year, the Group's subsidiary has temporarily rent out the condominium units but has decided to treat them as inventories because it is the Company's intention to sell off the condominium units should there be potential purchasers.

(iii) Ownership of properties

The land/strata titles to certain land held for development, freehold and leasehold land and buildings of the Group's subsidiary have not been issued by the relevant authorities. The Group has determined that it retains all the significant risks and rewards of ownership of these properties, and as such, they have been recognised as the Group's non-current assets.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill

The Group determines whether the goodwill and gaming rights which have indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the value in use of the cash generating units ("CGU") to which the goodwill and gaming rights belong to.

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. The carrying amounts of goodwill and gaming rights as at 31 December 2009 were RM2,891,863,000 (2008: RM2,890,463,000). Further details are as disclosed in Note 19.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes To The Financial Statements

31 December 2009 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(iii) Construction contracts

The Company recognises contract revenue by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the work performed. Significant assumptions are required to estimate the total contract costs and the recoverable variation works. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 21 and 33 to the financial statements.

3. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gross premium	415,401	324,102	-	-
Less: Reinsurance	(216,427)	(148,855)	-	-
Less: Increase in unearned premium reserves	(9,120)	(7,323)	-	-
Earned premium	189,854	167,924	-	-
Brokerage income	18,530	13,612	-	-
Interest, contra service charges and rollover fees	14,031	18,624	-	-
Interest income on loans and advances	255	214	-	-
Investment income in respect of gross dividends from:				
- subsidiary unquoted in Malaysia	-	-	276,830	-
- other investments:				
- quoted in Malaysia	4,374	2,937	4,370	2,933
- unquoted in Malaysia	493	940	-	-
Rental income	227,537	204,251	281,200	2,933
Sale of four digit forecast tickets	20,379	18,896	22,738	21,000
Sale of four digit forecast tickets	3,020,608	2,871,322	-	-
Revenue from sale and rental of properties	3,585	3,161	-	-
Hotel services	16,107	12,336	-	-
IT consulting	1,104	1,124	-	-
Construction contract	32,003	25,048	-	-
Others	803	1,106	3,075	5,181
	3,322,126	3,137,244	307,013	29,114

Notes To The Financial Statements

31 December 2009 (cont'd)

4. Other income

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Gain on disposal of				
- investment in subsidiaries	-	-	-	1,009,191
- other and short term investments	66,217	8,183	35,890	1,913
- property, plant and equipment	508	233	-	167
- investment properties	923	589	-	-
Write back of provision for doubtful debts	3,782	3,935	6,090	1,057
Write back of provision for impairment losses on other and short term investments	51,086	29,454	29,054	29,285
Interest income (Note 4(a))	23,864	26,257	14,980	28,998
Rental income	183	355	-	54
Dividend Income (Note 4(b))	51,972	3,986	-	-
Gain on redemption of Exchangeable Bonds	-	101,081	-	84,611
Profit on acquisition of subsidiary from minority shareholders	14,050	-	-	-
Underwriting commission	3,576	-	-	-
Others	6,723	2,927	1,300	992
	222,884	177,000	87,314	1,156,268
(a) Interest income				
Interest income on:				
- loan to subsidiary companies	-	-	560	1,928
- short term deposits	12,525	15,780	250	524
- Redeemable unsecured loan stocks	-	-	10,127	23,613
- Malaysian Government Securities	1,146	1,038	-	-
- others	10,193	9,439	4,043	2,933
	23,864	26,257	14,980	28,998
(b) Dividend income				
Dividend income on:				
- quoted shares	395	3,986	-	-
- other investments	51,577	-	-	-
	51,972	3,986	-	-

Notes To The Financial Statements

31 December 2009 (cont'd)

5. Operating profit

The following amounts have been included in arriving at operating profit:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Depreciation of property, plant and equipment (Note 10)	26,859	15,837	1,871	1,843
Depreciation of investment properties (Note 12)	5,428	5,406	3,483	3,454
Key management personnel (Note 5 (a))	6,027	4,505	2,660	2,628
Auditors' remuneration (Note 5 (b))	1,076	741	167	85
Amortisation of:				
- prepaid land lease payments	49	50	-	-
- other investments	59	139	-	-
Rental of land and buildings	946	2,990	28	26
Hire of plant and machinery	112	106	-	-
Increase in reserves for unexpired risks	9,120	-	-	-
Impairment losses on:				
- other investments	41	73,654	41	62,987
- investment properties	-	1,592	-	-
- property, plant and equipment	-	766	-	-
- investment in subsidiaries	-	-	7,470	-
Realised (gain)/loss on foreign exchange	(840)	1	-	-
Unrealised (gain)/loss on foreign exchange	(166)	4,342	-	-
(Gain)/loss on disposal of				
- other and short term investments	(66,202)	13,228	(35,892)	-
- property, plant and equipment	(504)	118	-	-
- investment properties	(903)	26	-	-
Provision for doubtful debts:				
- other debtors	558	-	-	-
- trade debtors	3,283	3,962	1,698	81
- subsidiary companies	-	-	1	6,465
Loss on disposal of investments in subsidiaries (Note 14)	15,043	2,713	-	-
Provision for retirement benefit	737	339	-	-
Staff costs (Note 5 (c))	68,872	62,390	6,718	5,661
Inventories written off	333	184	-	-
Bad debts written off	(94)	605	-	-
Property, plant and equipment written off	645	33	-	-
Fund management charges	1,076	452	-	-
Accretion of discounts less amortisation of premiums	114	(71)	-	-
Income from rent of land and buildings	(424)	(731)	(41)	(54)
Gain on disposal of:				
- property, plant and equipment	-	(233)	-	(167)
- investment properties	-	(589)	-	-
- other and short term investments	-	(8,183)	(35,892)	(1,913)
- investment in a subsidiary	-	-	-	(1,009,191)
Bad debts recovered	(173)	(36)	-	-
Realised gain on foreign exchange	-	(790)	-	-
Unrealised gain on foreign exchange	-	(2,455)	-	-
Write back of provision for doubtful debts for:				
- loan debtors	(2,734)	(3,681)	-	-
- other debtors	(1,048)	(254)	-	-
- subsidiary companies	-	-	(6,090)	(1,057)
Write back of provision for impairment losses for other and short term investments	(51,086)	(29,454)	(29,054)	(29,285)

Notes To The Financial Statements

31 December 2009 (cont'd)

5. Operating profit (cont'd)

(a) Key management personnel

Key management personnel is defined as the Board of Directors of the Company and companies within Multi-Purpose Holdings Berhad Group whereby the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly lies.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive directors' remuneration:				
- fees	240	240	240	240
- bonus	1,794	502	424	424
- emoluments	3,315	3,101	1,426	1,394
- benefits-in-kind	46	29	13	13
	5,395	3,872	2,103	2,071
Non-executive directors' remuneration:				
- fees	392	392	320	320
- emoluments	219	220	216	216
- benefits-in-kind	21	21	21	21
	632	633	557	557
Total directors' remuneration	5,960	4,455	2,626	2,594
Estimated money value of benefits-in-kind	67	50	34	34
Total directors' remuneration including benefits-in-kind	6,027	4,505	2,660	2,628

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2009	2008
Executive Directors:		
RM550,001 - RM600,000	1	1
RM1,250,001 - RM1,300,000	-	1
RM1,400,001 - RM1,450,000	-	1
RM2,250,001 - RM2,300,000	1	-
RM2,500,001 - RM2,550,000	1	-
Non-executive Directors:		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	1	-

Notes To The Financial Statements

31 December 2009 (cont'd)

5. Operating profit (cont'd)

(b) Auditors' remuneration

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Auditors of the Company:				
- statutory audit	786	706	80	80
- other services	290	35	87	5
	1,076	741	167	85

(c) Staff costs

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages and salaries	58,550	51,704	5,632	4,860
Contributions to defined contribution plan	6,483	5,962	566	475
Termination benefits	-	1,650	-	-
Other staff related expenses	3,839	3,074	520	326
	68,872	62,390	6,718	5,661

6. Finance costs

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest expenses on:				
- term loans and overdrafts	126,407	79,408	-	5,122
- Redeemable Convertible Unsecured Loan Stock (Note 28)	31,603	16,630	-	-
- others	5,030	470	-	-
	163,040	96,508	-	5,122

7. Income tax expense

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations				
Income tax:				
Malaysian income tax	56,857	61,437	31,958	8,335
Foreign tax	-	21	-	-
	56,857	61,458	31,958	8,335
Under/(over) provision in prior years:				
Malaysian income tax	5,458	(19,451)	-	(6,164)
	62,315	42,007	31,958	2,171

Notes To The Financial Statements

31 December 2009 (cont'd)

7. Income tax expense (cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	14,683	20,993	-	-
Relating to changes in tax rates	-	(447)	-	-
(Over)/underprovision in prior years	(484)	1,035	-	-
	14,199	21,581	-	-
Total income tax expense from continuing operations	76,514	63,588	31,958	2,171
Discontinued operations				
Current income tax:				
Malaysian income tax	444	2,205	-	-
Foreign tax	5	-	-	-
Overprovision in prior years:				
Malaysian income tax	(351)	-	-	-
	98	2,205	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(25)	-	-	-
	(25)	-	-	-
Total income tax expense from discontinued operations (Note 8)	73	2,205	-	-
Total income tax expense	76,587	65,793	31,958	2,171

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. Income tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes To The Financial Statements

31 December 2009 (cont'd)

7. Income tax expense (cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2009 RM'000	2008 RM'000
Group		
Profit before tax from:		
Continuing operations	519,759	346,508
Discontinued operations	(38,365)	(81,439)
	481,394	265,069
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	120,349	68,918
Effect of different tax rate for qualified small and medium enterprises	(25)	(56)
Effect of income not subject to tax	(29,441)	(146,139)
Effect of expenses not deductible for tax purposes	21,778	165,493
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(41,389)	(15,014)
Effect of change in tax rate on deferred tax	-	(447)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,446	11,672
Overprovision of tax expenses in prior years	5,107	(19,451)
(Over)/under provision of deferred tax in prior years	(484)	1,035
Effects of share of results of associates	(754)	(192)
Effects of share of results of jointly controlled entities	-	(26)
	76,587	65,793
Company		
Profit before tax	366,383	1,082,660
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	91,596	281,492
Effect of income not subject to tax	(63,470)	(283,082)
Effect of expenses not deductible for tax purposes	3,594	9,903
Deferred tax assets not recognised	238	22
Overprovision of tax expense in prior years	-	(6,164)
Tax expense for the year	31,958	2,171

Tax savings during the financial year arising from:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Utilisation of current year tax losses	-	937	-	839
Utilisation of previously unabsorbed capital allowance and tax losses	-	15,014	-	-

Notes To The Financial Statements

31 December 2009 (cont'd)

8. Discontinued operations and disposal group classified as held for sale

As disclosed under significant events in Note 38(c) to the financial statements, the following subsidiaries/ associates of Mont Delight Sdn. Bhd. ("MDSB"), a wholly owned subsidiary of Magnum Holdings Sdn. Bhd., have been identified to be disposed of pursuant to a reorganisation plan effected in the prior year.

(a) Onshore and offshore non-liquid non-gaming subsidiaries

Magnum 4D (Perak) Sdn. Bhd.
Jujur Megah Sdn Bhd
Lubuk Jaya Sdn Bhd
Vijuara Sdn Bhd
Sababumi (Sandakan) Sdn Bhd
Quantumco Enterprise Sdn Bhd
Hastania Sdn Bhd
West Country Sdn Bhd
Magnum Enterprise Sdn Bhd
Magnum Investment Limited
Magnum Capital Limited
Magnum Management Limited
P.T. Magnum Investment Indonesia
Magnum Leisure Limited
Magnum (Guernsey) Limited
Lismore Properties Limited
Ongreat Properties Limited
Continuous Gain Limited
Ample Profits Limited
Wolston Limited
LM (Guernsey) Limited
Manjung Kinara Sdn. Bhd.

(b) Offshore non-liquid non-gaming associates

Magnum Marketing Philippines, Inc
Magnum Property & Development Corporation
Casinos Mongolia HH

(c) Offshore non-liquid non-gaming jointly controlled entities

Shenyang Renhe Property Developing Ltd
Nantian Hydro Electric Station Co. Ltd

As at 31 December 2009, the Group had deconsolidated MDSB and its subsidiaries/ associates/jointly controlled entities as disclosed in Note 14 and Note 38 (c) to the financial statements. The results from these subsidiaries/associates/jointly controlled entities during the financial year are presented separately on the consolidated income statement as discontinued operations.

Notes To The Financial Statements

31 December 2009 (cont'd)

8. Discontinued operations and disposal group classified as held for sale (cont'd)

(c) Offshore non-liquid non-gaming jointly controlled entities (cont'd)

An analysis of the results of discontinued operations is as follows:

	Group	
	2009 RM'000	2008 RM'000
Revenue	1,162	642
Other income	20,528	2,464
Expenses	(60,658)	(83,926)
Share of profit of associate	-	(722)
Share of profit of jointly controlled operations	603	-
Finance costs	-	103
Loss before tax of discontinued operations	(38,365)	(81,439)
Income tax expense (Note 7)	(73)	(2,205)
Loss for the year from discontinued operations	(38,438)	(83,644)

The following amounts have been included in arriving at loss before tax of discontinued operations:

	Group	
	2009 RM'000	2008 RM'000
Depreciation of property, plant and equipment	1,190	3,345
Staff cost	-	1,993
Auditors' remuneration		
- statutory audits	51	512
- (over)/under provision in prior years	(2)	8
Director's remuneration:		
- other directors'	33	344
Rental of land and buildings	-	58
Provision for impairment losses of other and short term investments	-	122,891
Provision for impairment losses of property, plant and equipment	28,818	-
Hire of plant and machinery	-	3
Unrealised loss on foreign exchange	1,465	3,041
Loss on disposal of :		
- property, plant and equipment	1	33
- investment properties	213	-
Loss on deconsolidation subsidiaries (Note 14)	15,043	-
Provision for doubtful debts	-	443
Provision for obsolete inventories	-	14
Bad debts written off	3,425	27
Property, plant and equipment written off	111	117
Rental income from land and building	(375)	(1,726)
Dividend income on:		
- quoted shares	(1,408)	(1,178)
- unquoted shares	-	(5)
- money market fund	-	(276)

Notes To The Financial Statements

31 December 2009 (cont'd)

8. Discontinued operations and disposal group classified as held for sale (cont'd)

	Group	
	2009 RM'000	2008 RM'000
Gain on disposal of:		
- jointly controlled entities	(10,502)	-
- property, plant and equipment	-	(52)
Gain on disposal of investments in other and short term investments	(1,289)	-
Interest income on short term deposits	(1,181)	(7,598)
Bad debts recovered	(239)	-
Write back of provision for doubtful debts	-	(254)
Write back of provision for impairment losses for other and short term investments	(525)	-
Interest expenses on borrowings	-	722
The cash flow attributable to the discontinued operations are as follows:		
Operating cash flows	(10,573)	3,034
Investing cash flows	(45,908)	22,797
Financing cash flows	(653)	(4,075)
Total cash flows	(57,134)	21,756

The major classes of assets and liabilities classified as held for sale on the consolidated balance sheet as at 31 December 2008 are as follows:

	Group	
	2009 RM'000	2008 RM'000
Assets:		
Property, plant and equipment	-	38,495
Land held for property development	-	6,500
Investment properties	-	82,854
Investments in jointly controlled entities	-	8,065
Other investments	-	20,413
Inventories	-	90
Trade and other receivables	-	21,332
Tax recoverable	-	594
Deposits, cash and bank balances	-	63,989
Assets of disposal group classified as held for sale	-	242,332
Liabilities		
Deferred tax liabilities	-	(565)
Trade and other payables	-	(5,610)
Tax payable	-	(507)
Liabilities directly associated with assets classified as held for sale	-	(6,682)

Notes To The Financial Statements

31 December 2009 (cont'd)

9. Earnings per share

(a) Basic

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

	2009 RM'000	2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	366,341	242,262
Loss from discontinued operations attributable to ordinary equity holders of the Company	(38,438)	(83,644)
Profit attributable to ordinary equity holders of the Company	327,903	158,618
	2009 '000	2008 '000
Weighted average number of ordinary shares in issue	1,052,079	950,561
	2009 sen	2008 sen
Basic earnings per share for:		
Profit from continuing operations	34.8	25.5
Loss from discontinued operations	(3.6)	(8.8)
Profit for the year	31.2	16.7

(b) Diluted

There is no dilution of earnings per share for the financial year ended 31 December 2009 as the remaining balance of 76,117,784 unconverted warrants 2004/2009 expired on 26 February 2009.

For the purpose of calculating diluted earnings per share for the previous year, the profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the previous financial year have been adjusted for the dilutive effects of the assumed exercise of the 191,439,563 warrants 2004/2009 into new ordinary shares in the Company.

	2009 RM'000	2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	366,341	242,262
Loss from discontinued operations attributable to ordinary equity holders of the Company	(38,438)	(83,644)
Profit attributable to ordinary equity holders of the Company	327,903	158,618

Notes To The Financial Statements

31 December 2009 (cont'd)

9. Earnings per share (cont'd)

	2009 '000	2008 '000
Weighted average number of ordinary shares in issue	1,052,079	950,561
Effect of dilution:		
Warrants 2004/2009	-	191,440
Adjusted weighted average number of ordinary shares in issue and issuable	1,052,079	1,142,001
	2009 sen	2008 sen
Diluted earnings per share for:		
Profit from continuing operations	34.8	21.2
Loss from discontinued operations	(3.6)	(7.3)
Profit for the year	31.2	13.9

10. Property, plant and equipment

Group	Freehold land RM'000	Buildings on leasehold and freehold land RM'000	Plant and equipment RM'000	Computer equipment and software RM'000	Work-in- progress RM'000	Total RM'000
At 31 December 2009						
Cost						
At 1 January 2009	29,244	156,181	135,040	61,208	838	382,511
Additions	-	10,586	12,331	4,136	3,477	30,530
Disposals/write offs	-	-	(3,907)	(1,211)	(37)	(5,155)
Transfer to investment properties	(1,237)	(11,517)	-	-	-	(12,754)
Transfer	-	2,683	(2,683)	-	-	-
At 31 December 2009	28,007	157,933	140,781	64,133	4,278	395,132
Accumulated depreciation and impairment losses						
At 1 January 2009	3,171	49,524	107,482	21,170	-	181,347
Depreciation charge for the year	-	5,245	7,253	14,361	-	26,859
Disposals/write offs	-	-	(3,492)	(602)	-	(4,094)
Transfer to investment properties	-	(3,344)	-	-	-	(3,344)
At 31 December 2009	3,171	51,425	111,243	34,929	-	200,768
Net carrying amount						
At 31 December 2009	24,836	106,508	29,538	29,204	4,278	194,364

Notes To The Financial Statements

31 December 2009 (cont'd)

10. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Buildings on leasehold and freehold land RM'000	Plant and equipment RM'000	Computer equipment and software RM'000	Work-in-progress RM'000	Total RM'000
At 31 December 2008						
Cost						
At 1 January 2008	122,430	180,457	151,403	69,745	1,890	525,925
Currency translation differences	-	299	627	385	-	1,311
Additions	721	10,164	6,434	1,362	1,510	20,191
Disposals/write offs	(116)	(3,621)	(6,034)	(769)	-	(10,540)
Transfer	(159)	(2,773)	223	-	(2,562)	(5,271)
Allocation of remeasurement	(11,110)	(9,670)	-	-	-	(20,780)
Disposal of subsidiaries	(11,905)	(10,362)	(112)	(2,274)	-	(24,653)
Reclassified as held for sale	(70,617)	(8,313)	(17,501)	(7,241)	-	(103,672)
At 31 December 2008	29,244	156,181	135,040	61,208	838	382,511
Accumulated depreciation and impairment losses						
At 1 January 2008	29,544	59,974	128,861	32,789	-	251,168
Currency translation differences	-	127	638	302	-	1,067
Depreciation charge for the year	-	4,143	6,219	8,820	-	19,182
Impairment loss for the year	-	766	-	-	-	766
Disposals/write offs	-	(1,242)	(4,664)	(744)	-	(6,650)
Transfer	-	(861)	-	-	-	(861)
Disposal of subsidiaries	-	(6,124)	(7,786)	(4,238)	-	(18,148)
Reclassified as held for sale	(26,373)	(7,259)	(15,786)	(15,759)	-	(65,177)
At 31 December 2008	3,171	49,524	107,482	21,170	-	181,347
Net carrying amount						
At 31 December 2008	26,073	106,657	27,558	40,038	838	201,164

Notes To The Financial Statements

31 December 2009 (cont'd)

10. Property, plant and equipment (cont'd)

Company	Freehold land RM'000	Building on freehold land RM'000	Plant and equipment RM'000	Computer equipment and software RM'000	Total RM'000
At 31 December 2009					
Cost					
At 1 January 2009	4,916	45,789	68,346	525	119,576
Additions	-	-	1,543	64	1,607
Written off	-	-	(3)	-	(3)
Transfer to investment properties	(1,237)	(11,517)	-	-	(12,754)
At 31 December 2009	3,679	34,272	69,886	589	108,426
Accumulated depreciation					
At 1 January 2009	-	12,367	64,800	490	77,657
Depreciation charge for the year	-	917	912	42	1,871
Written off	-	(3,342)	(2)	-	(3,344)
Transfer to investment properties	-	-	-	-	-
At 31 December 2009	-	9,942	65,710	532	76,184
Net carrying amount At 31 December 2009	3,679	24,330	4,176	57	32,242
At 31 December 2008					
Cost					
At 1 January 2008	5,076	47,280	68,329	499	121,184
Additions	-	-	502	26	528
Disposals	-	-	(485)	-	(485)
Transfer	(160)	(1,491)	-	-	(1,651)
At 31 December 2008	4,916	45,789	68,346	525	119,576
Accumulated depreciation					
At 1 January 2008	-	11,826	64,425	451	76,702
Depreciation charge for the year	-	944	860	39	1,843
Disposals	-	-	(485)	-	(485)
Transfer	-	(403)	-	-	(403)
At 31 December 2008	-	12,367	64,800	490	77,657
Net carrying amount At 31 December 2008	4,916	33,422	3,546	35	41,919

Notes To The Financial Statements

31 December 2009 (cont'd)

11. Land held for property development

	Group	
	2009 RM'000	2008 RM'000
Freehold land, at cost		
At 1 January	-	20,000
Allocation of remeasurement	-	(13,500)
Reclassified as held for sale	-	(6,500)
At 31 December	-	-

12. Investment properties

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost				
At 1 January	596,618	671,561	220,194	191,247
Additions	98,750	65,884	3,320	27,296
Disposal of subsidiaries	-	(1,602)	-	-
Reclassified as held for sale	-	(82,854)	-	-
Allocation of remeasurement	-	(57,379)	-	-
Transfer from property, plant and equipment	12,754	5,271	12,754	1,651
Disposal	(3,082)	(5,226)	-	-
Exchange differences	-	963	-	-
At 31 December	705,040	596,618	236,268	220,194
Accumulated depreciation and impairment				
At 1 January	55,544	48,827	47,055	43,198
Depreciation charge for the year	5,428	5,406	3,483	3,454
Impairment loss	-	1,592	-	-
Disposal of subsidiaries	-	(1,130)	-	-
Transfer from property, plant and equipment	3,344	861	3,344	403
Disposal	(26)	(12)	-	-
Exchange differences	-	-	-	-
At 31 December	64,290	55,544	53,882	47,055
Net carrying amount	640,750	541,074	182,386	173,139

Notes To The Financial Statements

31 December 2009 (cont'd)

12. Investment properties (cont'd)

The following investment properties are held under lease terms:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Leasehold land	52,588	40,795	-	-
Buildings	34,653	36,880	-	-
	87,241	77,675	-	-

The valuation of the investment properties of the Group and of the Company were performed by independent registered valuers, using open market basis to determine fair value in the years 2008 and 2009. The aggregate valuation amount of the investment properties of the Group and of the Company is RM1.057 billion (2008: RM974 million) and RM330 million (2008: RM300 million) respectively.

13. Prepaid land lease payments

	Group	
	2009 RM'000	2008 RM'000
At 1 January	3,955	585
Additions	-	3,500
Amortisation for the year	(49)	(50)
Disposal of subsidiaries	-	(80)
At 31 December	3,906	3,955
Analysed as:		
Long term leasehold land	3,906	3,955

14. Subsidiary companies

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	1,067,163	927,734
Less: Accumulated impairment losses	(286,948)	(279,478)
	780,215	648,256
Redeemable Unsecured Loan Stock-A, at cost	-	322,000
Loans to subsidiary companies, unsecured (Note c)	1,753,342	1,931,224
Less: Provision for doubtful loans	(177,476)	(389,393)
	1,575,866	1,541,831
	2,356,081	2,512,087

Notes To The Financial Statements

31 December 2009 (cont'd)

14. Subsidiary companies (cont'd)

- (a) The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2010, to enable them to meet their obligations as and when they fall due during this period.
- (b) Certain unquoted shares of subsidiaries are pledged to banks as securities for term loan facilities granted to subsidiaries, as disclosed in Note 27 to the financial statements.
- (c) The loans are long term with no fixed terms of repayment and are interest free.

Details of the subsidiaries are disclosed in Note 42 to the financial statements.

Deconsolidation of subsidiaries

As disclosed in Note 8 to the financial statements, as part of the reorganisation plan, the Group had deconsolidated MDSB and its subsidiaries, associates and jointly-controlled entities.

The carrying values of assets and liabilities of the subsidiaries which were deconsolidated during the financial year are as follows:

	2009 RM'000
Property, plant and equipment	10,213
Investment properties	472
Inventories	85
Trade receivables	21
Other receivables	67,124
Deposits, cash and bank balances	21,455
Trade payables	(10)
Other payables	(51,178)
Tax payable	(2,471)
Bank overdraft	(7)
Deferred tax liabilities	(2)
Net assets deconsolidated	45,702
Transfer from reserves	(575)
Minority interest	45,127 (30,084)
Loss on deconsolidation to the Group	15,043
Cash outflow arising on deconsolidation: Cash and cash equivalents of subsidiaries deconsolidated, representing net cash outflow of the Group	(21,448)

The effect of the deconsolidation on the financial results of the Group from the date of deconsolidation to 31 December 2009 is immaterial.

Notes To The Financial Statements

31 December 2009 (cont'd)

15. Associated companies

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Shares quoted outside Malaysia, at cost	194,863	194,863	86,603	86,603
Unquoted shares inside Malaysia, at cost	100	-	-	-
Share of post-acquisition reserves	13,183	11,449	-	-
Less: Accumulated impairment losses	(101,803)	(101,803)	-	-
	106,343	104,509	86,603	86,603
Market value of quoted shares outside Malaysia	35,648	36,809	35,648	36,809

- (i) The Directors are of the opinion that the accumulated impairment loss of RM101,803,000 (2008: RM101,803,000) has adequately taken into account the extent of any impairment in value of the investments which may have arisen.
- (ii) The summarised financial information of the associates are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	22,237	19,606
Non-current assets	145,378	140,825
Total assets	167,615	160,431
Current liabilities	25,270	29,508
Non-current liabilities	37,221	39,617
Total liabilities	62,491	69,125
Results		
Revenue	52,673	26,907
Profit for the year	16,552	2,257

Details of the associated companies are disclosed in Note 42 of the financial statements.

16. Jointly controlled entities

	Group	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	-	31,667
Less:		
Share of profit of jointly controlled entities	-	505
Accumulated amortisation	-	(7,060)
Accumulated impairment losses	-	(17,047)
	-	8,065
Less: Reclassified as held for sale	-	(8,065)
	-	-

Notes To The Financial Statements

31 December 2009 (cont'd)

16. Jointly controlled entities (cont'd)

	Group	
	2009 RM'000	2008 RM'000
Results		
Revenue	-	5,384
Expenses, including finance costs and taxation	-	3,432

Details of the jointly controlled entities are disclosed in Note 42 of the financial statements.

17. Other investments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Shares quoted in Malaysia, at cost	56,728	124,460	56,744	123,999
Less: Accumulated impairment losses	(3,594)	(24,672)	(3,594)	(24,377)
	53,134	99,788	53,150	99,622
Malaysian Government Securities, at cost	13,094	13,153	-	-
Less: Accumulated impairment losses	-	-	-	-
	13,094	13,153	-	-
Investment Management Funds	1,490	-	1,490	-
Less: Accumulated impairment losses	-	-	-	-
	1,490	-	1,490	-
Unquoted shares in Malaysia, at cost	76,226	1,001	75,226	-
Less: Accumulated impairment losses	-	-	-	-
	76,226	1,001	75,226	-
Unit trust	87,172	-	87,172	-
Less: Accumulated impairment losses	-	-	-	-
	87,172	-	87,172	-
Shares quoted outside Malaysia, at cost	78,708	67,544	78,708	67,544
Less: Accumulated impairment losses	(37,869)	(53,610)	(37,869)	(53,610)
	40,839	13,934	40,839	13,934
	271,955	127,876	257,877	113,556

Notes To The Financial Statements

31 December 2009 (cont'd)

17. Other investments (cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Market value of quoted shares				
- in Malaysia	62,011	122,412	62,011	122,245
- outside Malaysia	40,841	13,934	40,841	13,934
Market value of unit trust	87,146	-	87,146	-
Market value of Malaysian Government Securities	13,287	13,418	-	-
	203,285	149,764	189,998	136,179

18. Long term receivable

The long term receivable represent present value of future cash flows repayable from a single debtor of a subsidiary, commencing year 2010. The present value of future cash flows repayable is based on a discount rate which approximates the weighted average cost of capital of the subsidiary.

19. Intangible assets

Group	Goodwill RM'000	Four digit gaming rights RM'000	Total RM'000
Cost			
At 1 January 2008	774,806	97,993	872,799
Increase in shareholding of subsidiary	353,083	1,738,206	2,091,289
Disposal of subsidiary	(1,265)	-	(1,265)
At 31 December 2008 and 1 January 2009	1,126,624	1,836,199	2,962,823
Increase in shareholding of a subsidiary	750	-	750
Development cost	-	650	650
At 31 December 2009	1,127,374	1,836,849	2,964,223
Accumulated amortisation and impairment			
At January 2008/2009 and 31 December 2008/2009	72,360	-	72,360
Net carrying amount			
At 31 December 2008	1,054,264	1,836,199	2,890,463
At 31 December 2009	1,055,014	1,836,849	2,891,863

In the previous financial year, the Group had undertaken a purchase price allocation exercise that resulted in the identification and measurement of gaming rights which is provisionally estimated to be at RM1,738,206,000 in a subsidiary of the Company.

Notes To The Financial Statements

31 December 2009 (cont'd)

19. Intangible assets (cont'd)

Key assumptions used in value-in-use calculations

The recoverable amount of the gaming segment in which the goodwill has been allocated to is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	2009 %	2008 %
Gross margin	20.50	20.71
Growth rate	4.50	4.50
Discount rate	11.57	11.57

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected growth.

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate for the industry.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the gaming segment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for the gaming segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the gaming segment to materially exceed their recoverable amount.

20. Inventories

	Group	
	2009 RM'000	2008 RM'000
At cost:		
Finished goods	4,972	5,588
Consumables and spares	27	334
	4,999	5,922
At net realisable value:		
Finished goods	45	204
Consumables and spares	300	171
	345	375
Total	5,344	6,297

Notes To The Financial Statements

31 December 2009 (cont'd)

21. Receivables

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Loans and advances		184,855	181,937	-	-
Less: Interest-in-suspense		(32,565)	(143,118)	-	-
Provision for doubtful debts		(146,052)	(32,740)	-	-
Security deposit		(1,673)	(1,673)	-	-
		4,565	4,406	-	-
Amounts due from clients	(a)	170,575	153,884	-	-
Less: Interest and rollover fee in suspense		(4,206)	(3,334)	-	-
Provision for doubtful debts		(10,922)	(13,521)	-	-
		155,447	137,029	-	-
Amounts due from dealers/brokers		3,025	4,628	-	-
		3,025	4,628	-	-
Outstanding premium including agents/ brokers balance		58,095	55,363	-	-
Less: Provision for doubtful debts		(2,637)	(3,354)	-	-
		55,458	52,009	-	-
Amounts due from reinsurers/ceding companies and co-insurers		24,949	11,333	-	-
Less: Provision for doubtful debts		(2,796)	(494)	-	-
		22,153	10,839	-	-
Amount due from customers on contract					
Aggregate costs incurred to date		77,599	46,208	-	-
Add: Attributable profits		6,880	1,715	-	-
		84,479	47,923	-	-
Less: Progress billings		(104,498)	(38,187)	-	-
		(20,019)	9,736	-	-
Reclassified to other payables		20,019	-	-	-
		-	9,736	-	-
Trade receivables		10,234	18,104	2,890	883
Less: Provision for doubtful debts		(1,888)	(190)	(1,888)	(190)
		8,346	17,914	1,002	693

Notes To The Financial Statements

31 December 2009 (cont'd)

21. Receivables (cont'd)

		Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	(b)	225,867	239,675	61,953	949
Staff loans		-	169	9	6
Amounts due from subsidiary companies	(c)	-	-	7,219	27,452
Less: Provision for doubtful debts					
- third parties		(14,506)	(10,015)	(36)	(36)
- subsidiary companies		-	-	-	(5,901)
Less: Interest in suspense		(17,119)	(7,824)	-	-
		194,242	222,005	69,145	22,470
		443,236	458,566	70,147	23,163

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors and the Group normal trade credit term is 30 to 90 days.

- (a) The amounts due from clients represent amounts receivable from margin and non-margin clients, and outstanding purchase contracts entered into by the stockbroking subsidiary on behalf of these clients.

The trade credit term for non-margin clients is 3 market days in accordance with the Bursa Malaysia Fixed Delivery and Settlement System ("BMFDSS") trading rules.

- (b) Included in other receivables are amounts due from remisers of RM29,340,794 (2008: RM13,858,882), which are unsecured, have no fixed terms of repayment and bear interest at 9.0% (2008: 11.5%) per annum.

- (c) The amounts due from subsidiary companies are unsecured, have no fixed terms of repayment and are interest-free, except for an amount due from subsidiary companies amounting to RMnil (2008: RM11,917,434) which bears interest at rate of nil% (2008: 8%) per annum.

22. Short term deposits and investments

		Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term deposits with:					
- licensed banks	(a)	754,030	456,745	92,020	3,100
Short term investments:					
- quoted corporations in Malaysia:					
- shares	(b)	49,165	39,631	-	-
- quoted corporations outside Malaysia	(b)	5,036	-	-	-
- irredeemable convertible loan stocks	(c)	25,905	21,999	-	-
- Malaysian Government Securities		19,901	24,972	-	-
- Government Investment Issues		3,086	-	-	-
- unit trusts		-	118,932	-	118,932
- corporate bonds		101,724	99,885	-	-
		204,817	305,419	-	118,932
		958,847	762,164	92,020	122,032

Notes To The Financial Statements

31 December 2009 (cont'd)

22. Short term deposits and investments (cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Market value of securities:				
- shares in quoted corporations in Malaysia	49,340	39,232	-	-
- shares in quoted corporations outside Malaysia	5,036	-	-	-
- irredeemable convertible loan stock	25,905	34,544	-	-
- Malaysian Government Securities	19,901	25,179	-	-
- Government Investment issues	3,086	-	-	-
- unit trusts	-	119,416	-	119,416
- corporate bonds	101,881	100,382	-	-

- (a) Included in deposits placed with licensed banks of the Group is an amount of RM25,241,059 (2008: RM37,414,383) which is pledged to banks as security for banking facilities granted to subsidiaries as disclosed in Note 27 to the financial statements.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(b) Shares - quoted, at cost	61,343	59,384	-	-
Less: Accumulated impairment losses	(7,142)	(19,753)	-	-
	54,201	39,631	-	-
(c) Irredeemable convertible loan stocks - quoted, at cost	30,340	30,157	-	-
Less: Accumulated impairment losses (4,435)	(8,158)	-	-	-
	25,905	21,999	-	-

- (d) The following table provides information on the interest rate range at the balance sheet date and the maturity or repricing periods, whichever is earlier.

	31.12.2009				Interest rate per annum %
	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000	Total amount RM'000	
Malaysian Government Securities	-	14,918	4,983	19,901	2.81
Government Investment Issues	-	3,086	-	3,086	4.36
Corporate bonds	17,387	55,705	28,632	101,724	6.27
Short term deposits	754,030	-	-	754,030	2.56-3.7

	31.12.2008				Interest rate per annum %
	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000	Total amount RM'000	
Malaysian Government Securities	6,013	3,026	15,933	24,972	4.81
Corporate bonds	8,926	69,988	20,971	99,885	6.16
Short term deposits	456,745	-	-	456,745	2.10-3.70

Notes To The Financial Statements

31 December 2009 (cont'd)

23. Share capital

	Number of ordinary shares of RM1 each		Amount	
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2008	954,586	-	954,586	-
Ordinary shares issued during the year arising from conversion of warrants	7,841	-	7,841	-
Purchase of treasury shares	-	(44,584)	-	(50,871)
At 31 December 2008 and 1 January 2009	962,427	(44,584)	962,427	(50,871)
Ordinary shares issued during the year arising from conversion of warrants	115,322	-	115,322	-
Distribution of treasury shares	-	97,683	-	121,821
Purchase of treasury shares	-	(60,637)	-	(83,067)
At 31 December 2009	1,077,749	(7,538)	1,077,749	(12,117)

	Number of ordinary shares of RM1 each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised share capital	10,000,000	10,000,000	10,000,000	10,000,000
At 1 January/ 31 December				

(a) Issue of shares

During the financial year, the issued and paid-up ordinary share capital of the Company increased from RM962,426,875 to RM1,077,748,654 by way of the issuance of 115,321,779 ordinary shares of RM1 each arising from the exercise of the subscription right of 115,321,779 warrants by warrant holders.

(b) Warrants 2004/2009

On 27 February 2004, the Company allotted 200,000,000 new Warrants 2004/2009 pursuant to the issue by the Company on 2 December 2003 of RM300 million nominal value of 5% Exchangeable Bonds 2003/2008 with detachable provisional rights to allotment of warrants. The Warrants 2004/2009 are constituted by a Deed Poll executed by the Company on 10 October 2003 for warrant holders. Each Warrant 2004/2009 entitles the registered holder to subscribe for one (1) new ordinary share of RM1 each in the Company at an exercise price of RM1 per new ordinary share during the exercise period commencing from 27 February 2004 until 26 February 2009. The exercise price may be subject to adjustment on the occurrence of certain events in accordance to the Deed Poll. The Warrants 2004/2009 are listed on the Main Board of Bursa Malaysia Securities Berhad.

During the financial year, 115,321,779 Warrants 2004/2009 were converted into 115,321,779 ordinary shares of RM1 each and the remaining 76,117,784 Warrants 2004/2009 expired on 26 February 2009.

Notes To The Financial Statements

31 December 2009 (cont'd)

23. Share capital (cont'd)

(c) Treasury Shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM962,426,875 to RM1,077,748,654 by way of the issuance of 115,321,779 ordinary shares of RM 1 each arising from the exercise of the subscription right of 115,321,779 warrants by warrant holders.

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a resolution passed in a general meeting held on 25 June 2009, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 60,636,700 of its issued ordinary shares from the open market at an average price of RM1.37 per share. The total consideration paid for the repurchase was RM83,066,263 comprising of consideration paid amounting to RM82,824,838 and transaction costs of RM241,425. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 1,077,748,654 (2008: 962,426,875) issued and fully paid ordinary shares as at 31 December 2009, 7,537,431 (2008: 44,584,100) are held as treasury shares by the Company. During the financial year, a total of 97,683,369 treasury shares have been distributed as share dividends to the entitled shareholders. As at 31 December 2009, the number of outstanding ordinary shares in issue after the set-off is therefore 1,070,211,223 (2008: 917,842,775) ordinary shares of RM1 each.

24. Other reserves

	Group	
	2009 RM'000	2008 RM'000
Capital reserve (Note (a))	44,744	44,744
Available-for-sale reserve (Note (b))	869	-
Foreign exchange reserve	(92)	(92)
	45,521	44,652

(a) In accordance with Article 138 of the Articles of Association of a subsidiary, the capital reserve arises from gain on disposal of investments transferred from retained profits.

(b) Available-for-sale reserves fair value adjustment on short-term investments (Malaysian Government Securities, Government Investment Issues, corporate bonds and insurance liabilities) in a subsidiary company, Multi-Purpose Insurans Bhd, on the adoption of Risk-Based Capital Framework for insurers issued by Bank Negara Malaysia.

Notes To The Financial Statements

31 December 2009 (cont'd)

25. Retained profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2009, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM552,100,683 (2008: RM549,622,412) out of its retained profits. As at 31 December 2009, the Company has tax exempt profits available for distribution of approximately RM179,760,533 (2008:RM179,636,544), subject to the agreement of the Inland Revenue Board. If the balance of the retained profits of RM 379,453,764 (2008: RM115,216,190) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

26. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free and not expected to be repaid within twelve months from balance sheet date.

27. Borrowings

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term borrowings					
Secured:					
Bank overdrafts	(a)	265	176	-	-
Revolving credits	(b)	-	26,000	-	-
Term loan	(b)	-	-	-	-
		265	26,176	-	-
Unsecured:					
Bank overdrafts	(a)	49	1,960	-	-
Revolving credits	(b)	-	-	-	-
		49	1,960	-	-
		314	28,136	-	-

Notes To The Financial Statements

31 December 2009 (cont'd)

27. Borrowings (cont'd)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Long term borrowings					
Secured:					
Term loan	(b)	1,991,299	2,095,381	-	-
Total borrowings					
Bank overdrafts		314	2,136	-	-
Revolving credits		-	26,000	-	-
Term loans		1,991,299	2,095,381	-	-
		1,991,613	2,123,517	-	-

The term loan was drawdown by subsidiary in previous year. The term loan shall be repaid by instalments in the following year.

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Later than 1 year and not later than 2 years	72,456	-	-	-
Later than 2 years and not later than 3 years	175,594	128,700	-	-
Later than 3 years and not later than 4 years	428,450	182,325	-	-
Later than 4 years	1,358,500	1,833,975	-	-
	2,035,000	2,145,000	-	-

(a) The secured and unsecured bank overdrafts bore interest rate at 6.30% - 7.50% (2008: 6.75% - 7.50%) and 6.05% (2008: 7.00% - 7.25%) per annum respectively.

(b) The term loan bore interest at 4.61% - 6.15% (2008: 6.11% - 6.20%) per annum.

The term loan is secured by the following:

- (i) the entire issued and paid-up share capital of Magnum Corporation Sdn. Bhd. ("MCSB");
- (ii) all the shares directly or indirectly, legally and beneficially owned by MCSB in Magnum 4D Berhad;
- (iii) all the shares held or to be held by Magnum 4D Berhad in certain gaming subsidiaries; and
- (iv) all monies deposited or held in Cash Deposit Account (Note 22(a)).

Notes To The Financial Statements

31 December 2009 (cont'd)

28. Redeemable Convertible Unsecured loan stock

In the previous year, a subsidiary of the Company, Magnum Holdings Sdn. Bhd. ("MH") issued 10-year 1,414,554,219 of redeemable convertible unsecured loan stocks C ("RCULS-C") at a nominal amount of RM1 each, of which 674,657,671 of the RCULS-C is owned by third party.

The terms of RCULS are as follows:

- (a) Conversion rights - the issuer will have the option at any time during the tenure to convert RCULS into ordinary shares of RM1 each MH at a premium.
- (b) Conversion rate - on the basis of 1 RCULS for 1 new ordinary share of RM1 each.
- (c) Coupon rate - 11% per annum, payable semi-annually in arrears which shall fall due and payable on the dates fixed for interest payment, unless demanded by the holder of the loan stocks.
- (d) All outstanding RCULS will be mandatorily redeemed for cash in full by MH on 17 June 2018.

At date of issue, the proceeds received from the issue of the loan stocks have been split between the liability component and the equity component, analysed as follows:

The amounts recognised in balance sheets of the Group is as follows:

	2009 RM'000	2008 RM'000
At 1 January/date of issue	524,607	549,138
Interest expense recognised in income statement (Note 6)	31,603	16,630
Interest payable (Note 32)	(73,198)	(41,161)
Reclassified from liability component to minority interests	(738)	-
At 31 December	482,274	524,607

Interest expense of the RCULS-C is calculated on the effective yield basis by applying the coupon interest rate of 6.2% per annum at inception date for an equivalent non-convertible bond to the liability component of the loan stocks.

29. Deferred tax assets/liabilities

	Group	
	2009 RM'000	2008 RM'000
At 1 January	111,864	(4,454)
Recognised in income statement (Note 7)	(14,174)	(21,581)
Recognised in equity	(1,665)	137,188
Effect of adopting Risk-Based Capital Frameworks	2,010	146
Reclassified as held for sale	-	565
At 31 December	98,035	111,864
Presented after appropriate offsetting as follows:		
Deferred tax assets (a)	120,533	136,332
Deferred tax liabilities (b)	(22,498)	(24,468)
	98,035	111,864

Notes To The Financial Statements

31 December 2009 (cont'd)

29. Deferred tax assets/liabilities (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Unearned premium reserves RM'000	Allowance for impairment in value of investment RM'000	Allowance for provision for doubtful debts RM'000	Unused tax losses and unabsorbed capital allowances RM'000	RCULS RM'000	Others RM'000	Total RM'000
At 1 January 2009	146	57	3,881	11,148	122,045	(945)	136,332
Effect of adopting RBC	-	-	-	-	-	635	635
Recognised in income statement	(116)	(57)	(1,509)	(4,355)	(10,253)	(144)	(16,434)
At 31 December 2009	30	-	2,372	6,793	111,792	(454)	120,533
At 1 January 2008	33	260	3,418	10,654	-	(744)	13,621
Reclassified as held for sale	-	-	-	(327)	-	-	(327)
Recognised in equity	-	-	-	-	137,188	-	137,188
Recognised in income statement	113	(203)	463	821	(15,143)	(201)	(14,150)
At 31 December 2008	146	57	3,881	11,148	122,045	(945)	136,332

	Investment property and property, plant and equipment RM'000	Receivables RM'000	RM'000
At 1 January 2009	(23,493)	(975)	(24,468)
Effect of adopting RBC	1,375	-	1,375
Recognised in equity	(1,665)	-	(1,665)
Recognised in income statement	1,401	859	2,260
At 31 December 2009	(22,382)	(116)	(22,498)
At 1 January 2008	(16,846)	(1,229)	(18,075)
Disposal of subsidiaries	-	146	146
Reclassified as held for sale	892	-	892
Recognised in income statement	(7,539)	108	(7,431)
At 31 December 2008	(23,493)	(975)	(24,468)

Notes To The Financial Statements

31 December 2009 (cont'd)

30. Reserves for unexpired risks

	Group	
	2009 RM'000	2008 RM'000
At 1 January	72,452	65,129
Increase during the year	9,120	7,323
At 31 December	81,572	72,452

31. Provision for retirement benefits

The Group operates a defined Retirement Benefit Schemes ("the Schemes") for its eligible employees. Under Schemes, the eligible employees are entitled to retirement benefits varying between 0.25 times to 2 times of last drawn salary multiplied by number of years in service on attainment of the retirement age of 55 or at the optional retirement age of 50.

The amounts recognised in the balance sheets are determined as follows:

	Group	
	2009 RM'000	2008 RM'000
Present value of funded defined benefit obligations, representing net liability	659	1,131
Analysed as:		
Within one year	-	478
More than 1 year and less than 2 years	659	653
	659	1,131

The amounts recognised in the income statement are as follows:

	Group	
	2009 RM'000	2008 RM'000
Current service cost	677	335
Interest cost	-	4
Total, included in employee benefit expenses (Note 5(c))	677	339

Movements in the net liability in the current year were as follows:

	Group	
	2009 RM'000	2008 RM'000
At 1 January	1,131	2,512
Recognised in income statement	677	339
Contributions paid	(1,149)	(1,685)
Disposal of subsidiaries	-	(35)
At 31 December	659	1,131

Notes To The Financial Statements

31 December 2009 (cont'd)

31. Provision for retirement benefits (cont'd)

Principal actuarial assumptions used:

	2009 %	2008 %
Discount rate	4.30	4.30
Expected return on plan assets	7.00	7.00
Expected rate of salary increases	7.00	7.00

Assumptions regarding future mortality are based on the experience of many retirement schemes in Malaysia.

32. Payables

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables and bills payable	(a)	172,446	147,106	1,098	953
Amount due to reinsurers/ ceding companies		39,675	40,868	-	-
Amount due to agents/ brokers and insureds		20,028	22,308	-	-
Advance received on contract		-	17,000	-	-
Other payables and accruals		105,632	103,864	16,525	12,713
Amount due to customers (Note 21)		20,019	-	-	-
Interest payable to Redeemable Convertible Unsecured Loan Stock holders (Note 28)		73,198	41,161	-	-
Amounts due to shareholders	(b)	50,310	8,970	-	-
		481,308	381,277	17,623	13,666

(a) Included in trade payables is an amount of RM48,512,160 (2008: RM50,123,278) representing amount payable to margin and non-margin clients, and outstanding sales contracts entered into by the stockbroking subsidiary on behalf of these clients.

The trade credit term for non-margin clients is 3 market days in accordance with the BM FDSS trading rules.

The normal trade credit terms granted to the Group range from 30 days to 60 days.

(b) The amounts due to shareholders of subsidiaries represent amounts funded by shareholders for the acquisition of investment properties.

Notes To The Financial Statements

31 December 2009 (cont'd)

33. Provisions for liabilities

	Group	
	2009 RM'000	2008 RM'000
Provision for outstanding insurance claims	434,019	348,212
Less: Recoverable from reinsurers	(280,147)	(219,364)
	153,872	128,848
The provision is analysed as follows:		
At 1 January	128,848	100,234
Effect of adopting Risk-Based Capital Framework	3,287	-
	132,135	100,234
Net claims incurred	119,400	121,420
Gross claims paid less salvage	313,299	131,475
Less: Reinsurance recoveries	(215,636)	(38,669)
Net claims paid	(97,663)	(92,806)
At 31 December	153,872	128,848

34. Operating lease arrangements

	Group	
	2009 RM'000	2008 RM'000
Non-cancellable operating lease commitments		
- Group as lessee		
Future minimum rentals payable:		
Not later than 1 year	1,473	809
Later than 1 year and not later than 5 years	2,067	304
	3,540	1,113

Operating lease payments represent rental payables by the Group for use of building. Leases have an average life of 3 years with no renewal or purchase option included in the contracts.

Notes To The Financial Statements

31 December 2009 (cont'd)

35. Capital commitments

Note	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Approved and contracted for:				
Land held for development	2,701	5,589	-	-
Investment properties	-	1,756	-	-
Put option to acquire shares (a)	280,000	-	280,000	-
	282,701	7,345	280,000	-
Approved but not contracted for:				
Property, plant and equipment	116	3,538	-	-

(a) The Company had entered into a put option with a financial institution whereby the Company granted to the financial institution an option to put to the Company at any time during the Option Period to acquire 157,951,493 ordinary shares of RM1.00 each representing 41.63% equity interest in U Mobile Sdn. Bhd. which have been pledged to the financial institution at option price of RM280 million.

36. Contingent liabilities

Note	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Guarantees to financial institutions in respect of bank borrowings granted to subsidiary companies - secured (a)	-	-	127,050	67,050
Litigation claim for alleged mismanagement of the client's accounts (b)	713	960	-	-
	713	960	127,050	67,050

(a) These are contingent liabilities in respect of the Company relating to:

- (i) corporate guarantee issued to financial institution in respect of banking facilities granted to certain subsidiary companies in the normal course of business; and
- (ii) continued financial support to certain subsidiary companies.

(b) Based on legal opinions obtained, the Directors are of the view that the likelihood of the above claims crystallising is remote.

(c) In the normal course of business, the insurance and securities broking and dealing subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Notes To The Financial Statements

31 December 2009 (cont'd)

36. Contingent liabilities (cont'd)

(d) Kuala Lumpur High Court Suit No. S1-22-946-2008

On 6 October 2008, Leisure Dotcom Sdn Bhd ("LDSB"), a subsidiary of the Company, commenced legal proceedings against Globesource Sdn Bhd ("GSB") claiming for among others, specific performance for delivery of a piece of freehold land and 2 leases in Kuala Lumpur ("Property") pursuant to a conditional sale and purchase agreement entered into between LDSB and GSB ("SPA") on 21 June 2007. Pursuant to the SPA, GSB is to sell and LDSB is to purchase the freehold land and 2 Leases in Kuala Lumpur ("Property") for a total consideration of RM72,162,000.00 ("Purchase Price"). Upon execution of the SPA, LDSB paid a deposit of RM7,216,200.00 representing 10% of the Purchase Price.

The sealed copy of the Writ indorsed with Statement of Claim was served on GSB's solicitors on 21 November 2008. On 25 November 2008, GSB's solicitors entered appearance on behalf of GSB. On 19 December 2008, LDSB filed an application for interlocutory injunction to restrain GSB, among others, from dealing with the Property ("Injunction Application"). On 19 February 2009, GSB's solicitors served a copy of GSB's defence and counterclaim on LDSB's solicitors. On 6 March 2009, the Kuala Lumpur High Court granted an ad interim injunction against GSB. LDSB filed its reply and defence to counterclaim on 15 April 2009. On 22 February 2010, the Court directed parties to prepare written submission in respect of the Injunction Application. The Court has fixed 31 May 2010 for hearing date for the Injunction Application. 22 June 2010 is fixed for pre-trial case management.

37. Significant related party transactions

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Subsidiary companies:				
Brokerage payable	-	-	483	212
Dividend income	-	-	-	-
Interest receivable on loans	-	-	10,170	25,541
Office rental income	-	-	1,715	3,074
Management fees receivable	-	-	2,987	5,162
Gross insurance premium payable	-	-	224	71
Affiliated companies:				
Gross insurance premium receivable	458	581	-	-
Insurance commission payable	49	78	-	-
Office rental income	217	215	202	200
Office rental payable	597	572	-	-
Professional fees payable	3,727	961	-	822

- (i) The above transactions are entered into in the normal course of business based on negotiated and mutual terms.

Notes To The Financial Statements

31 December 2009 (cont'd)

37. Significant related party transactions (cont'd)

(ii) Affiliated companies during the financial year refer to the following:

- Metra Management Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
- Ganda Pesona Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
- MWE Properties Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
- Heng Guan Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
- Wejay Consult Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.

38. Significant events

(a) Share buy-back

At the Annual General Meeting held on 25 June 2009, the shareholders of the Company renewed their approval granted at the Annual General Meeting held on 19 June 2008, authorising the Company to purchase and/or hold ordinary shares of RM1.00 each in the Company as treasury shares provided that the maximum number of shares which may be purchased and/held by the Company at any point in time shall not exceed 10% of the total issued and paid-up share capital of the Company and that the maximum amount of funds to be allocated by the Company for the proposed share buy-back shall not exceed the share premium of the Company. As at 31 December 2009, the share premium of the Company amounted to RM681,389,758 (2008: RM803,210,688).

During the financial year, the Company bought back 60,636,700 (2008: 44,584,100) ordinary shares of RM1.00 each ("MPHB Shares") from the open market and all MPHB Shares bought back by the Company were retained as treasury shares. A total of 97,683,369 treasury shares have been distributed as share dividends to the entitled shareholders during the financial year. None of the treasury shares were resold or cancelled during the financial year.

(b) Redemption of RULS-A issued by Magnum Holdings Sdn. Bhd. ("MH")

MH completed the redemption of the entire RM875 million nominal value of RULS-A issued by MH to the Company during the financial year.

(c) Deconsolidation of Mont Delight Sdn Bhd ("MDSB") group of companies

On 28 December 2009, MH filed a petition to the High Court ("Court") to wind up MH's wholly-owned subsidiary, MDSB, pursuant to Sections 217(1)(c) and 218(1)(i) of the Companies Act, 1965, for which the winding-up order was subsequently granted by the Court.

The winding-up is consistent with the Group's plan to dispose of the non-gaming assets and businesses of the Group. The non-gaming assets and businesses are now placed in the hands of the liquidator for disposal and under the direct supervision of the Court. Consequently, MH has ceased to have control over the financial and operating policies of MDSB and its subsidiaries/associates/jointly controlled entities. As at 31 December 2009, the Company has deconsolidated MDSB and its subsidiaries/associates/jointly controlled entities and the results of these subsidiaries/associates/jointly controlled entities during the financial year are presented separately on the consolidated income statement as discontinued operations.

Notes To The Financial Statements

31 December 2009 (cont'd)

38. Significant events (cont'd)

(c) Deconsolidation of Mont Delight Sdn Bhd ("MDSB") group of companies (cont'd)

Subsidiaries/associates/jointly controlled entities of MDSB:

Magnum 4D (Perak) Sdn. Bhd.
Jujur Megah Sdn Bhd
Lubuk Jaya Sdn Bhd
Vijuara Sdn Bhd
Sababumi (Sandakan) Sdn Bhd
Quantumco Enterprise Sdn Bhd
Hastania Sdn Bhd
West Country Sdn Bhd
Magnum Enterprise Sdn Bhd
Magnum Investment Limited
Magnum Capital Limited
Magnum Management Limited
P.T. Magnum Investment Indonesia
Magnum Leisure Limited
Magnum (Guernsey) Limited
Lismore Properties Limited
Ongreat Properties Limited
Continuous Gain Limited
Ample Profits Limited
Wolston Limited
LM (Guernsey) Limited
Magnum Marketing Philippines, Inc.
Magnum Property & Development Corporation
Casinos Mongolia HH
Shenyang Renhe Property Developing Ltd.
Nantian Hydro Electric Station Co. Ltd.
Manjung Kirana Sdn. Bhd.

(d) Acquisition of shares in U Mobile Sdn. Bhd. ("U Mobile") via share sale agreement for the acquisition of 15,000,000 ordinary shares of RM 1.00 each in U Mobile from U Television Sdn Bhd for a total cash consideration of RM75,000,000

The Company had on 16 July 2009 entered into a share sale agreement for the acquisition of 15,000,000 ordinary shares of RM 1.00 each representing 1.98% equity interest in U Mobile from U Television Sdn. Bhd. ("UTSB") for a total cash consideration of RM75,000,000. The said purchase of 15,000,000 ordinary shares of RM1.00 each in U Mobile from UTSB was completed during the year.

39. Subsequent events

(a) Acquisition of shares in U Mobile via share sale agreement for the acquisition of 18,000,000 ordinary shares of RM1.00 each in U Mobile from Defik Ria Sdn. Bhd. ("DRSB") for a total cash consideration of RM45,000,000

The Company had on 1 April 2010 entered into a share sale agreement for the acquisition of 18,000,000 ordinary shares of RM1.00 each representing 2.37% equity interest in U Mobile from DRSB for a total cash consideration of RM45,000,000. The said purchase of 18,000,000 ordinary shares of RM1.00 each in U Mobile from DRSB was completed subsequent to year end.

Notes To The Financial Statements

31 December 2009 (cont'd)

39. Subsequent events (cont'd)

(b) Subscription of 15,000,000 ordinary shares of RM1.00 each in U Mobile pursuant to the one to one rights issue declared by U Mobile

Pursuant to the one for one rights issue declared by U Mobile on 26 March 2010, the Company had subscribed for a further 15,000,000 U Mobile ordinary shares ("Right Shares") at RM1.00 per Rights Shares for a total cash consideration of RM 15,000,000.

(c) Termination of put option to acquire U Mobile shares

Subsequent to year end, the Company received a confirmation from the financial institution that the Put Option Agreement was terminated and that the Company was released and discharged from all agreements, undertakings and obligations whatsoever as contained in the Put Option Agreement.

40. Financial instruments

(a) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Group and the Company operates within clearly defined guidelines that are approved by the Board of Directors.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts and the Group's investments in marketable securities and other interest-bearing financial instruments. The investments in financial assets are mainly short term in nature and have been placed in fixed deposits or in short term commercial papers or invested in marketable securities which yield better returns than cash at bank.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored and varied according to changes in interest rates to ensure that the Group's cost of financing is kept at the lowest possible.

To manage the risk, the Group have entered into interest rate swaps, in which the Group agree to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at balance sheet date, the Group had entered into interest rate swaps with the following notional amounts and maturities:

	Group RM'000
Within 1 year	1,451,000 - 1,750,000
1 - 2 years	1,123,000 - 1,451,000
2 - 3 years	942,000 - 1,123,000

The fixed interest rates relating to interest rate swaps at the balance sheet vary from 3.40% to 4.64%.

Notes To The Financial Statements

31 December 2009 (cont'd)

40. Financial instruments (cont'd)

(c) Foreign exchange risk

The Group is exposed to transactional currency risk that is denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Philippines Peso and Renminbi.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which these investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Group	Cash, deposit and bank balances RM'000	Receivables RM'000	Payables RM'000
At 31 December 2009			
United States Dollar	2,311	-	-
Hong Kong Dollar	867	189	-
Singapore Dollar	2,773	-	-
At 31 December 2008			
United States Dollar	3,304	-	-
Renminbi	3,710	146	8
Singapore Dollar	1,859	1	-

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. The Group also apportions its investments in marketable securities and other financial investments by maintaining different maturity profiles. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. A credit approval authority limit structure approved by the Board of Directors is in place for all lending activities of the Group. Receivables are monitored on an ongoing basis via the Group's management reporting procedures. Exposure to credit risks is also managed in part by obtaining collaterals from the debtors.

The Group does not have any significant or concentration of credit risk that may arise from exposures to a single debtor or to groups of related debtors.

Notes To The Financial Statements

31 December 2009 (cont'd)

40. Financial instruments (cont'd)

(f) Fair values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the balance sheet date approximated their fair values except for the following:

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets					
At 31 December 2009:					
Loans to subsidiary companies	14	-	-	1,575,866	#
Other investments:	17				
- quoted in Malaysia		53,134	62,011	53,150	62,011
- unquoted in Malaysia		76,226	*	75,226	*
- quoted outside Malaysia		40,839	40,841	40,839	40,841
- unit trust		87,172	87,146	87,172	87,146
- Malaysian Government Securities		13,094	13,287	-	-
- Amount due from subsidiary companies	21	-	-	7,219	#
- Investment Management Funds		1,490	*	1,490	*
Short term investments:	22				
- Shares quoted in Malaysia		49,165	49,340	-	-
- Shares quoted outside Malaysia		5,036	5,036	-	-
- Malaysian Government Securities	22	19,901	19,901	-	-
- Corporate bonds		101,724	101,881	-	-
- Irredeemable convertible loan stock		25,905	25,905	-	-
- Government Investment Issues		3,086	3,086	-	-
At 31 December 2008:					
Loans to subsidiary companies	14	-	-	1,541,831	#
Other investments:	17				
- quoted in Malaysia		99,788	122,412	99,622	122,245
- unquoted in Malaysia		1,001	*	-	-
- quoted outside Malaysia		13,934	13,934	13,934	13,934
- Malaysian Government Securities		13,153	13,418	-	-
Amounts due from subsidiary companies	21	-	-	21,551	#
Short term investments:	22				
- Shares and warrants quoted in Malaysia		39,631	39,232	-	-
- Malaysian Government Securities		24,972	25,179	-	-
- Corporate bonds		99,885	100,382	-	-
- Unit trusts		118,932	119,416	118,932	119,416
- Irredeemable convertible loan stock		21,999	34,544	-	-

Notes To The Financial Statements

31 December 2009 (cont'd)

40. Financial instruments (cont'd)

(f) Fair values (cont'd)

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities					
At 31 December 2009:					
Interest rate swap	(a)	-	44,718	-	-
Amounts due to subsidiary companies	26	-	-	203,971	#
At 31 December 2008:					
Amounts due to subsidiary companies	26	-	-	509,393	#

(a) The fair value of an interest rate swap is the amount that would be payable or receivable upon termination of the position at the balance sheet date, and is calculated as the difference between the estimated future cash flows at the contracted rate compared to that calculated at the market rate at the balance sheet date.

* It is not practicable to estimate the fair value of the Group's and of the Company's non-current unquoted investments and Investments Management Funds because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group and the Company believe that the carrying amounts represent the recoverable values.

It is also not practicable to estimate the fair values of amounts due from/to subsidiary companies due principally to a lack of fixed repayment term entered into by the parties involved and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The notional amounts and fair values of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are as follows:

	Group		Company	
	Notional Amount RM'000	Fair Value RM'000	Notional Amount RM'000	Fair Value RM'000
Financial liabilities (contd.)				
At 31 December 2009:				
Contingent liabilities	713	^	127,050	^
At 31 December 2008:				
Contingent liabilities	960	^	67,050	^

^ It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

Notes To The Financial Statements

31 December 2009 (cont'd)

40. Financial instruments (cont'd)

(f) Fair values (cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, receivables, payables and short term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Quoted investments

The fair value of quoted investments is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Malaysian Government Securities, Government Investment Issues, unit trusts and corporate bonds

The fair values are based on the indicative prices at the balance sheet date.

(iv) Term loans

The fair value of term loans is estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

(g) Put and call option agreement

On 30 April 2008, a subsidiary of the Company, Magnum Corporation Sdn Bhd ("MCSB") has entered into a Stapled Subscription Agreement with Magnum Holdings Sdn Bhd ("MHSB"), CIMB Bank Berhad as initial subscriber, the facility agent and CIMB Group Nominees (Tempatan) Sdn. Bhd. as the stapled share agent. Upon MCSB's conversion into a private limited liability, MCSB issued and allotted 1,207 ordinary shares Class B of RM0.01 each to the stapled share agent, to be held on trust for the Lenders to the Magnum Facility, in proportion to their respective commitments.

Pursuant to the agreement, MHSB has also entered into a conditional put and call option with the stapled share agent and beneficial shareholders of the stapled ordinary shares to transfer all of the stapled ordinary shares from the stapled share agent to MHSB. Beneficial shareholders refers to the lender from time to time who hold Magnum Facility commitments or participations in outstanding loans under the Magnum Facility.

The call option to purchase the legal and beneficial interest in all of the stapled ordinary shares held by the stapled share agent and beneficial shareholders is exercisable by MHSB at an option price upon:

- (i) relating to all of the stapled ordinary shares, the completion of the initial subscriber's subscription of the for the stapled ordinary shares; or
- (ii) relating to all of the stapled ordinary shares held by the beneficial shareholders, when the beneficial shareholders become aware that it will be unable to retain a corresponding tax credit for the full amount of tax deducted by MCSB from the beneficial shareholders' portion of any declared or future stapled dividends.

Notes To The Financial Statements

31 December 2009 (cont'd)

40. Financial instruments (cont'd)

(g) Put and call option agreement (cont'd)

The put option to purchase the legal and beneficial interest in all of the stapled ordinary shares held by the stapled share agent and beneficial shareholders is exercisable by the stapled share agent at an option price upon:

- (i) relating to all of the stapled ordinary shares, when MCSB's Section 108 tax credits has been reduced to zero or the repayment in full of the aggregate indebtedness and liabilities of MCSB arising from Magnum Facility
- (ii) relating to all of the stapled ordinary shares held by the beneficial shareholders, after the occurrence of enforcement event.

(h) Put option to acquire U Mobile shares

On 15 September 2009, the Company had entered into a Put Option Agreement with financial institution whereby the Company granted to the financial institution an option to put the Company at any time during the Option Period to acquire 157,951,493 ordinary shares of RM1.00 each representing 41.63% equity interest in U Mobile which have been pledged to the financial institution at a total put option price of RM280 million. The Option Period is 13 months from the Company entered into the Put Option Agreement.

41. Segment information

(a) Business segment:

The Group is organised into four major business segments:

- (i) Financial services - provision of credit and related services and underwriting of all classes of general insurance business;
- (ii) Securities broking and dealing - provision of stockbroking services;
- (iii) Property investment and leisure - ownership of buildings for rental income and hotel operation; and
- (iv) Gaming

Other business segments include investment holding, property development and dormant companies.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business based on negotiated and mutual terms.

Notes To The Financial Statements

31 December 2009 (cont'd)

41. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations							Total operations RM'000
	Gaming RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Total RM'000	
2009								
Revenue								
External	3,021,712	190,677	32,593	39,481	37,663	-	3,322,126	1,162
Inter-segment	-	-	-	3,154	281,481	(284,635)	-	-
Total revenue	3,021,712	190,677	32,593	42,635	319,144	(284,635)	3,322,126	1,162
Results								
Segment results	466,143	41,302	21,141	4,724	684,555	(538,080)	679,785	(38,365)
Finance costs	(220,521)	-	-	-	(560)	58,041	(163,040)	-
Share of profit of associates and jointly controlled entities	-	3,608	-	-	(594)	-	3,014	-
Profit/(loss) before tax							519,759	(38,365)
Income tax expense							(76,514)	(73)
Profit/(loss) for the year							443,245	(38,438)
								3,323,288

Notes To The Financial Statements

31 December 2009 (cont'd)

41. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations							Total operations RM'000
	Gaming RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Total RM'000	
2009 (cont'd.)								
Assets and liabilities								
Segment assets	4,337,228	551,772	411,119	788,885	548,680	(1,173,275)	5,464,409	-
Investment in associates							106,343	-
Unallocated corporate assets							255,756	-
Total assets							5,826,508	-
Segment liabilities	1,650,547	308,656	69,346	600,025	1,426,709	(2,886,985)	1,168,298	-
Unallocated corporate liabilities							2,052,752	-
Total liabilities							3,221,050	-
Other information								
Capital expenditure	4,870	3,876	509	115,399	4,626	-	129,280	-
Depreciation	13,272	1,086	1,704	9,318	6,905	-	32,285	1,190
Amortisation	63	-	-	45	-	-	108	-
Impairment losses	-	-	-	7,511	-	(7,470)	41	28,818
Reversal of impairment losses	-	(5,341)	(3,445)	(295)	(36,524)	-	(45,605)	(525)
Non-cash expenses other than depreciation, amortisation and impairment losses	955	1,644	25	585	1,971	136	5,316	18,793
								24,109

Notes To The Financial Statements

31 December 2009 (cont'd)

41. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations							Total operations RM'000
	Gaming RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Total RM'000	
2008								
Revenue								
External	2,872,446	169,078	32,612	34,017	29,091	-	3,137,244	3,137,886
Inter-segment	-	-	-	3,072	5,162	(8,234)	-	-
Total revenue	2,872,446	169,078	32,612	37,089	34,253	(8,234)	3,137,244	3,137,886
Results								
Segment results	374,281	(19,151)	226	12,540	123,799	(49,416)	442,279	361,459
Finance costs							(96,508)	(97,230)
Share of profit of associates and jointly controlled entities							737	840
Profit/(loss) before tax							346,508	265,069
Income tax expense							(63,588)	(65,793)
Profit/(loss) for the year							282,920	199,276

Notes To The Financial Statements

31 December 2009 (cont'd)

41. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations							Total operations RM'000
	Gaming RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Total RM'000	
2008 (cont'd.)								
Assets and liabilities								
Segment assets	4,830,120	513,285	386,675	265,396	324,840	(1,229,778)	5,090,538	5,332,870
Investment in associates							104,509	104,509
Unallocated corporate assets							208,460	208,460
Total assets							5,403,507	5,645,839
Segment liabilities	2,265,399	286,810	62,499	83,205	2,166,742	(3,756,340)	1,108,315	1,114,997
Unallocated corporate liabilities							2,148,300	2,148,300
Total liabilities							3,256,615	3,263,297
Other information								
Capital expenditure	15,051	68,441	1,754	36	793	-	86,075	86,075
Depreciation	8,654	1,169	2,052	7,550	1,862	-	21,287	24,588
Amortisation	143	-	-	44	-	-	187	189
Impairment losses	-	11,004	2,021	-	63,516	(529)	76,012	198,903
Reversal of impairment losses	-	(93)	-	-	(29,361)	-	(29,454)	(29,454)
Non-cash expenses other than depreciation, amortisation and impairment losses	4,342	14,420	3,050	-	6,583	(6,465)	21,930	25,193

Notes To The Financial Statements

31 December 2009 (cont'd)

41. Segment information (cont'd)

(b) Geographical segments

	Revenue by geographical segments					
	Continuing operations		Discontinuing operations		Total	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	3,322,126	3,137,244	1,162	547	3,323,288	3,137,791
Hong Kong	-	-	-	95	-	95
Total	3,322,126	3,137,244	1,162	642	3,323,288	3,137,886

	Total assets		Capital expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	5,735,014	5,492,997	129,280	86,075
Hong Kong	-	12,420	-	-
People's Republic of China	-	18,797	-	-
Philippines	91,494	16,036	-	-
British Virgin Islands	-	4,094	-	-
Channel Islands	-	91,165	-	-
Indonesia	-	1,873	-	-
Others	-	8,457	-	-
Total	5,826,508	5,645,839	129,280	86,075

42. Principal subsidiary companies, associated companies and jointly controlled entities

Subsidiary companies

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Direct subsidiary companies of the Company				
Multi-Purpose Capital Holdings Berhad	Malaysia	100.00	82.27	Investment holding
Multi-Purpose Shipping Corporation Berhad	Malaysia	100.00	100.00	Investment holding and property investment
Capi-Grow Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Marinco Holdings Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
West-Jaya Sdn. Bhd.	Malaysia	70.00	70.00	Investment holding and property investment
Dynamic Pearl Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Definite Command Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Queensway Nominees (Tempatan) Sdn. Bhd.	Malaysia	70.00	70.00	Nominee services and property investment
Queensway Nominees (Asing) Sdn. Bhd.	Malaysia	70.00	70.00	Nominee services and property investment
MKR Consortium Sdn. Bhd.	Malaysia	51.00	51.00	Designing and construction of railway and related activities

Notes To The Financial Statements

31 December 2009 (cont'd)

42. Principal subsidiary companies, associated companies and jointly controlled entities (cont'd)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Direct subsidiary companies of the Company (cont'd)				
Magnum Holdings Sdn. Bhd.	Malaysia	51.00	51.00	Investment holding
Caribbean Gateway Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Multi-Purpose International Ltd.	Malaysia	100.00	100.00	Investment holding
Jayavest Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Leisure Dotcom Sdn. Bhd.	Malaysia	70.00	70.00	Property investment
Magnum.Com Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
Magnum Leisure Sdn. Bhd.	Malaysia	100.00	100.00	Operation of a hotel
Mimaland Bhd.	Malaysia	94.51	94.51	Dormant
Syarikat Perniagaan Selangor Sdn. Bhd.	Malaysia	100.00	100.00	Property investment & management and operation of hotel
Tibanis Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
Kelana Megah Development Sdn. Bhd.	Malaysia	100.00	51.00	Plantation and property holding
Leisure Management (Hong Kong) Limited **	Hong Kong	100.00	50.15	Investment holding and trading operations
Subsidiary companies of Multi-Purpose Capital Holdings Berhad				
Multi-Purpose Insurans Bhd.	Malaysia	100.00	82.27	General insurance
Multi-Purpose Credit Holdings Sdn. Bhd.	Malaysia	100.00	82.27	Investment holding
Subsidiary companies of Multi-Purpose Credit Holdings Sdn. Bhd.				
Multi-Purpose Credit Sdn. Bhd.	Malaysia	100.00	82.27	Leasing, hire purchase and general loan financing
MP Factors Sdn. Bhd.	Malaysia	100.00	82.27	Business of factoring and property investment
Multi-Purpose Venture Partners Sdn. Bhd.	Malaysia	100.00	82.27	Dormant
Multi-Purpose Credit Nominees (Tempatan) Sdn. Bhd.	Malaysia	100.00	82.27	Nominees services
Subsidiary company of Multi-Purpose Insurans Bhd.				
MPIB Nominees (Tempatan) Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Subsidiary companies of Multi-Purpose Shipping Corporation Berhad				
Mulpha Kluang Maritime Carriers Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
Multi-Purpose Development (PG) Sdn. Bhd.	Malaysia	100.00	100.00	Property development

Notes To The Financial Statements

31 December 2009 (cont'd)

42. Principal subsidiary companies, associated companies and jointly controlled entities (cont'd)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Subsidiary companies of Dynamic Pearl Sdn. Bhd.				
A.A. Anthony Securities Sdn. Bhd.	Malaysia	95.70	95.70	Securities broking and dealing
MP Solutions Sdn. Bhd.	Malaysia	100.00	100.00	Sales of financial products and services
Subsidiary companies of A.A. Anthony Securities Sdn. Bhd.				
AA. Anthony Nominees (Tempatan) Sdn. Bhd.	Malaysia	95.70	95.70	Nominees services
AA. Anthony Nominees (Asing) Sdn. Bhd.	Malaysia	95.70	95.70	Nominees services
JBS Asset Management Sdn. Bhd. <i>(in voluntary liquidation)</i>	Malaysia	95.70	95.70	Dormant
A.A. Anthony & Company Sdn. Bhd.	Malaysia	95.70	95.70	Dormant
A.A.A. Nominees (Tempatan) Sdn. Bhd.	Malaysia	95.70	95.70	Dormant
A.A.A. Nominees (Asing) Sdn. Bhd.	Malaysia	95.70	95.70	Dormant
Subsidiary company of Definite Command Sdn. Bhd.				
Balik Pulau Water Village Sdn Bhd <i>(in voluntary liquidation)</i>	Malaysia	50.50	50.50	Dormant
Subsidiary company of Syarikat Perniagaan Selangor Sdn. Bhd.				
Flamingo Management Sdn. Bhd.	Malaysia	100.00	100.00	Hotel management
Subsidiary companies of Magnum Holdings Sdn. Bhd.				
Magnum Corporation Sdn. Bhd.	Malaysia	51.00	51.00	Investment holding, operation of four digit numbers forecast betting game and management services
Mont Delight Sdn. Bhd. +1	Malaysia	-	51.00	Investment holding
Magnum 4D Berhad #1	Malaysia	50.70	50.70	Investment holding and management services
Magnum 4D (Perak) Sdn. Bhd. +1	Malaysia	-	44.23	Investment holding

Notes To The Financial Statements

31 December 2009 (cont'd)

42. Principal subsidiary companies, associated companies and jointly controlled entities (cont'd)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Subsidiary companies of Magnum Holdings Sdn. Bhd. (cont'd)				
ENE (Selangor) Sdn. Bhd.	Malaysia	46.79	46.79	Forecast betting
ENE (Perak) Sdn. Bhd.	Malaysia	49.08	49.08	Forecast betting
ENE (Penang) Sdn. Bhd.	Malaysia	48.88	48.88	Forecast betting
ENE (Negeri Sembilan) Sdn. Bhd.	Malaysia	46.23	46.23	Forecast betting
ENE (Melaka) Sdn. Bhd.	Malaysia	45.66	45.66	Forecast betting
M4D (Johor) Sdn. Bhd.	Malaysia	43.15	43.15	Forecast betting
ENE (East Coast) Sdn. Bhd.	Malaysia	45.52	45.52	Forecast betting
ENE (East Malaysia) Sdn. Bhd.	Malaysia	50.54	50.54	Forecast betting
Magnum Enterprise Sdn. Bhd. +1	Malaysia	-	51.00	Investment holding
Longterm Profit Sdn. Bhd.	Malaysia	50.70	50.70	Investment holding and four digit agency management
Magnum Information Technology Sdn. Bhd.	Malaysia	50.82	50.82	Providing information technology services
Jujur Megah Sdn. Bhd. +1	Malaysia	-	50.99	Investment holding
Sababumi (Sandakan) Sdn. Bhd. +1	Malaysia	-	36.12	Dormant
Choicevest Sdn. Bhd.	Malaysia	50.70	50.70	Investment holding
Vijua Sdn. Bhd. +1	Malaysia	-	51.00	Golf resort operations
Lubuk Jaya Sdn. Bhd. +1	Malaysia	-	51.00	Property investment and development
Natmatic Sdn. Bhd.	Malaysia	51.00	51.00	Dormant
Secure Tangent Sdn. Bhd.	Malaysia	50.82	50.82	Providing information technology security consulting services
West Country Sdn. Bhd. +1	Malaysia	-	50.11	Property development
Quantumco Enterprise Sdn. Bhd. +1	Malaysia	-	50.54	Property investment and investment holding
Hastania Sdn. Bhd. +1	Malaysia	-	50.54	Property investment
Manjung Kirana Sdn. Bhd. +1	Malaysia	-	51.00	Investment holding
Tiara Vegas Sdn. Bhd.	Malaysia	51.00	51.00	Dormant
Magnum Investment Limited **, +1	Hong Kong	-	51.00	Investment holding and trading operations
Magnum Leisure Limited **, +1	Hong Kong	-	51.00	Dormant
Magnum Management Limited **, +1	Hong Kong	-	51.00	Dormant
Magnum Capital Limited **, +1	Hong Kong	-	51.00	Dormant
Magnum (Guernsey) Limited **, +1	Channel Islands	-	51.00	Investment holding
LM (Guernsey) Limited **, +1	Channel Islands	-	50.15	Investment holding
P.T. Magnum Investment Indonesia **, +1	Indonesia	-	50.99	Dormant
Lismore Properties Limited **, +1	British Virgin Islands	-	51.00	Property investment
Ongreat Properties Limited **, +1	British Virgin Islands	-	51.00	Property investment

Notes To The Financial Statements

31 December 2009 (cont'd)

42. Principal subsidiary companies, associated companies and jointly controlled entities (cont'd)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Subsidiary companies of Magnum Holdings Sdn. Bhd. (cont'd)				
Continuous Gain Limited **, +1	British Virgin Islands	-	51.00	Property investment
Ample Profits Limited **, +1	British Virgin Islands	-	51.00	Ship chartering
Wolston Limited **, +1	British Virgin Islands	-	51.00	Property investment

Name of associated company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Magnum Marketing Philippines, Inc. +1	Philippines	-	20.40	Dormant
Magnum Property & Development Corporation +1	Philippines	-	20.40	Dormant
Philippines Racing Club, Inc. **, #2	Philippines	33.01	37.01	Operation of a horse racing club and off-track betting
Casinos Mongolia HH **, +1	Mongolia	-	19.26	Ceased operations
Tune Insurance ** (Labuan) Ltd.	Malaysia	20.00	-	Reinsurance

Associated companies

Jointly controlled entities

Name of jointly controlled entity	Country of incorporation	Group's effective interest held (%)		Principal activities
		2009	2008	
Shenyang Renhe Property Developing Ltd. @	People's Republic of China	-	20.40	Property investment and development of a commercial complex
Nantian Hydro Electric Station Co. Ltd. @ of China	People's Republic of China	-	20.40	Development and operation of hydropower station

* Audited by affiliates of Ernst & Young.

** Audited by firms of auditors other than Ernst & Young.

+1 Classified as discontinued operations during the current financial year

#1 Removed from the Official List of Bursa Securities on 26 March 2008 in accordance with paragraph 8.15(5) of the Listing Requirements

#2 Listed on the Philippines Stock Exchange.

@ This is a contractual arrangement where the Company shares in the profits of the jointly controlled entity at a proportion depending on the terms of the contractual arrangement.