
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2008

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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 2008.

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
- designing and construction of railway and related activities
- property development and property investment
- provision of share registration and management service
- 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 discontinuance of printing activity, operation of a golf club and part of investment holding and trading activities of the Group as disclosed in Note 8 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year	199,276	1,080,489
Attributable to:		
Equity holders of the Company	158,618	1,080,489
Minority interests	40,658	-
	<u>199,276</u>	<u>1,080,489</u>

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.

Dividends

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:	
Final dividend of 5 sen per share less income tax at 26%, on 958,766,062 ordinary shares paid on 15 July 2008.	35,474
Final tax exempt dividend of 1 sen per share, on 958,766,062 ordinary shares paid on 15 July 2008.	9,588
In respect of the financial year ended 31 December 2008:	
Interim dividend of 5 sen per share less income tax at 26%, on 956,694,362 ordinary shares paid on 26 September 2008.	35,398
	80,460

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 5 sen dividend less 25% income tax, on 917,842,775 ordinary shares (exclude treasury shares of 44,584,100), amounting to a dividend payable of RM34,419,104 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 2009.

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. Thamothersam 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' Surin Upatkoon and Dato' Wong Puan Wah 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 will attain 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 (cont'd)

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 38 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/warrants			
	1.1.2008	Acquired	Sold	31.12.2008
Shares in the Company				
Direct Interest:				
Datuk Razman Md. Hashim bin Che Din Md. Hashim	105,000	5,000	-	110,000
Dato' Wong Puan Wah	10,000	-	-	10,000
Deemed Interest:				
Dato' Surin Upatkoon #	309,883,965	-	-	309,883,965
Dato' Lim Tiong Chin *	298,766,865	-	-	298,766,865
Warrants 2004/2009 in the Company				
Deemed Interest:				
Dato' Surin Upatkoon *	37,996,170	-	-	37,996,170
Dato' Lim Tiong Chin *	37,996,170	-	-	37,996,170

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.

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 Company increased its issued and paid-up ordinary share capital from RM954,585,445 to RM962,426,875 by way of the issuance of 7,841,430 ordinary shares of RM 1 each through the exercise of the subscription right of 7,841,430 warrants by warrant holders.

Treasury shares

During the financial year, the Group and the Company repurchased 44,584,100 of its issued ordinary shares from the open market at an average price of RM1.14 per share. The total consideration paid for the repurchase including transaction costs was RM50,871,219, comprising of consideration paid amounting to RM50,686,405 and transaction costs of RM184,814. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2008, the Group and the Company held as treasury shares a total of 44,584,100 of its 962,426,875 issued ordinary shares. Such treasury shares are held at a carrying amount of RM50,871,219 and further relevant details are disclosed in Note 24 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 value 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.
- (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.

Other statutory information (cont'd)

- (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 40 to the financial statements.

Subsequent events

Subsequent events after the year end are disclosed in Note 41 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 2009

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 44 to 130 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 2008 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 2009.

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 44 to 130 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 2009

Dato' Surin Upatkoon

Before me,

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 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year 31 December 2008 then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 130.

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 judgment, 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 2008 and of their financial performance and cash flows for the year 31 December 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.

Independent Auditors' Report

To The members of Multi-Purpose Holdings Berhad
(Incorporated in Malaysia) (cont'd)

- (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 44 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (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.2518/12/09(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2009

Income Statements

For the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000
Revenue	3	3,137,244	3,193,467	29,114	691,036
Cost of sales		(2,527,366)	(2,585,899)	-	-
Gross profit		609,878	607,568	29,114	691,036
Other income	4	177,000	244,695	1,156,268	131,159
Administrative expenses		(137,218)	(74,291)	(10,959)	(13,105)
Other expenses		(207,381)	(161,917)	(86,641)	(14,414)
Operating profit	5	442,279	616,055	1,087,782	794,676
Finance costs	6	(96,508)	(43,672)	(5,122)	(37,592)
Share of profits of associates and jointly controlled entities		737	1,359	-	-
Profit before tax		346,508	573,742	1,082,660	757,084
Income tax expense	7	(63,588)	(82,850)	(2,171)	(130,008)
Profit for the year from continuing operations		282,920	490,892	1,080,489	627,076
Discontinued operations					
(Loss)/profit for the year from discontinued operations	8	(83,644)	80,842	-	-
Profit for the year		199,276	571,734	1,080,489	627,076
Attributable to:					
Equity holders of the Company		158,618	384,840	1,080,489	627,076
Minority interests		40,658	186,894	-	-
		199,276	571,734	1,080,489	627,076
Earnings per share attributable to equity holders of the Company					
Basic, for profit from continuing operations	9	25.5	31.9		
Basic, for (loss)/profit from discontinued operations	9	(8.8)	8.5		
Basic, for profit of the year		16.7	40.3		
Diluted, for profit from continuing operations	9	21.2	26.3		
Diluted, for (loss)/profit from discontinued operations	9	(7.3)	7.0		
Diluted, for profit of the year		13.9	33.4		

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

Balance Sheets

As At 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	201,164	274,757	41,919	44,482
Land held for property development	11	-	20,000	-	-
Investment properties	12	541,074	622,732	173,139	148,049
Prepaid land lease payments	13	3,955	585	-	-
Subsidiary companies	14	-	-	2,512,087	2,325,290
Associated companies	15	104,509	121,994	86,603	-
Jointly controlled entities	16	-	8,867	-	-
Other investments	17	127,876	530,281	113,556	75,068
Long term receivable	18	39,966	39,864	-	-
Intangible assets	19	2,890,463	800,439	-	-
Deferred tax assets	30	136,332	13,621	-	-
		4,045,339	2,433,140	2,927,304	2,592,889
Current assets					
Inventories	20	6,297	9,000	-	-
Investment in money market fund	21	-	10,878	-	-
Receivables	22	458,566	523,356	23,163	12,962
Tax recoverable		72,128	31,472	3,862	11,572
Short term deposits and investments	23	762,164	707,810	122,032	6,044
Cash and bank balances		59,013	50,831	5,940	2,611
		1,358,168	1,333,347	154,997	33,189
Assets of disposal group/Non-current assets classified as held for sale	8	242,332	-	-	-
Total assets		5,645,839	3,766,487	3,082,301	2,626,078

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

Balance Sheets

As At 31 December 2008 (cont'd)

	Note	Group		Company	
		2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	962,427	954,586	962,427	954,586
Share premium		803,211	803,211	803,211	803,211
Treasury shares	24	(50,871)	-	(50,871)	-
Other reserves	25	44,652	44,663	-	-
Retained profits/(accumulated losses)	26	105,098	26,940	844,475	(155,554)
Shareholders' equity		1,864,517	1,829,400	2,559,242	1,602,243
Minority interests		518,025	807,805	-	-
Total equity		2,382,542	2,637,205	2,559,242	1,602,243
Non-current liabilities					
Amounts due to subsidiaries	27	-	-	509,393	490,369
Borrowings	28	2,095,381	102,861	-	102,861
Redeemable Convertible Unsecured Loan Stocks	29	524,607	-	-	-
Deferred tax liabilities	30	24,468	18,075	-	-
Reserves for unexpired risks	31	72,452	65,129	-	-
Provision for retirement benefits	32	653	1,616	-	-
		2,717,561	187,681	509,393	593,230
Current liabilities					
Payables	33	381,277	412,453	13,666	16,105
Provisions for liabilities	34	128,848	100,234	-	-
Borrowings	28	28,136	156,172	-	154,000
Exchangeable Bonds 2003/2008	35	-	260,500	-	260,500
Provision for retirement benefits	32	478	896	-	-
Tax payable		315	11,346	-	-
		539,054	941,601	13,666	430,605
Liabilities associated with assets held for sale	8	6,682	-	-	-
Total liabilities		3,263,297	1,129,282	523,059	1,023,835
Total equity and liabilities		5,645,839	3,766,487	3,082,301	2,626,078

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

Consolidated Statements Of Changes In Equity

For the year ended 31 December 2008

	← Attributable to Equity Holders of the Company →							
	← Non-distributable →				(Accumulated losses)/			
	Share capital (Note 24) RM'000	Share premium RM'000	Treasury shares (Note 24) RM'000	Other reserves (Note 25) RM'000	retained profits (Note 26) RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2007	953,867	803,211	-	44,733	(392,454)	1,409,357	1,302,191	2,711,548
Issue of ordinary shares arising from conversion of warrants	719	-	-	-	-	719	-	719
Accretion of interest in subsidiaries	-	-	-	-	73,848	73,848	59,116	132,964
Profit for the year	-	-	-	-	384,840	384,840	186,894	571,734
Dividends paid	-	-	-	-	(34,842)	(34,842)	-	(34,842)
Dividends paid by a subsidiary to minority shareholders	-	-	-	-	(4,452)	(4,452)	(423,932)	(428,384)
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	(316,377)	(316,377)
Exchange differences arising from translation of foreign currency financial statements	-	-	-	(70)	-	(70)	(87)	(157)
At 31 December 2007	954,586	803,211	-	44,663	26,940	1,829,400	807,805	2,637,205

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

Consolidated Statements Of Changes In Equity

For the year ended 31 December 2008 (cont'd)

	← Attributable to Equity Holders of the Company →							
	← Non-distributable →				(Accumulated			
	Share capital (Note 24) RM'000	Share premium RM'000	Treasury shares (Note 24) RM'000	Other reserves (Note 25) RM'000	losses)/ retained profits (Note 26) RM'000	Total RM'000	Minority interests RM'000	Total equity 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.

Company Statement Of Changes In Equity

For the year ended 31 December 2008

	← Non-distributable →		(Accumulated losses)/		
	Share capital (Note 24) RM'000	Share premium RM'000	Treasury shares (Note 24) RM'000	retained profits (Note 26) RM'000	Total RM'000
At 1 January 2007	953,867	803,211	-	(747,788)	1,009,290
Profit for the year	-	-	-	627,076	627,076
Issue of ordinary shares arising from conversion of warrants	719	-	-	-	719
Dividends paid	-	-	-	(34,842)	(34,842)
At 31 December 2007	954,586	803,211	-	(155,554)	1,602,243
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

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

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	2008 RM'000	2007 RM'000
Cash flows from operating activities		
Profit/(loss) before tax from:		
Continuing operations	346,508	573,742
Discontinued operations	(81,439)	105,932
Adjustments for:		
Depreciation of property, plant and equipment	19,182	19,624
Depreciation of investment properties	5,406	6,073
Interest expense	97,230	45,665
Accretion of discounts less amortisation of premiums	(71)	80
Amortisation of:		
- prepaid lease payment	50	48
- other investment	139	421
Increase in reserves for unexpired risks	7,323	11,515
Provision for bad and doubtful debts	4,405	128,382
Share of profits of associated companies and jointly controlled entities	(840)	(4,073)
(Gain)/loss on disposal of:		
- property, plant and equipment	(134)	(6,091)
- land held for development	-	(75,450)
- investment properties	(563)	(9,962)
- other and short term investments	5,045	(234,682)
Unrealised loss on foreign exchange	4,928	2,827
Interest income	(34,069)	(37,615)
Dividend income on quoted shares and unit trusts	(9,322)	(5,610)
Prepaid land lease payments written off	-	1,975
Inventories written off	184	868
Provision for obsolete inventories	14	14
Property, plant and equipment written off	150	3,092
Impairment losses on property, plant and equipment	766	-
Impairment losses on investment property	1,592	-
Impairment losses on other and short term investments	196,545	43,712
Provision for retirement benefits	339	1,857
Write back of provision for doubtful debts	(4,189)	(23,812)
Write back of provision for impairment losses for other and short term investments	(29,454)	(104,321)
Waiver of debts	-	(2,262)
Bad debts written off	632	1,447
Bad debts recovered	(36)	-
Loss on disposal of investments in subsidiaries	2,713	-
Gain on redemption of Exchangeable Bonds	(101,081)	-
Operating profit before working capital changes	431,953	443,396
Changes in working capital:		
Inventories	1,579	(1,625)
Receivables	275,837	(488,484)
Payables	(22,832)	106,623
Monies held in trust	14,636	(31,193)
Cash generated from operations	701,173	28,717
Income tax paid	(95,316)	(121,820)
Retirement benefits paid	(1,685)	(3,795)
Net cash generated from/(used in) operating activities	604,172	(96,898)

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

Consolidated Cash Flow Statement

For the year ended 31 December 2008 (cont'd)

	2008 RM'000	2007 RM'000
Cash flows from investing activities		
Net proceeds from disposal of:		
- property, plant and equipment	3,874	68,134
- land held for development	-	176,800
- investment properties	5,105	22,681
- other and short term investments	33,634	1,277,185
Net cash outflow from disposal of investments in subsidiaries	(25,037)	-
Purchase of:		
- additional shares in subsidiary companies	(24,494)	(423,561)
- property, plant and equipment	(20,191)	(49,691)
- investment properties	(65,884)	(95,322)
- other and short term investments	(174,621)	(550,833)
- prepaid lease payments	(3,500)	-
Capital repayment for investment in marketable securities	-	2,117
Withdrawal of management fund/money market fund	10,878	13,445
Net dividend received from:		
- associated companies	-	4,852
- quoted shares and unit trusts	7,482	4,495
Interest received	34,069	37,615
Interest paid	(97,230)	(45,665)
Net cash (used in)/generated from investing activities	(315,915)	442,252
Cash flows from financing activities		
Issuance of ordinary shares	7,841	719
Redemption of Exchangeable Bonds	(260,500)	(39,500)
Net drawdown/(repayment) of borrowings	1,864,484	(394,697)
Purchase of treasury shares	(50,871)	-
Capital repayment by a subsidiary	(2,462,849)	-
Dividend paid	(80,460)	(327,132)
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	(258,697)	(760,610)
Effect of exchange rate changes on cash and cash equivalents	(1,218)	(2,314)
Net increase/(decrease) in cash and cash equivalents	29,560	(415,256)
Cash and cash equivalents at beginning of year	440,598	858,168
Cash and cash equivalents at end of year	468,940	440,598

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

Consolidated Cash Flow Statement

For the year ended 31 December 2008 (cont'd)

	Note	2008 RM'000	2007 RM'000
Cash and cash equivalents comprise the following:			
Cash and bank balances		59,013	50,831
Deposits with financial institutions	23	456,745	451,257
Bank overdrafts	28	(2,136)	(2,172)
		513,622	499,916
Less: Client's monies held in trust		(39,975)	(53,578)
Remisiers' deposits held in trust		(4,707)	(5,740)
		468,940	440,598

Included in cash and bank balances and deposits with financial institutions are client's monies held in trust and remisiers' deposits held in trust amounting to RM39,975,000 (2007: RM53,578,000) and RM4,707,000 (2007: RM5,740,000) respectively.

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

Cash Flow Statement

For the year ended 31 December 2008

	2008 RM'000	2007 RM'000
Cash flows from operating activities		
Profit before tax	1,082,660	757,084
Adjustments for:		
Depreciation of property, plant and equipment	1,843	1,682
Depreciation of investment properties	3,453	3,455
Gain on disposal of property, plant and equipment	(167)	-
Gain on disposal of other investments	(1,914)	(109,724)
Gain on disposal of investment in a subsidiary	(1,009,190)	-
Gain on redemption of Exchangeable Bonds 2003/2008	(84,611)	-
Provision for doubtful debts	6,546	-
Write back of provision for doubtful debts	(1,057)	(224,351)
Impairment of other investments	62,987	-
Reversal of impairment of other investments	(29,285)	-
Interest income	(28,997)	(4,866)
Dividend income	(2,933)	(663,378)
Interest expense	5,122	37,592
Operating profit/(loss) before working capital changes	4,457	(202,506)
Changes in working capital:		
Receivables	1,304	(77,094)
Payables	(2,440)	(11,124)
Subsidiary companies indebtedness	61,409	(33,604)
Cash generated from/(used in) operations	64,730	(324,328)
Tax refunded	6,270	-
Net cash generated from/(used in) operating activities	71,000	(324,328)
Cash flows from investing activities		
Purchase of property, plant and equipment	(528)	(1,764)
Purchase of other investments	(196,973)	(20,341)
Proceeds from disposal of:		
- property, plant and equipment	169	-
- investment in a subsidiary	762,255	-
- other investments	7,763	341,878
Incorporation of a new subsidiary	(7)	-
Purchase of additional shares in subsidiaries	(26,933)	(480,147)
Proceeds from redemption of Redeemable Unsecured Loan Stock-A by a subsidiary	3,000	-
Dividends received	2,203	663,378
Interest received	5,385	4,866
Interest paid	(5,122)	(37,592)
Net cash generated from investing activities	551,212	470,278

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

Cash Flow Statement

For the year ended 31 December 2008 (cont'd)

	Note	2008 RM'000	2007 RM'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		7,841	719
Purchase of treasury shares		(50,871)	-
Redemption of Exchangeable Bonds		(260,500)	(39,500)
Net loan from subsidiary company		19,024	190,747
Dividend paid		(80,460)	(34,842)
Net repayment of borrowings		(256,861)	(265,083)
Net cash used in financing activities		(621,827)	(147,959)
Net increase/(decrease) in cash and cash equivalents		385	(2,009)
Cash and cash equivalents at beginning of year		8,655	10,664
Cash and cash equivalents at end of year		9,040	8,655
Cash and cash equivalents comprise the following:			
Cash and bank balances		5,940	2,611
Deposits with financial institutions	23	3,100	6,044
		9,040	8,655

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

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 2009.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia and the Rules of Bursa Malaysia Securities Berhad. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 January 2008 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

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.

Notes To The Financial Statements

31 December 2008 (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

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.

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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Associates (cont'd)

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 associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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.

Notes To The Financial Statements

31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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 and 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.

(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

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 2008 (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 groups) 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.

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 2008 (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:

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.

Notes To The Financial Statements

31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(o) Revenue recognition (cont'd)

(v) Rental income

Rental income is recognised on an accrual basis.

(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) Contraction contracts

Revenue from construction contracts is accounted for by stage of completion method as described 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.

Notes To The Financial Statements

31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

(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.

Notes To The Financial Statements

31 December 2008 (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

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.

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:

	2008 RM	2007 RM
1 US Dollar	3.476	3.313
100 Hong Kong Dollar	44.850	42.465
100 Philippines Peso	7.320	7.985
100 Yuan Renminbi	50.600	45.31
100 Indonesia Rupiah	0.031	0.035
1 Singapore Dollar	2.418	2.2938

(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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

(t) 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.

(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, Cagamas Papers and unquoted bonds are 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.

Notes To The Financial Statements

31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(t) Financial instruments (cont'd)

(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.

(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) 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.

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 groups) 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 Changes in accounting policies and effects arising from adoption of new and revised FRS

On 1 January 2008, the Group and the Company adopted the following revised FRS, amendment to FRS and Interpretations:

FRS 107:	Cash Flow Statements
FRS 111:	Construction Contracts
FRS 112:	Income Taxes
FRS 118:	Revenue
FRS 120:	Accounting for Government Grants and Disclosure of Government Assistance

Notes To The Financial Statements

31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRS (cont'd)

FRS 134:	Interim Financial Reporting
FRS 137:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6:	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7:	Applying the Restatement Approach under FRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>
IC Interpretation 8:	Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and of the Company.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and Interpretations		Effective for financial periods beginning on or after
FRS 7:	Financial Instruments: Disclosures	1 January 2010
FRS 8:	Operating Segments	1 July 2009
FRS 139:	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10:	Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2. Significant accounting policies (cont'd)

2.5 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.

(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:

Notes To The Financial Statements

31 December 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

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

(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 2008 were RM2,890,463,000 (2007: RM800,439,000). 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.

(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 22 to the financial statements.

3. Revenue

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross premium	324,102	283,186	-	-
Less: Reinsurance	(148,855)	(133,374)	-	-
Less: Increase in unearned premium reserves	(7,323)	(11,515)	-	-
Earned premium	167,924	138,297	-	-
Brokerage income	13,612	41,220	-	-
Interest, contra service charges and rollover fees	18,624	21,682	-	-
Interest income on loans and advances	214	4,875	-	-

Notes To The Financial Statements

31 December 2008 (cont'd)

3. Revenue (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Investment income in respect of gross dividends from:				
- subsidiary quoted in Malaysia	-	-	-	661,225
- other investments:				
- quoted in Malaysia	2,937	2,166	2,933	2,153
- unquoted in Malaysia	940	500	-	-
Rental income	18,896	16,283	21,000	19,213
Sale of four digit forecast tickets	2,871,322	2,918,807	-	-
Revenue from sale and rental of properties	3,161	2,254	-	-
Hotel services	12,336	18,467	-	-
IT consulting	1,124	949	-	-
Construction contract	25,048	27,428	-	-
Others	1,106	539	5,181	8,445
	3,137,244	3,193,467	29,114	691,036

4. Other income

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gain on disposal of:				
- investment in subsidiaries	-	-	1,009,191	-
- other and short term investments	8,183	179,940	1,913	109,724
- property, plant and equipment	233	2,348	167	-
- land held for development	-	3,864	-	-
- investment properties	589	-	-	-
Write back of provision for doubtful debts	3,935	23,812	1,057	16,185
Write back of provision for impairment losses on other and short term investments	29,454	11,040	29,285	-
Interest Income (Note 4(a))	26,257	12,072	28,998	4,866
Rental income	355	255	54	-
Dividend Income (Note 4(b))	3,986	5,146	-	-
Gain on redemption of Exchangeable Bonds	101,081	-	84,611	-
Others	2,927	6,218	992	384
	177,000	244,695	1,156,268	131,159

Notes To The Financial Statements

31 December 2008 (cont'd)

4. Other income (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) Interest income				
Interest income on:				
- loan to subsidiary companies	-	-	1,928	3,763
- short term deposits	15,780	6,550	524	1,103
- Redeemable Unsecured loan stock	-	-	23,613	-
- Malaysian Government Securities	1,038	634	-	-
- others	9,439	4,888	2,933	-
	26,257	12,072	28,998	4,866
(b) Dividend income				
Dividend income on:				
- quoted shares	3,986	5,001	-	-
- money market fund	-	145	-	-
	3,986	5,146	-	-

5. Operating profit

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Depreciation of property, plant and equipment (Note 10)	15,837	13,066	1,843	1,682
Depreciation of investment properties (Note 12)	5,406	6,073	3,454	3,455
Key management personnel (Note 5(a))	4,505	15,657	2,628	5,030
Auditors' remuneration (Note 5(b))	766	719	80	70
Amortisation of:				
- prepaid land lease payments	50	48	-	-
- other investments	139	421	-	-
Prepaid land lease payments written off	-	1,975	-	-
Rental of land and buildings	2,990	2,565	26	30
Hire of plant and machinery	106	194	-	-
Impairment losses on:				
- other investments	73,654	4,512	62,987	-
- investment properties	1,592	-	-	-
- property, plant and equipment	766	-	-	-
Realised loss on foreign exchange	1	-	-	-
Unrealised loss on foreign exchange	4,342	6,057	-	-

Notes To The Financial Statements

31 December 2008 (cont'd)

5. Operating profit (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Loss on disposal of:				
- other and short term investments	13,228	-	-	-
- property, plant and equipment	118	157	-	-
- investment properties	26	-	-	-
Provision for doubtful debts:				
- other debtors	-	23,078	-	-
- trade debtors	3,962	292	81	-
- subsidiary companies	-	-	6,465	-
Loss on disposal of investments in subsidiaries (Note 14)	2,713	-	-	-
Staff costs (Note 5(c))	62,390	72,670	5,661	7,967
Provision for obsolete inventories	-	14	-	-
Inventories written off	184	892	-	-
Bad debts written off	605	1,447	-	-
Bad debts recovered	(36)	-	-	-
Property, plant and equipment written off	33	2,289	-	-
Fund management charges	452	621	-	-
Accretion of discounts less amortisation of premiums	(71)	80	-	-
Income from rent of land and buildings	(731)	(382)	(54)	(92)
Gain on disposal of:				
- property, plant and equipment	(233)	(2,348)	(167)	-
- land held for development	-	(3,864)	-	-
- investment properties	(589)	-	-	-
- other and short term investments	(8,183)	(179,940)	(1,913)	(109,724)
- investment in a subsidiary	-	-	(1,009,191)	-
Realised gain on foreign exchange	(790)	-	-	-
Unrealised gain on foreign exchange	(2,455)	-	-	-
Waiver of debts	-	(2,262)	-	-
Write back of provision for doubtful debts for:				
- loan debtors	(3,681)	(23,812)	-	-
- other debtors	(254)	-	-	-
- subsidiary companies	-	-	(1,057)	(16,185)
Reversal of impairment of other investments	(29,454)	(11,040)	(29,285)	-

Notes To The Financial Statements

31 December 2008 (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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive directors' remuneration:				
- fees	240	1,115	240	160
- bonus	502	6,813	424	3,096
- emoluments	3,101	6,292	1,394	1,174
- benefits-in-kind	29	117	13	24
	3,872	14,337	2,071	4,454
Non-executive directors' remuneration:				
- fees	392	720	320	395
- emoluments	220	550	216	150
- benefits-in-kind	21	50	21	31
	633	1,320	557	576
Total directors' remuneration	4,455	15,490	2,594	4,975
Estimated money value of benefits-in-kind	50	167	34	55
Total directors' remuneration including benefits-in-kind	4,505	15,657	2,628	5,030

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	
	2008	2007
Executive Directors:		
RM400,001 - RM450,000	-	1
RM550,001 - RM600,000	1	-
RM1,250,001 - RM1,300,000	1	-
RM1,400,001 - RM1,450,000	1	-
RM3,000,001 - RM4,000,000	-	2
Non-executive Directors:		
RM50,001 - RM100,000	2	3
RM100,001 - RM150,000	1	-
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-

Notes To The Financial Statements

31 December 2008 (cont'd)

5. Operating profit (cont'd)

(b) Auditors' remuneration

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Auditors of the Company: - statutory audit	706	719	80	70

(c) Staff costs

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Wages and salaries	51,704	63,397	4,860	7,241
Contributions to defined contribution plan	5,962	4,475	475	332
Increase in liability for defined benefit plan	339	1,213	-	-
Termination benefits	1,650	-	-	-
Other staff related expenses	2,735	3,585	326	394
	62,390	72,670	5,661	7,967

6. Finance costs

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expenses on:				
- term loans and overdrafts	79,408	27,537	5,122	22,784
- Redeemable Convertible Unsecured Loan Stock	16,630	-	-	-
- Exchangeable Bonds	-	14,808	-	14,808
- others	470	1,327	-	-
	96,508	43,672	5,122	37,592

7. Income tax expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Income tax:				
Malaysian income tax	61,437	100,049	8,335	132,090
Foreign tax	21	-	-	-
	61,458	100,049	8,335	132,090
Overprovision in prior years:				
Malaysian income tax	(19,451)	(7,730)	(6,164)	(2,082)
	42,007	92,319	2,171	130,008

Notes To The Financial Statements

31 December 2008 (cont'd)

7. Income tax expense (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	20,993	(1,933)	-	-
Effects of abolishment of RPGT	-	1,556	-	-
Relating to changes in tax rates	(447)	(319)	-	-
Under/(over)provision in prior years	1,035	(8,773)	-	-
	21,581	(9,469)	-	-
Total income tax expense from continuing operations	63,588	82,850	2,171	130,008
Discontinued operations				
Current income tax:				
Malaysian income tax (Note 8)	2,205	28,893	-	-
Overprovision in prior years:				
Malaysian income tax	-	(1,723)	-	-
	2,205	27,170	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	-	520	-	-
Effects of abolishment of RPGT	-	(2,528)	-	-
Relating to changes in tax rates	-	(322)	-	-
Underprovision in prior years	-	250	-	-
	-	(2,080)	-	-
Total income tax expense from discontinued operations	2,205	25,090	-	-
Total income tax expense	65,793	107,940	2,171	130,008

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Income tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

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:

Notes To The Financial Statements

31 December 2008 (cont'd)

7. Income tax expense (cont'd)

	2008 RM'000	2007 RM'000
Group		
Profit/(loss) before tax from:		
Continuing operations	346,508	573,742
Discontinued operations	(81,439)	105,932
	265,069	679,674
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	68,918	183,512
Effect of different tax rate for qualified small and medium enterprises	(56)	(279)
Tax recoveries	-	(7)
Effect of income not subject to tax	(146,139)	(71,777)
Effect of expenses not deductible for tax purposes	165,493	36,984
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(15,014)	(27,620)
Effect of change in tax rate on deferred tax	(447)	(300)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	11,672	144
Deferred tax recognised at different tax rate	-	(60)
Effect of abolishment of RPGT	-	(972)
Overprovision of tax expenses in prior years	(19,451)	(9,453)
Under/(over)provision of deferred tax in prior years	1,035	(1,132)
Effects of share of results of associates	(192)	(432)
Effects of share of results of jointly controlled entities	(26)	(668)
	65,793	107,940
Company		
Profit before tax	1,082,660	757,084
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	281,492	204,413
Effect of income not subject to tax	(283,082)	(76,432)
Effect of expenses not deductible for tax purposes	9,903	4,109
Deferred tax assets not recognised	22	-
Overprovision of tax expense in prior years	(6,164)	(2,082)
Tax expense for the year	2,171	130,008

Notes To The Financial Statements

31 December 2008 (cont'd)

7. Income tax expense (cont'd)

Tax savings during the financial year arising from:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Utilisation of current year tax losses	937	157	839	157
Utilisation of previously unabsorbed capital allowance and tax losses	15,014	27,620	-	-

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

As disclosed under the significant events, as part of the Reorganisation Plan, the following subsidiaries/associates have been identified to be disposed of:

(a) Onshore liquid non-gaming subsidiaries

Magnum 4D (Selangor) Sdn. Bhd.
Magnum 4D (Penang) Sdn. Bhd.
Magnum 4D (Negeri Sembilan) Sdn. Bhd.
Magnum 4D (Melaka) Sdn. Bhd.
Magnum 4D (Johor) Sdn. Bhd.
Magnum 4D (East Coast) Sdn. Bhd.
Magnum 4D (East Malaysia) Sdn. Bhd.
Syarikat Percetakan New Light Sendirian Berhad
Evertrans (Malaysia) Sdn. Bhd.
Kini Kaya Sdn. Bhd.
Sharikat Anika Kemajuan Sdn. Bhd.

Pursuant to the Reorganisation Plan, the above subsidiaries were disposed of to Zenbell Holdings Sdn. Bhd. ("ZHSB"), a wholly-owned subsidiary of Magnum Holdings Sdn Bhd ("MH"), a subsidiary of the Company. Subsequent to the disposal of subsidiaries to ZHSB, ZHSB was disposed of to a director of MH. The sale was completed as at year end, thus the results from these subsidiaries is presented separately on the consolidated income statement as discontinued operations. The value of assets and liabilities disposed of are as disclosed in Note 14 to the financial statements.

(b) Onshore and offshore non-liquid non-gaming subsidiaries/associates

Magnum 4D (Perak) Sdn. Bhd.
Jujur Megah Sdn. Bhd.
Kelana Megah Development 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.

Notes To The Financial Statements

31 December 2008 (cont'd)

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

(b) Onshore and offshore non-liquid non-gaming subsidiaries/associates (cont'd)

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
Leisure Management (Hong Kong) Limited
LM (Guernsey) Limited
Magnum Marketing Philippines, Inc.
Magnum Property & Development Corporation

The above subsidiaries/associates were disposed of to Mont Delight Sdn. Bhd. ("MDSB"), a wholly-owned subsidiary of MH. The disposal of MDSB group is due to be completed in 2009 and as at year end, negotiations for the sale were in progress. As at 31 December 2008, the assets and liabilities of the subsidiaries have been presented on the consolidated balance sheet as a disposal group held for sale and results from these subsidiaries are presented separately on the consolidated income statement as discontinued operations.

An analysis of the results of discontinued operations and the results recognised on the remeasurement of assets of disposal group is as follows:

	Group	
	2008	2007
	RM'000	RM'000
Revenue	642	12,579
Other income	2,464	180,311
Expenses	(83,926)	(87,679)
Finance cost	(722)	(1,993)
Share of profit of associate	103	2,714
(Loss)/profit before tax of discontinued operations (Note 7)	(81,439)	105,932
Income tax expense (Note 7)	(2,205)	(25,090)
(Loss)/profit for the year from discontinued operations	(83,644)	80,842

Notes To The Financial Statements

31 December 2008 (cont'd)

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

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

	Group	
	2008 RM'000	2007 RM'000
Depreciation of property, plant and equipment	3,345	6,558
Staff cost	1,993	-
Auditors' remuneration:		
- statutory audits	512	533
- under/(over)provision in prior years	8	(2)
Director's remuneration:		
Non-executive directors' remuneration:		
- fees	50	57
- emoluments	294	314
Rental of land and buildings	58	144
Provision for impairment losses on other and short term investments	122,891	39,200
Provision for retirement benefits	-	18
Hire of plant and machinery	3	-
Unrealised loss/(gain) on foreign exchange	3,041	(3,230)
Loss on disposal of property, plant and equipment	33	-
Provision for doubtful debts:		
- loan debtors	-	105,000
- trade debtors	443	12
Provision for obsolete inventories	14	-
Bad debts written off	27	-
Property, plant and equipment written off	117	803
Income from rent of land and buildings	(1,726)	(1,843)
Dividend income on:		
- quoted shares	(1,178)	(978)
- unquoted shares	(5)	(5)
- other investments	-	-
- money market fund	(276)	(484)
Gain on disposal of:		
- property, plant and equipment	(52)	(3,900)
- land held for development	-	(71,586)
- investment properties	-	(9,962)
- other and short term investments	-	(62,556)
Interest income on short term deposits	(7,598)	(12,533)
Write back of provision for doubtful debts	(254)	-
Write back of provision for impairment losses for other and short term investments	-	(88,047)
Interest expenses on borrowings	722	1,993
The cash flow attributable to the discontinued operations are as follows:		
Operating cash flows	3,034	(56,568)
Investing cash flows	22,797	272,663
Financing cash flows	(4,075)	(23,538)
Total cash flows	21,756	192,557

Notes To The Financial Statements

31 December 2008 (cont'd)

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

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:

	Carrying amounts immediately before classification RM'000	Allocation of remeasurement RM'000	Carrying amounts as at 31 December 2008 RM'000
Assets:			
Property, plant and equipment	68,530	(30,035)	38,495
Land held for property development	20,000	(13,500)	6,500
Investment properties	125,234	(42,380)	82,854
Investments in jointly controlled entities	8,065	-	8,065
Other investments	228,042	(207,629)	20,413
Inventories	90	-	90
Trade and other receivables	98,407	(77,075)	21,332
Tax recoverable	594	-	594
Deposits, cash and bank balances	63,989	-	63,989
	<hr/>		
Assets of disposal group classified as held for sale	612,951	(370,619)	242,332
Liabilities			
Deferred tax liabilities	(565)	-	(565)
Trade and other payables	(5,610)	-	(5,610)
Tax payable	(507)	-	(507)
	<hr/>		
Liabilities directly associated with assets classified as held for sale	(6,682)	-	(6,682)

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.

	2008 RM'000	2007 RM'000 (Restated)
Profit from continuing operations attributable to ordinary equity holders of the Company	242,262	303,998
(Loss)/profit from discontinued operations attributable to ordinary equity holders of the Company	(83,644)	80,842
	<hr/>	
Profit attributable to ordinary equity holders of the Company	158,618	384,840

Notes To The Financial Statements

31 December 2008 (cont'd)

9. Earnings per share (cont'd)

(a) Basic (cont'd)

	2008 '000	2007 '000
Weighted average number of ordinary shares in issue	950,561	954,465
	2008 sen	2007 sen (Restated)
Basic earnings per share for:		
Profit from continuing operations	25.5	31.9
(Loss)/profit from discontinued operations	(8.8)	8.5
Profit for the year	16.7	40.3

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of the assumed exercise of the 191,439,563 (2007:199,280,993) warrants 2004/2009 into new ordinary shares in the Company.

	2008 RM'000	2007 RM'000 (Restated)
Profit from continuing operations attributable to ordinary equity holders of the Company	242,262	303,998
(Loss)/profit from discontinued operations attributable to ordinary equity holders of the Company	(83,644)	80,842
Profit attributable to ordinary equity holders of the Company	158,618	384,840

	2008 '000	2007 '000
Weighted average number of ordinary shares in issue	950,561	954,465
Effect of dilution:		
Warrants 2004/2009	191,440	199,281
Adjusted weighted average number of ordinary shares in issue and issuable	1,142,001	1,153,746
	2008 sen	2007 sen (Restated)
Diluted earnings per share for:		
Profit from continuing operations	21.2	26.3
(Loss)/profit from discontinued operations	(7.3)	7.0
Profit for the year	13.9	33.4

Notes To The Financial Statements

31 December 2008 (cont'd)

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 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 2008 (cont'd)

10 Property, plant and equipment (cont'd)

Group (cont'd)	Freehold	Buildings on leasehold and freehold	Plant and	Computer	Work-in-	Total
	land	land	equipment	equipment	progress	
	RM'000	RM'000	RM'000	and software RM'000	RM'000	RM'000
At 31 December 2007						
Cost						
At 1 January 2007	143,853	161,007	144,837	64,689	14,437	528,823
Currency translation differences	-	(832)	(2,143)	(482)	-	(3,457)
Additions	2,353	4,780	7,836	10,391	25,430	50,790
Disposals/write offs	(25,500)	(720)	(1,153)	(37,631)	(2,212)	(67,216)
Reclassification/transfer	1,724	16,222	2,026	32,778	(35,765)	16,985
At 31 December 2007	122,430	180,457	151,403	69,745	1,890	525,925
Accumulated depreciation and impairment losses						
At 1 January 2007	29,544	51,948	124,734	61,778	-	268,004
Currency translation differences	-	(228)	(1,641)	(293)	-	(2,162)
Depreciation charge for the year	-	4,681	8,376	6,567	-	19,624
Disposals/write offs	-	(105)	(2,713)	(35,263)	-	(38,081)
Reclassification/transfer	-	3,678	105	-	-	3,783
At 31 December 2007	29,544	59,974	128,861	32,789	-	251,168
Net carrying amount						
At 31 December 2007	92,886	120,483	22,542	36,956	1,890	274,757

Notes To The Financial Statements

31 December 2008 (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	Work-in- progress RM'000	Total RM'000
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
At 31 December 2007						
Cost						
At 1 January 2007	3,352	31,219	65,379	464	1,273	101,687
Additions	-	-	1,729	35	-	1,764
Disposals	-	-	(52)	-	-	(52)
Transfer	1,724	16,061	1,273	-	(1,273)	17,785
At 31 December 2007	5,076	47,280	68,329	499	-	121,184
Accumulated depreciation						
At 1 January 2007	-	7,184	63,789	402	-	71,375
Depreciation charge for the year	-	945	688	49	-	1,682
Disposals	-	-	(52)	-	-	(52)
Transfer	-	3,697	-	-	-	3,697
At 31 December 2007	-	11,826	64,425	451	-	76,702
Net carrying amount						
At 31 December 2007	5,076	35,454	3,904	48	-	44,482

In the previous financial year, the freehold land and building on freehold land of the Group and of the Company with carrying amount of RM40,530,000 are pledged as securities for term loan and revolving credit facilities granted to Group and the Company.

Notes To The Financial Statements

31 December 2008 (cont'd)

11. Land held for property development

	Group	
	2008 RM'000	2007 RM'000 (Restated)
Freehold land, at cost		
At 1 January	20,000	20,000
Allocation of remeasurement	(13,500)	-
Reclassified as held for sale	(6,500)	-
At 31 December	-	20,000

12. Investment properties

	Group		Company	
	2008 RM'000	2007 RM'000 (Restated)	2008 RM'000	2007 RM'000
Cost				
At 1 January	671,561	582,518	191,247	209,033
Additions from acquisition	65,884	119,597	27,296	-
Disposal of subsidiaries	(17,271)	-	-	-
Reclassified as held for sale	(82,854)	-	-	-
Allocation of remeasurement	(41,710)	-	-	-
Transfer from/(to) property, plant and equipment	5,271	(16,987)	1,651	(17,786)
Disposal	(5,226)	(12,769)	-	-
Exchange differences	963	(800)	-	-
At 31 December	596,618	671,559	220,194	191,247
Accumulated depreciation and impairment losses				
At 1 January	48,827	46,564	43,198	43,440
Depreciation charge for the year	5,406	6,073	3,454	3,455
Impairment loss	1,592	-	-	-
Disposal of subsidiaries	(1,130)	-	-	-
Transfer from/(to) property, plant and equipment	861	(3,697)	403	(3,697)
Disposal	(12)	(113)	-	-
Exchange differences	-	-	-	-
At 31 December	55,544	48,827	47,055	43,198
Net carrying amount	541,074	622,732	173,139	148,049

Notes To The Financial Statements

31 December 2008 (cont'd)

12. Investment properties (cont'd)

The following investment properties are held under lease terms:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Leasehold land	40,795	58,288	-	-
Buildings	36,880	45,637	-	-
	77,675	103,925	-	-

In the previous financial year, the investment properties of the Group and of the Company with carrying amount of RM148,049,000 were pledged as securities for revolving credit and term loan facilities granted to the Group and the Company.

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 RM974 million and RM300 million respectively.

13. Prepaid land lease payments

	Group	
	2008 RM'000	2007 RM'000
At 1 January	585	2,608
Additions	3,500	-
Amortisation for the year	(50)	(48)
Write off	-	(1,975)
Disposal of subsidiaries	(80)	-
At 31 December	3,955	585
Analysed as:		
Long term leasehold land	3,955	585

14. Subsidiary companies

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	1,249,734	683,706
Shares quoted in Malaysia, at cost	-	1,608,538
Less: Accumulated impairment losses	(279,478)	(279,478)
	970,256	2,012,766
Loans to subsidiary companies, unsecured (Note c)	1,931,224	702,410
Less: Provision for doubtful loans	(389,393)	(389,886)
	1,541,831	312,524
	2,512,087	2,325,290
Market value of quoted shares	-	2,603,596

Notes To The Financial Statements

31 December 2008 (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 2009, 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 28 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 44 to the financial statements.

Disposal of subsidiaries

The Group disposed of its entire equity interest in the subsidiaries listed in Note 8(a) to the financial statements for a total consideration of RM130,000,000 comprising cash and deferred cash settlement. The subsidiaries were reported as property and leisure and printing activities segments and part of its investment holding and trading segment previously.

The disposals had the following effects on the financial position of the Group as at the end of the year:

	2008 RM'000
Property, plant and equipment	6,505
Investment properties	16,141
Prepaid land lease payments	80
Other investments	13,425
Intangible assets	1,265
Inventories	836
Trade and other receivables	66,652
Tax recoverable	2,071
Cash and bank balances	28,037
Deferred tax liabilities	(146)
Provision for retirement benefits	(35)
Trade and other payables	(1,215)
Tax payable	(903)
Net assets disposed of	132,713
Less: Total disposal proceeds	130,000
Loss on disposal to the Group	(2,713)
Disposal proceeds settled by:	
Cash	3,000
Deferred payment	127,000
	130,000
Cash inflow arising on disposals:	
Cash consideration	3,000
Cash and cash equivalents of subsidiaries disposed of	(28,037)
Net cash outflow of the Group	(25,037)

Notes To The Financial Statements

31 December 2008 (cont'd)

15. Associated companies

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shares quoted outside Malaysia, at cost	194,863	219,082	86,603	-
Unquoted shares outside Malaysia, at cost	-	109	-	-
Share of post-acquisition reserves	11,449	12,534	-	-
Less: Accumulated impairment losses	(101,803)	(109,731)	-	-
	104,509	121,994	86,603	-
Market value of quoted shares outside Malaysia	36,809	64,525	36,809	-

- (i) The Directors are of the opinion that the accumulated impairment loss of RM101,803,000 (2007: RM109,731,000) 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:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	19,606	12,071
Non-current assets	140,825	114,234
Total assets	160,431	126,305
Current liabilities	29,508	12,704
Non-current liabilities	39,617	15,797
Total liabilities	69,125	28,501
Results		
Revenue	26,907	29,209
Profit for the year	2,257	4,377

Details of the associated companies are disclosed in Note 44 of the financial statements.

Notes To The Financial Statements

31 December 2008 (cont'd)

16. Jointly controlled entities

	Group	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	31,667	34,421
Less:		
Share of profit/(loss) of jointly controlled entities	505	(1,447)
Accumulated amortisation	(7,060)	(7,060)
Accumulated impairment losses	(17,047)	(17,047)
	8,065	8,867
Less: Reclassified as held for sale	(8,065)	-
	-	8,867

The Group's aggregate share of the revenue and expenses of the jointly controlled entities are as follows:

	Group	
	2008 RM'000	2007 RM'000
Results		
Revenue	5,384	5,712
Expenses, including finance costs and taxation	3,432	3,238

Details of the jointly controlled entities are disclosed in Note 44 of the financial statements.

17. Other investments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Shares quoted in Malaysia, at cost	124,460	181,723	123,999	119,353
Less: Accumulated impairment losses	(24,672)	(49,466)	(24,377)	(44,285)
	99,788	132,257	99,622	75,068
Malaysian Government Securities, at cost	13,153	13,103	-	-
Less: Accumulated impairment losses	-	-	-	-
	13,153	13,103	-	-

Notes To The Financial Statements

31 December 2008 (cont'd)

17. Other investments (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unit trusts quoted in Malaysia, at cost	-	1,088	-	-
	-	1,088	-	-
Investment Management Funds (a)	-	281,874	-	-
Less: Accumulated impairment losses	-	(6,660)	-	-
	-	275,214	-	-
Unquoted shares in Malaysia, at cost	1,001	69,610	-	-
Less: Accumulated impairment losses	-	(6,600)	-	-
	1,001	63,010	-	-
Unquoted shares outside Malaysia, at cost	-	80,050	-	-
Less: Accumulated impairment losses	-	(44,887)	-	-
	-	35,163	-	-
Shares quoted outside Malaysia, at cost	67,544	15,006	67,544	-
Less: Accumulated impairment losses	(53,610)	(4,560)	(53,610)	-
	13,934	10,446	13,934	-
	127,876	530,281	113,556	75,068
Market value of quoted shares				
- in Malaysia	122,412	252,626	122,245	132,341
- outside Malaysia	13,934	18,175	13,934	-
Market value of Malaysian Government Securities	13,418	13,171	-	-
Market value of unit trusts	-	1,166	-	-
	149,764	285,138	136,179	132,341

- (a) In the previous financial year, the Investment Management Funds of a subsidiary were discretionary funds with a principal sum of RM267,938,000 and were managed by external investment management companies in accordance with the terms of Investment Management Agreements.

Notes To The Financial Statements

31 December 2008 (cont'd)

17. Other investments (cont'd)

As at the year end, the funds were invested as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Quoted securities in corporations, at cost	-	247,506	-	-
Unquoted securities in corporations, at cost	-	24,406	-	-
Deposits with licensed bank	-	4,414	-	-
Deposits with discount house	-	5,257	-	-
Cash and bank balances	-	291	-	-
	-	281,874	-	-
Less: Accumulated impairment losses				
- quoted securities in corporations	-	(6,660)	-	-
	-	275,214	-	-
Market value of quoted securities in corporations	-	278,932	-	-

- (a) In the previous financial year, the Directors are of the opinion that accumulated impairment losses of RM6,660,000 for the Group was adequate to take into account the extent of any impairment in value of the investments of the Group which may have arisen.
- (b) The Directors are of the opinion that the prevailing impairment made is adequate to take into account any impairment losses of the investments which may have arisen.

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 2011. 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.

Notes To The Financial Statements

31 December 2008 (cont'd)

19. Intangible assets

Group	Goodwill RM'000	Four digit gaming rights RM'000	Total RM'000
Cost			
At 1 January 2007	600,035	30,699	630,734
Increase in shareholdings of subsidiaries	-	67,294	67,294
Increase in shareholdings of a subsidiary previously an associated company	174,771	-	174,771
At 31 December 2007 and 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	1,126,624	1,836,199	2,962,823
Accumulated amortisation and impairment			
At 1 January 2007/2008 and 31 December 2007/2008	72,360	-	72,360
Net carrying amount			
At 31 December 2007	702,446	97,993	800,439
At 31 December 2008	1,054,264	1,836,199	2,890,463

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.

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:

	2008 %
Gross margin	20.71
Growth rate	4.50
Discount rate	11.57

Notes To The Financial Statements

31 December 2008 (cont'd)

19. Intangible assets (cont'd)

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	
	2008	2007
	RM'000	RM'000
At cost:		
Finished goods	5,588	6,985
Raw materials	-	1,697
Consumables and spares	334	-
	5,922	8,682
At net realisable value:		
Finished goods	204	230
Consumables and spares	171	88
	375	318
Total	6,297	9,000

Notes To The Financial Statements

31 December 2008 (cont'd)

21. Investment in money market fund

	Group	
	2008 RM'000	2007 RM'000
Money market fund in Malaysia, at cost	-	10,878
Market value of money market fund	-	10,878

22. Receivables

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Loans and advances		181,937	1,245,593	-	-
Less: Interest-in-suspense		(143,118)	(655,800)	-	-
Provision for doubtful debts		(32,740)	(399,555)	-	-
Security deposit		(1,673)	(1,673)	-	-
		4,406	188,565	-	-
Amounts due from clients	(a)	153,884	194,672	-	-
Less: Interest and rollover fee in suspense		(3,334)	(2,350)	-	-
Provision for doubtful debts		(13,521)	(12,443)	-	-
		137,029	179,879	-	-
Amounts due from dealers/brokers		4,628	18,225	-	-
		4,628	18,225	-	-
Outstanding premium including agents/ brokers balance		55,363	43,998	-	-
Less: Provision for doubtful debts		(3,354)	(2,226)	-	-
		52,009	41,772	-	-
Amounts due from reinsurers/ceding companies and co-insurers		11,333	11,684	-	-
Less: Provision for doubtful debts		(494)	(452)	-	-
		10,839	11,232	-	-

Notes To The Financial Statements

31 December 2008 (cont'd)

22. Receivables (cont'd)

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount due from customers on contract					
Aggregate costs incurred to date		46,208	30,319	-	-
Add: Attributable profits		1,715	2,531	-	-
		47,923	32,850	-	-
Less: Progress billings		(38,187)	(28,180)	-	-
		9,736	4,670	-	-
Trade receivables		18,104	7,281	883	257
Less: Provision for doubtful debts		(190)	(677)	(190)	(109)
		17,914	6,604	693	148
Other receivables	(b)	239,675	86,089	949	2,847
Staff loans		169	251	6	3
Amounts due from subsidiary companies	(c)	-	-	27,452	9,964
Amount due from associated company		-	3,763	-	-
Less: Provision for doubtful debts					
- third parties		(10,015)	(10,416)	(36)	-
- subsidiary companies		-	-	(5,901)	-
Less: Interest-in-suspense		(7,824)	(7,278)	-	-
		222,005	72,409	22,470	12,814
		458,566	523,356	23,163	12,962

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 RM13,858,882 (2007: RM11,589,316), which are unsecured, have no fixed terms of repayment and bear interest at 11.5% (2007: 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 RM11,917,434 (2007: nil) which bears interest at rate of 8% (2007: nil) per annum.

Notes To The Financial Statements

31 December 2008 (cont'd)

23. Short term deposits and investments

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term deposits with:					
- licensed banks	(a)	456,745	448,557	3,100	5,044
- discount houses		-	2,700	-	1,000
		456,745	451,257	3,100	6,044
Short term investments:					
- quoted corporations in Malaysia:					
- shares	(b)	39,631	86,607	-	-
- warrants	(c)	-	157	-	-
- irredeemable convertible loan stocks	(d)	21,999	30,157	-	-
- Malaysian Government Securities		24,972	25,388	-	-
- unit trusts	(e)	118,932	12,960	118,932	-
- corporate bonds		99,885	101,284	-	-
		305,419	256,553	118,932	-
		762,164	707,810	122,032	6,044
Market value of securities:					
- shares in quoted corporations		39,232	96,665	-	-
- warrants		-	157	-	-
- irredeemable convertible loan stocks		34,544	42,999	-	-
- Malaysian Government Securities		25,179	25,401	-	-
- unit trusts		119,416	12,962	119,416	-
- corporate bonds		100,382	102,700	-	-

- (a) Included in deposits placed with licensed banks of the Group is an amount of RM37,414,383 (2007: RM7,087,000) which is pledged to banks as security for banking facilities granted to subsidiaries as disclosed in Note 28 to the financial statements.

		Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(b)	Shares - quoted, at cost	59,384	104,662	-	-
	Less: Accumulated impairment losses	(19,753)	(18,055)	-	-
		39,631	86,607	-	-
(c)	Warrants - quoted, at cost	-	262	-	-
	Less: Accumulated impairment losses	-	(105)	-	-
		-	157	-	-

Notes To The Financial Statements

31 December 2008 (cont'd)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(d) Irredeemable convertible loan stocks - quoted, at cost	30,157	30,157	-	-
Less: Accumulated impairment losses	(8,158)	-	-	-
	21,999	30,157	-	-
(e) Unit trusts - quoted, at cost	118,932	13,031	118,932	-
Less: Accumulated impairment losses	-	(71)	-	-
	118,932	12,960	118,932	-

(f) In the previous financial year, certain quoted shares with a carrying market value of RM1,672,589 are pledged to banks as security for banking facilities granted to a subsidiary company, as disclosed in Note 28 to the financial statements.

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

	31.12.2008			Total amount RM'000	Interest rate per annum %
	Within 1 year RM'000	1-5 years RM'000	More than 5 years 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

	31.12.2007			Total amount RM'000	Interest rate per annum %
	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000		
Malaysian Government Securities	17,874	5,021	2,493	25,388	3.59
Corporate bonds	4,112	70,245	26,927	101,284	6.09
Short term deposits	451,257	-	-	451,257	1.50 - 3.80

Notes To The Financial Statements

31 December 2008 (cont'd)

24. 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 2007	953,867	-	953,867	-
Ordinary shares issued during the year arising from conversion of warrants	719	-	719	-
At 31 December 2007 and 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	962,427	(44,584)	962,427	(50,871)

	Number of ordinary shares of RM1 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised share capital				
At 1 January/ 31 December	10,000,000	10,000,000	10,000,000	10,000,000

(a) Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM954,585,445 to RM962,426,875 by way of the issuance of 7,841,430 ordinary shares of RM1 each through the exercise of the subscription right of 7,841,430 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.

As at 31 December 2008, the number of Warrants 2004/2009 remaining unexercised was 191,439,563 (2007: 199,280,993) out of a maximum number of 200,000,000 Warrants 2004/2009 detached from the RM300 million nominal value of 5% Exchangeable Bonds 2003/2008.

Notes To The Financial Statements

31 December 2008 (cont'd)

24. Share capital (cont'd)

(c) Treasury Shares

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 special resolution passed in a general meeting held on 19 June 2008, 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 44,584,100 of its issued ordinary shares from the open market at an average price of RM1.14 per share. The total consideration paid for the repurchase was RM50,871,219, comprising consideration paid amounting to RM50,686,405 and transaction costs of RM184,814. 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 962,426,875 (2007: 954,585,445) issued and fully paid ordinary shares as at 31 December 2008, 44,584,100 (2007: nil) are held as treasury shares by the Company. As at 31 December 2008, the number of outstanding ordinary shares in issue after the set-off is therefore 917,842,775 (2007: 954,585,445) ordinary shares of RM1 each.

25. Other reserves

	Group	
	2008	2007
	RM'000	RM'000
Capital reserve (Note (a))	44,744	44,744
Foreign exchange reserve	(92)	(81)
	<hr/>	<hr/>
	44,652	44,663

- (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. This reserve was also used to write off goodwill and the recognition of negative goodwill on consolidation relating to acquisition of subsidiaries in previous years.

26. Retained profits/(accumulated losses)

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.

Notes To The Financial Statements

31 December 2008 (cont'd)

26. Retained profits/(accumulated losses) (cont'd)

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 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

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

27. 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.

28. Borrowings

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term borrowings					
Secured:					
Bank overdrafts	(a)	176	-	-	-
Revolving credits	(b)	26,000	44,000	-	44,000
Term loan	(b)	-	15,000	-	15,000
		26,176	59,000	-	59,000
Unsecured:					
Bank overdrafts	(a)	1,960	2,172	-	-
Revolving credits	(b)	-	95,000	-	95,000
		1,960	97,172	-	95,000
		28,136	156,172	-	154,000
Long term borrowings					
Secured:					
Term loan	(b)	2,095,381	102,861	-	102,861

Notes To The Financial Statements

31 December 2008 (cont'd)

28. Borrowings (cont'd)

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Total borrowings				
Bank overdrafts	2,136	2,172	-	-
Revolving credits	26,000	139,000	-	139,000
Term loans	2,095,381	117,861	-	117,861
	2,123,517	259,033	-	256,861
Maturity of borrowings:				
Within one year	28,136	156,172	-	154,000
Later than 1 year and not later than 2 years	-	102,861	-	102,861
Later than 2 years and not later than 3 years	27,381	-	-	-
Later than 3 years and not later than 4 years	187,000	-	-	-
Later than 5 years	1,881,000	-	-	-
	2,123,517	259,033	-	256,861

(a) The bank overdrafts bear interest at rates ranging from 6.75% to 7.50% (2007: 7.25%) per annum.

The secured bank overdrafts are secured by way of pledge of fixed deposits of RM5,146,000.

(b) The revolving credits bear interest of 5.83% (2007: 4.61% to 5.95%) per annum. The term loan bear interest at rates ranging from 6.12% to 6.20% (2007: 4.61% to 5.37%) per annum.

The secured revolving credits and term loan are 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 23(a)).

Notes To The Financial Statements

31 December 2008 (cont'd)

29. Redeemable convertible unsecured loan stock

On 12 June 2008, a subsidiary of the Company, Magnum Holdings Sdn. Bhd. ("MH") issued 10-year 1,414,554,219 of Redeemable Convertible Unsecured Loan Stock-C ("RCULS") at a nominal amount of RM1 each.

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 in 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 12 June 2018.

Interest expense of RCULS is calculated on the effective yield basis by applying the coupon interest rate of 6.2% per annum for an equivalent non-convertible bond.

30. Deferred tax assets/(liabilities)

	Group	
	2008 RM'000	2007 RM'000
At 1 January	(4,454)	(16,064)
Recognised in income statement (Note 7)	(21,581)	11,610
Recognised in equity	137,188	-
Disposal of subsidiaries	146	-
Reclassified as held for sale	565	-
At 31 December	111,864	(4,454)
Presented after appropriate offsetting as follows:		
Deferred tax assets (a)	136,332	13,621
Deferred tax liabilities (b)	(24,468)	(18,075)
	111,864	(4,454)

Notes To The Financial Statements

31 December 2008 (cont'd)

30. 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 reserve RM'000	Allowance for impairment in value of investments 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 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
At 1 January 2007	-	-	728	5,026	-	-	5,754
Effect of changes in tax rate	-	-	(36)	-	-	-	(36)
Recognised in income statement	33	260	2,726	5,628	-	(744)	7,903
At 31 December 2007	33	260	3,418	10,654	-	(744)	13,621

Deferred tax liabilities of the Group

	Investment property and property, plant and equipment RM'000	Receivables RM'000	Unearned premium reserve RM'000	Total RM'000
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)
At 1 January 2007	(20,926)	(889)	(3)	(21,818)
Effect of changes in tax rate	35	58	3	96
Recognised in income statement	4,045	(398)	-	3,647
At 31 December 2007	(16,846)	(1,229)	-	(18,075)

Notes To The Financial Statements

31 December 2008 (cont'd)

31. Reserves for unexpired risks

	Group	
	2008 RM'000	2007 RM'000
At 1 January	65,129	53,613
Increase during the year	7,323	11,516
At 31 December	72,452	65,129

32. Provision for retirement benefits

The Group operates defined Retirement Benefit Schemes ("the Schemes") for its eligible employees. Under the Schemes, the eligible employees are entitled to retirement benefits varying between 0.25 times to 2 times of last drawn salary multiply 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 sheet are determined as follows:

	Group	
	2008 RM'000	2007 RM'000
Present value of funded defined benefit obligations, representing net liability	1,131	2,512
Analysed as:		
Within one year	478	896
More than 1 year and less than 2 years	653	1,616
	1,131	2,512

The amounts recognised in the income statement are as follows:

	Group	
	2008 RM'000	2007 RM'000
Current service cost	335	1,086
Interest cost	4	127
Total, included in employee benefit expenses (Note 5(c))	339	1,213

Notes To The Financial Statements

31 December 2008 (cont'd)

32. Provision for retirement benefits (cont'd)

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

	Group	
	2008 RM'000	2007 RM'000
At 1 January	2,512	5,094
Recognised in income statement	339	1,213
Contributions paid	(1,685)	(3,795)
Disposal of subsidiaries	(35)	-
At 31 December	1,131	2,512
Principal actuarial assumptions used:		
	2008 %	2007 %
Discount rate	4.30	5.75
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.

33. Payables

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables and bills payable	(a)	147,106	195,667	953	631
Amount due to reinsurers/ceding companies		40,868	27,280	-	-
Amount due to agents/brokers and insureds		22,308	12,608	-	-
Advance received on contract		17,000	17,000	-	-
Other payables and accruals		145,025	153,144	12,713	15,474
Amounts due to shareholders	(b)	8,970	6,754	-	-
		381,277	412,453	13,666	16,105

(a) Included in trade payables is an amount of RM50,123,278 (2007: RM92,465,836) 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 2008 (cont'd)

34. Provisions for liabilities

	Group	
	2008 RM'000	2007 RM'000
Provision for outstanding insurance claims	348,212	200,618
Less: Recoverable from reinsurers	(219,364)	(100,384)
	128,848	100,234
The provision is analysed as follows:		
At 1 January	100,234	87,215
Net claims incurred	121,420	90,624
Gross claims paid less salvage	131,475	109,790
Less: Reinsurance recoveries	(38,669)	(32,185)
Net claims paid	(92,806)	(77,605)
At 31 December	128,848	100,234

35. Exchangeable bonds 2003/2008 (unsecured)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	260,500	300,000	260,500	300,000
Redeemed during the year	(260,500)	(39,500)	(260,500)	(39,500)
At 31 December	-	260,500	-	260,500
Maturity within one year	-	260,500	-	260,500

During the financial year, RM260,500,000 (2007: RM39,500,000) Exchangeable Bonds 2003/2008 were fully redeemed.

36. Operating lease arrangements

	Group	
	2008 RM'000	2007 RM'000
Non-cancellable operating lease commitments		
- Group as lessee		
Future minimum rentals payable:		
Not later than 1 year	809	1,479
Later than 1 year and not later than 5 years	304	844
	1,113	2,323

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 2008 (cont'd)

37. Capital commitments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Approved and contracted for:				
Land held for development	5,589	11,178	-	-
Investment properties	1,756	1,756	-	-
	7,345	12,934	-	-
Approved but not contracted for:				
Property, plant and equipment	3,538	-	-	-

38. Contingent liabilities

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Guarantees to financial institutions in respect of bank borrowings granted to subsidiary companies				
- secured	(a) -	-	67,050	171,050
Litigation claim for alleged wrongful suspension of a remisier	-	5,823	-	-
Litigation claim for alleged mismanagement of the client's accounts	(b) 960	960	-	-
	960	6,783	67,050	171,050

(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.

38. Contingent liabilities (cont'd)

(d) Kota Kinabalu High Court Suit No. S(22)-61 of 1995

This is a suit which the Sandakan Turf Club ("STC") brought against the Company's subsidiary company, Sababumi (Sandakan) Sdn. Bhd. ("Sababumi"), for a breach of the provisions of an Agreement between the parties dated 26 November 1987 under which STC, amongst other things, granted to Sababumi the exclusive rights to conduct horse racing at STC's race course in the State of Sabah for a period of 20 years and for the possession of the race course. Sababumi delivered up vacant possession of the race course to STC on a without prejudice basis prior to the final outcome in May 1998 of Kota Kinabalu High Court Originating Summons No. K24-26 of 1995.

The amount claimed by STC amounted to RM13,000,000 and the matter was heard before the High Court of Sandakan in October 2000. On 10 July 2003, the High Court had delivered the decision that the said subsidiary is only liable to pay the sum of RM238,271 and interest at 8% per annum for the special damages claimed. The claim for general damages has been dismissed. However, STC filed Notice of Appeal to the Court of Appeal against the decision by the High Court in respect of its claim for general damages. The appeal was heard on 13 April 2009 and 14 April 2009. However, the Court of Appeal reserved their judgement and decision to a date yet to be fixed.

(e) Summons No. SC 52-43 of 1996 & Suit No. SC 22-37 of 1999

Summons No. SC 52-43 of 1996 was brought by the Sandakan Municipal Council ("the Council") against the Company's subsidiary company, Sababumi (Sandakan) Sdn. Bhd. ("Sababumi"), for a sum of RM165,000 being the total monthly instalments due for the months of May 1995 to March 1996 for the Sandakan Turf Club's ("STC") race course land under an Agreement between the Council, STC and Sababumi dated 26 July 1988. In 1999, Suit No. S-22-37 of 1999 was brought against Sababumi to extend the claim for monthly instalments from April 1996 onwards. The suits were consolidated with the Kota Kinabalu High Court Suit referred to in Note (d) above.

The trial of this suit was held on 2nd and 3rd October 2000 at the conclusion of which the High Court ordered the parties to file their respective written submissions. The respective submissions were filed in March 2001. On 10 July 2003, the High Court had delivered the decision that the said subsidiary was liable to pay the Council the sum of RM165,000 and interest. The council's claim for the monthly instalment from April 1996 onwards was dismissed. Instead STC is held liable to pay the Council from May 1996 onwards.

STC has filed Notice of Appeal to the Court of Appeal against the decision by the High Court in respect of its liability for monthly instalment from May 1996 onwards. As at the date of this report, the hearing date has yet to be fixed.

(f) Kuala Lumpur High Court Originating Petition No. D5-26-39-2004

On 14 May 2004, a petition was presented pursuant to Section 181 of the Companies Act 1965 ("Petition"). The Petition was served on subsidiaries of the Company, Magnum Corporation Sdn. Bhd. ("MCSB"), Magnum 4D Berhad ("M4DB"), Magnum 4D (Perak) Sdn. Bhd. ("M4D Perak") and Longterm Profit Sdn. Bhd. ("LPSB") by Kejuataan Holdings Sdn. Bhd. ("Petitioner"). In the Petition, MCSB, M4DB, M4D Perak, LPSB and the Directors of M4D Perak were cited as the Respondents. In December 2004, the Petition was amended to include a director of the MCSB, M4DB and LPSB as an additional Respondent.

The Petitioner has alleged that its interests in M4D Perak were oppressed by the Respondents and has sought for, inter alia, an order that MCSB, M4DB and LPSB to jointly and severally acquire its shares in M4D Perak based on the valuation of a Court-appointed valuer.

Notes To The Financial Statements

31 December 2008 (cont'd)

38. Contingent liabilities (cont'd)

(f) Kuala Lumpur High Court Originating Petition No. D5-26-39-2004 (cont'd)

On 10 March 2008, the High Court had dismissed the Petition against all the Respondents with costs. However, the Petitioner had on 17 March 2008 filed a Notice of Appeal in the Court of Appeal against the judgement of the High Court on 10 March 2008. On 4 March 2009, the Court of Appeal heard part submissions by counsel for the Petitioner and adjourned the Appeal for continued hearing on 22 April 2009, 23 April 2009 and 24 April 2009. The Registry of Court of Appeal had on 17 April 2009 notified that the Appeal for continued hearing has been postponed to 25 May 2009, 26 May 2009 and 27 May 2009.

The solicitors for MCSB have advised that MCSB has a fair defence against the claim by the Petitioner. The solicitors for M4DB and LPSB have advised that the claim by the Petitioner is not sustainable and/or without merit and would be vigorously contested.

39. Significant related party transactions

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Subsidiary companies:				
Brokerage payable	-	-	212	748
Dividend income	-	-	-	661,225
Interest receivable on loans	-	-	25,541	3,763
Office rental income	-	-	3,074	3,016
Management fees receivable	-	-	5,162	8,279
Gross insurance premium payable	-	-	71	300
Affiliated companies:				
Gross insurance premium receivable	581	891	-	-
Insurance commission payable	78	129	-	-
Office rental income	215	211	200	196
Office rental payable	572	528	-	-
Professional fees payable	961	942	822	840

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

(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.

Notes To The Financial Statements

31 December 2008 (cont'd)

40. Significant events

(a) Share buy-back

At the Annual General Meeting held on 19 June 2008, the shareholders of the Company renewed their approval granted at the Annual General Meeting held on 27 June 2007, 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/ or 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 2008, the share premium of the Company amounted to RM803,210,688.

During the financial year, the Company bought back 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. None of the treasury shares were resold or cancelled during the financial year.

(b) 5-year 5% exchangeable bonds (2003/2008) of the Company ("Exchangeable Bonds")

During the financial year, the outstanding RM260,500,000 Exchangeable Bonds of the Company were fully redeemed by way of exchange for ordinary shares of RM0.50 each in Magnum Corporation Berhad at an exchange price of RM3.02.

The redemption gave rise to a gain of RM84,610,760 to the Company.

(c) Incorporation of a Offshore Subsidiary

On 12 March 2008, the Company incorporated a wholly-owned offshore subsidiary known as Multi-Purpose International Limited ("MPIL") under the Offshore Companies Act, 1990 in Labuan. The issued and paid-up capital of MPIL is USD1 divided into 1 ordinary share of USD1 each.

- (d) - **Privatisation of Magnum Corporation Berhad ("MCB") ("the Privatisation")**
- **Transfer of the Company's entire equity interest in MCB to Magnum Holdings Sdn Bhd ("MH"), a joint venture established by the Company and Asia 4D Holdings Limited after the completion of the Privatisation ("the Transfer")**

The Privatisation via selective capital repayment under Section 64 of the Companies Act, 1965 was completed on 17 June 2008. Immediately upon the completion of the Privatisation, the Company had also completed the Transfer with the sale of 1,000 MCB shares by the Company to MH, representing the entire issued and paid-up share capital of MCB, where the consideration for the Transfer was satisfied by MH as follows:

- (i) Issuance of 50,999,490 new MH ordinary shares to the Company, credited as fully paid-up, where the Company holds an aggregate of 51,000,000 new MH Shares, representing 51% of the issued ordinary share capital of MH;
- (ii) RM875,000,000 in value of Redeemable Unsecured Loan Stock-A ("RULS-A") to the Company;
- (iii) RM300,000,000 in value of Redeemable Convertible Unsecured Loan Stock-B ("RCULS-B") to the Company's wholly-owned subsidiary, Multi-Purpose International Limited;
- (iv) RM739,896,548 in value of Redeemable Convertible Unsecured Loan Stock-C ("RCULS") to the Company's wholly-owned subsidiary, Multi-Purpose International Limited; and
- (v) the cash payment of RM501,754,647 to the Company.

Notes To The Financial Statements

31 December 2008 (cont'd)

40. Significant events (cont'd)

- (e) - **Redemption of RULS-A issued by MH via the acquisition of selected non-gaming assets of Magnum Corporation Sdn Bhd (“Magnum”) and its subsidiaries (“Magnum Group”) (“the Redemption of RULS-A”)**
- **Reorganisation and transfer of the remaining non-gaming assets and businesses of Magnum to Mont Delight Sdn Bhd (“Mont Delight”) and Zenbell Holdings Sdn Bhd (“Zenbell”), both being wholly-owned special purpose vehicles of MH (“the Reorganisation of MH Group”)**
- **Disposal by MH of its entire equity interest in Zenbell to Mr. Lawrence Lim Swee Lin (“Lawrence Lim”), a Director of MH and Magnum (“the Divestment”)**

The Company had on 16 December 2008 announced that the Company had on the same date entered into two (2) redemption agreements with MH for the redemption-in-kind of the RULS-A via the acquisition of the following non-gaming assets for an aggregate consideration of RM550,000,000 (after taking into consideration of the assumption by the Company of inter-company receivables due from selected non-gaming assets amounting to RM244,201,371):

- (i) 100% equity interest in Magnum.Com Sdn. Bhd.;
- (ii) 94.51% equity interest in Mimaland Berhad;
- (iii) 100% equity interest in Syarikat Perniagaan Selangor Sdn. Bhd.;
- (iv) 100% equity interest in Tibanis Sdn. Bhd.;
- (v) 100% equity interest in Magnum Leisure Sdn. Bhd.;
- (vi) 100% equity interest in Jayavest Sdn. Bhd.;
- (vii) 70% equity interest in Leisure Dotcom Sdn. Bhd.;
- (viii) 33.93% equity interest in Philippine Racing Club, Inc.; and
- (ix) a 10-storey office building known as Magnum Plaza located at 128 Jalan Pudu, 55100 Kuala Lumpur (Lot 474, Seksyen 19, Geran 5826).

The Company also announced on 16 December 2008 that the Board of Directors of MH intends to reorganise and transfer the remaining non-gaming assets of the Magnum Group to MH's special purpose vehicles, for onward disposal. As such, on the same date, among others, the following agreements to facilitate the Reorganisation of MH Group and the Divestment were entered into:

- (i) a series of three business reorganisation agreements involving MH, Zenbell, Magnum 4D Berhad, Jayavest Sdn Bhd and Magnum;
- (ii) another series of four business reorganisation agreements involving MH, Mont Delight, Magnum 4D Berhad, Choicevest Sdn Bhd and Magnum; and
- (iii) a sale and purchase agreement (“SPA”) entered into by MH with Mr Lawrence Lim to dispose of the entire equity interest of Zenbell to Mr. Lawrence Lim for a cash consideration of RM3,000,000 and undertaking by Mr Lawrence Lim to procure the repayment of advances owing by Zenbell to MH amounting to RM127,000,000 within 6 months from the completion of the SPA. The RM127,000,000 is secured by a debenture issued by Zenbell charging all of its assets.

40. Significant events (cont'd)

(e) (cont'd)

Arising from the completion of the Divestment, the following companies had ceased to be subsidiaries of the Group:

- Magnum 4D (Selangor) Sdn Bhd
- Magnum 4D (Penang) Sdn Bhd
- Magnum 4D (Negeri Sembilan) Sdn Bhd
- Magnum 4D (Melaka) Sdn Bhd
- Magnum 4D (Johor) Sdn Bhd
- Magnum 4D (East Coast) Sdn Bhd
- Magnum 4D (East Malaysia) Sdn Bhd
- Syarikat Percetakan New Light Sdn Bhd
- Evertrans (Malaysia) Sdn Bhd
- Sharikat Anika Kemajuan Sdn Bhd

41. Subsequent events

Proposed Joint Venture Between Multi-Purpose Capital Holdings Berhad ("MPCH"), A 82.27%-Owned Subsidiary Of The Company And Tune Money Sdn Bhd ("TMSB") ("Proposed Joint Venture")

Pursuant to the Term Sheet dated 19 February 2009 entered into between MPCH and TMSB, both parties agreed to enter into a joint venture arrangement to tap the insurance businesses emanating from TMSB Group of companies.

The Term Sheet sets forth the understanding of both MPCH and TMSB to undertake the Proposed Joint Venture, the terms and conditions of which shall be set out in separate definitive agreements to be executed between the parties subsequently.

The Proposed Joint Venture would be undertaken through a joint venture captive company to be incorporated in Labuan ("Captive Company"). The initial proposed capital outlay shall be RM500,000 and the equity sharing ratio under the Proposed Joint Venture is TMSB 80% and MPCH 20%. MPCH will finance its 20% equity stake amounting to RM100,000 in the Proposed Joint Venture from internally generated funds.

42. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Group 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 investment 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.

Notes To The Financial Statements

31 December 2008 (cont'd)

42. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

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. The Group does not hedge interest rate risks.

(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	United States Dollars RM'000	Philippines Peso RM'000	Renminbi RM'000
At 31 December 2008			
Cash, deposits and bank balances	3,304	6,164	3,710
Receivables	-	26	146
Payables	-	49	8
At 31 December 2007			
Cash, deposits and bank balances	1,156	6,511	2,594
Receivables	-	40	134
Payables	-	54	11

(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.

Notes To The Financial Statements

31 December 2008 (cont'd)

42. Financial instruments (cont'd)

(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.

(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 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	22	-	-	21,551	#
Short term investments:	23				
- 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 2008 (cont'd)

42. Financial instruments (cont'd)

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets (cont'd)					
At 31 December 2007:					
Loans to subsidiary companies	14	-	-	312,524	#
Other investments:	17				
- quoted in Malaysia		132,257	252,626	75,068	132,341
- unquoted in Malaysia		63,010	*	-	-
- quoted outside Malaysia		10,446	18,175	-	-
- unquoted outside Malaysia		35,163	*	-	-
- quoted unit trust		1,088	1,166	-	-
- Malaysian Government Securities		13,103	13,171	-	-
- Investment Management Funds					
quoted securities in corporations		247,506	278,932	-	-
Amounts due from subsidiary companies	22	-	-	9,964	#
Short term investments:	23				
- Shares and warrants quoted in Malaysia		86,764	96,822	-	-
- Malaysian Government Securities		25,388	25,401	-	-
- Corporate bonds		101,284	102,700	-	-
- Unit trusts		12,960	12,962	-	-
- Irredeemable convertible loan stock		30,157	42,999	-	-
Financial liabilities					
At 31 December 2008:					
Amounts due to subsidiary companies	27	-	-	509,393	#
At 31 December 2007:					
Amounts due to subsidiary companies	27	-	-	490,369	#

* It is not practicable to estimate the fair value of the Group's and of the Company's non-current unquoted investments 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 and associated 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:

Notes To The Financial Statements

31 December 2008 (cont'd)

42. Financial instruments (cont'd)

(f) Fair values (cont'd)

	Group		Company	
	Notional Amount RM'000	Fair Value RM'000	Notional Amount RM'000	Fair Value RM'000
Financial liabilities (cont'd)				
At 31 December 2008:				
Contingent liabilities	960	^	67,050	^
At 31 December 2007:				
Contingent liabilities	6,783	^	171,050	^

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

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, 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, MCSB has entered into a Stapled Subscription Agreement with the Company, 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.

Notes To The Financial Statements

31 December 2008 (cont'd)

42. Financial instruments (cont'd)

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

Pursuant to the agreement, the Company 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 the Company. 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 the Company at option price of RM1 per stapled ordinary share.

- (i) relating to all of the stapled ordinary shares upon the completion of the initial subscriber's subscription for the stapled ordinary shares; or
- (ii) relating to all of the stapled ordinary shares held by the beneficial shareholders, when the beneficial shareholders becomes 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.

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; and
- (ii) relating to all of the stapled ordinary shares held by the beneficial shareholders, after the occurrence of enforcement event.

43. 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 and information technology

Other business segments include investment holding, design and construction of railway, 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 and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes To The Financial Statements

31 December 2008 (cont'd)

43. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations						Total operations	Total operations	
	Gaming and information technology RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property and investment and leisure RM'000	Others RM'000	Elimination RM'000			Discontinued operations RM'000
2008									
Revenue									
External	2,872,446	169,078	32,612	34,017	29,091	-	3,137,244	642	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	642	3,137,886
Results									
Segment results	374,281	(19,151)	226	12,540	123,799	(49,416)	442,279	(80,820)	361,459
Finance costs							(96,508)	(722)	(97,230)
Share of profit of associates and jointly controlled entities							737	103	840
Profit/(loss) before tax							346,508	(81,439)	265,069
Income tax expense							(63,588)	(2,205)	(65,793)
Profit/(loss) for the year							282,920	(83,644)	199,276

Notes To The Financial Statements

31 December 2008 (cont'd)

43. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations						Total operations RM'000
	Gaming and information technology RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property and investment and leisure RM'000	Others RM'000	Elimination 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
Investment in associates							104,509
Unallocated corporate assets							208,460
Total assets							5,403,507
Segment liabilities	2,265,399	286,810	62,499	83,205	2,166,742	(3,756,340)	1,108,315
Unallocated corporate liabilities							2,148,300
Total liabilities							3,256,615
Other information							
Capital expenditure	15,051	68,441	1,754	36	793	-	86,075
Depreciation	8,654	1,169	2,052	7,550	1,862	-	21,287
Amortisation	143	-	-	44	-	-	187
Impairment losses	-	11,004	2,021	-	63,516	(529)	76,012
Reversal of impairment losses	-	(93)	-	-	(29,361)	-	(29,454)
Non-cash expenses other than depreciation, amortisation and impairment losses	4,342	14,420	3,050	-	6,583	(6,465)	21,930
							242,332
							-
							-
							242,332
							5,332,870
							104,509
							208,460
							5,403,507
							1,108,315
							2,148,300
							3,256,615
							6,682
							6,682
							3,263,297
							-
							86,075
							24,588
							2
							189
							122,891
							198,903
							(29,454)
							3,263
							25,193

Notes To The Financial Statements

31 December 2008 (cont'd)

43. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations						Total operations RM'000	Discontinued operations RM'000	Total operations RM'000
	Gaming and information technology RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property and investment and leisure RM'000	Others RM'000	Elimination RM'000			
2007									
Revenue									
External	2,927,419	143,682	62,902	29,308	30,156	-	12,579	3,206,046	
Inter-segment	-	-	-	2,996	675,209	(678,205)	-	-	
Total revenue	2,927,419	143,682	62,902	32,304	705,365	(678,205)	12,579	3,206,046	
Results									
Segment results	420,350	62,092	38,461	11,198	1,072,579	(988,625)	105,211	721,266	
Finance costs							(1,993)	(45,665)	
Share of profit of associates and jointly controlled entities	1,359	-	-	-	-	-	2,714	4,073	
Profit before tax									
Income tax expense							105,932	679,674	
							(25,090)	(107,940)	
Profit for the year							80,842	571,734	

Notes To The Financial Statements

31 December 2008 (cont'd)

43. Segment information (cont'd)

(a) Business segment (cont'd)

	Continuing operations						Total operations RM'000	Discontinued operations RM'000	Total operations RM'000
	Gaming and information technology RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property and investment and leisure RM'000	Others RM'000	Elimination RM'000			
2007 (cont'd)									
Assets and liabilities									
Segment assets	2,234,663	455,738	486,336	194,001	2,665,895	(2,441,660)	-	3,594,973	
Investment in associates							-	121,994	
Investment in jointly controlled entities							-	8,867	
Unallocated corporate assets							-	40,653	
Total assets								3,766,487	
Segment liabilities	271,872	214,957	117,386	8,296	194,311	(222,055)	-	584,767	
Unallocated corporate liabilities							-	544,515	
Total liabilities								1,129,282	
Other information									
Capital expenditure	45,807	1,835	1,159	-	1,989	-	-	50,790	
Depreciation	6,893	1,134	2,051	7,354	1,707	-	6,558	25,697	
Amortisation	421	-	-	-	-	-	-	421	
Impairment losses	-	1,038	3,474	-	-	-	39,200	43,712	
Reversal of impairment losses	-	(671)	-	-	(19,311)	1,759	(86,098)	(104,321)	
Non-cash expenses other than depreciation, amortisation and impairment losses	7,566	746	1,585	1,668	32,229	(33)	102,585	146,346	

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31 December 2008 (cont'd)

43. Segment information (cont'd)

(b) Geographical segments

The Group operates mainly in Malaysia. The other geographical areas are Hong Kong, People's Republic of China, Philippines, British Virgin Islands, Channel Islands and Indonesia. In determining the geographical segments of the Group, revenue is classified based on the location where the sales is generated. Total assets and capital expenditure are based on the geographical location of the assets.

	Revenue by geographical segments					
	Continuing operations		Discontinuing operations		Total	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia	3,137,244	3,193,467	547	11,855	3,137,791	3,205,322
Hong Kong	-	-	95	724	95	724
Total	3,137,244	3,193,467	642	12,579	3,137,886	3,206,046

	Total assets		Capital expenditure	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Malaysia	5,492,997	3,401,118	86,075	47,726
Hong Kong	12,420	12,068	-	32
People's Republic of China	18,797	42,556	-	-
Philippines	16,036	131,876	-	-
British Virgin Islands	4,094	3,558	-	-
Channel Islands	91,165	133,481	-	-
Indonesia	1,873	3,257	-	-
Others	8,457	38,573	-	-
Total	5,645,839	3,766,487	86,075	47,758

44. 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
		2008	2007	
Direct subsidiary companies of the Company				
Multi-Purpose Capital Holdings Berhad	Malaysia	82.27	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

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31 December 2008 (cont'd)

44. 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
		2008	2007	
Direct subsidiary companies of the Company (cont'd)				
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
Magnum Holdings Sdn. Bhd.	Malaysia	51.00	51.00	Investment holding
Caribbean Gateway Sdn. Bhd.	Malaysia	100.00	-	Dormant
Multi-Purpose International Ltd.	Malaysia	100.00	-	Investment holding
Jayavest Sdn. Bhd.	Malaysia	100.00	55.03	Investment holding
Leisure Dotcom Sdn. Bhd.	Malaysia	70.00	38.22	Property investment
Magnum.Com Sdn. Bhd.	Malaysia	100.00	55.54	Property investment
Magnum Leisure Sdn. Bhd.	Malaysia	100.00	54.57	Operation of a hotel
Mimaland Bhd.	Malaysia	94.51	52.01	Dormant
Syarikat Perniagaan Selangor Sdn. Bhd.	Malaysia	100.00	55.03	Property investment & management and operation of hotel
Tibanis Sdn. Bhd.	Malaysia	100.00	55.03	Property investment
Subsidiary companies of Multi-Purpose Capital Holdings Berhad				
Multi-Purpose Insurans Bhd.	Malaysia	82.27	82.27	General insurance
Multi-Purpose Credit Holdings Sdn. Bhd.	Malaysia	82.27	82.27	Investment holding
Subsidiary companies of Multi-Purpose Credit Holdings Sdn. Bhd.				
Multi-Purpose Credit Sdn. Bhd.	Malaysia	82.27	82.27	Leasing, hire purchase and general loan financing
MP Factors Sdn. Bhd.	Malaysia	82.27	82.27	Business of factoring and property investment
Multi-Purpose Venture Partners Sdn. Bhd.	Malaysia	82.27	82.27	Dormant
Multi-Purpose Credit Nominees (Tempatan) Sdn. Bhd.	Malaysia	82.27	82.27	Nominee services

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31 December 2008 (cont'd)

44. 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
		2008	2007	
Subsidiary company of Multi-Purpose Insurans Bhd.				
MPIB Nominees (Tempatan) Sdn. Bhd.	Malaysia	82.27	82.27	Dormant
Subsidiary companies of Multi-Purpose Shipping Corporation Berhad				
Mulpha Kluang Maritime Carriers Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Multi-Purpose Development (PG) Sdn. Bhd.	Malaysia	100.00	100.00	Property development
MPHB Shipping Pte.Ltd.*	Singapore	100.00	100.00	Dormant
Subsidiary companies of Dynamic Pearl Sdn. Bhd.				
A.A. Anthony Securities Sdn. Bhd.	Malaysia	95.70	95.70	Securities broking and dealing Sales of financial products and services
MP Solutions Sdn. Bhd.	Malaysia	100.00	100.00	
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

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31 December 2008 (cont'd)

44. 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
		2008	2007	
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	55.03	Hotel management
Subsidiary companies of Magnum Holdings Sdn. Bhd.				
Magnum Corporation Sdn. Bhd. <i>(formerly known as Magnum Corporation Berhad)</i>	Malaysia	51.00	55.54	Investment holding, operation of four digit numbers forecast betting game and management services
Mont Delight Sdn. Bhd. ⁺²	Malaysia	51.00	-	Investment holding
Magnum 4D Berhad #1	Malaysia	50.70	54.61	Investment holding and management services
Magnum 4D (East Coast) Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Magnum 4D (East Malaysia) Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Magnum 4D (Johor) Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Magnum 4D (Melaka) Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Magnum 4D (Negeri Sembilan) Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Magnum 4D (Penang) Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Magnum 4D (Selangor) Sdn. Bhd. ⁺¹	Malaysia	-	54.21	Investment holding
Magnum 4D (Perak) Sdn. Bhd. ⁺²	Malaysia	44.23	48.17	Investment holding
ENE (Selangor) Sdn. Bhd.	Malaysia	46.79	50.40	Forecast betting
ENE (Perak) Sdn. Bhd.	Malaysia	49.08	52.86	Forecast betting
ENE (Penang) Sdn. Bhd.	Malaysia	48.88	52.66	Forecast betting
ENE (Negeri Sembilan) Sdn. Bhd.	Malaysia	46.23	49.80	Forecast betting
ENE (Melaka) Sdn. Bhd.	Malaysia	45.66	49.18	Forecast betting
M4D (Johor) Sdn. Bhd.	Malaysia	43.15	46.48	Forecast betting

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31 December 2008 (cont'd)

44. 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
		2008	2007	
Subsidiary companies of Magnum Holdings Sdn. Bhd. (cont'd)				
ENE (East Coast) Sdn. Bhd.	Malaysia	45.52	49.04	Forecast betting
ENE (East Malaysia) Sdn. Bhd.	Malaysia	50.54	54.44	Forecast betting
Magnum Enterprise Sdn. Bhd. ⁺²	Malaysia	51.00	55.54	Investment holding
Sharikat Anika Kemajuan Sdn. Bhd. ⁺¹	Malaysia	-	55.54	Investment holding
Evertrans (Malaysia) Sdn. Bhd. ⁺¹	Malaysia	-	55.36	Investment holding
Syarikat Percetakan New Light Sendirian Berhad ⁺¹	Malaysia	-	55.54	Printing activities
Longterm Profit Sdn. Bhd.	Malaysia	50.70	54.61	Investment holding and four digit agency management
Magnum Information Technology Sdn. Bhd.	Malaysia	50.82	54.98	Providing information technology services
Jujur Megah Sdn. Bhd. ⁺²	Malaysia	50.99	55.53	Investment holding
Kelana Megah Development Sdn. Bhd. ⁺²	Malaysia	51.00	55.54	Plantation and property holding
Sababumi (Sandakan) Sdn. Bhd. ⁺²	Malaysia	36.12	39.25	Dormant
Choicevest Sdn. Bhd.	Malaysia	50.70	54.61	Investment holding
Kini Kaya Sdn. Bhd. ⁺¹	Malaysia	-	52.91	Dormant
Vijuara Sdn. Bhd. ⁺²	Malaysia	51.00	55.54	Golf resort operations
Lubuk Jaya Sdn. Bhd. ⁺²	Malaysia	51.00	55.54	Property investment and development
Natmatic Sdn. Bhd.	Malaysia	51.00	55.54	Dormant
Secure Tangent Sdn. Bhd.	Malaysia	50.82	54.98	Providing information technology security consulting services
West Country Sdn. Bhd. ⁺²	Malaysia	50.11	54.57	Property development
Quantumco Enterprise Sdn. Bhd. ⁺²	Malaysia	50.54	55.03	Property investment and investment holding
Hastania Sdn. Bhd. ⁺²	Malaysia	50.54	55.03	Property investment
Manjung Kirana Sdn. Bhd.	Malaysia	51.00	55.54	Investment holding
Tiara Vegas Sdn. Bhd.	Malaysia	51.00	55.54	Dormant
Magnum Investment Limited ^{**,+2}	Hong Kong	51.00	55.54	Investment holding and trading operations
Magnum Leisure Limited ^{**,+2}	Hong Kong	51.00	55.54	Dormant
Magnum Management Limited ^{**}	Hong Kong	51.00	55.54	Dormant
Magnum Capital Limited ^{**,+2}	Hong Kong	51.00	55.54	Dormant
Leisure Management (Hong Kong) Limited ^{**,+2}	Hong Kong	50.15	54.61	Investment holding and trading operations
Magnum (Guernsey) Limited ^{**,+2}	Channel Islands	51.00	55.54	Investment holding
LM (Guernsey) Limited ^{**,+2}	Channel Islands	50.15	54.61	Investment holding

Notes To The Financial Statements

31 December 2008 (cont'd)

44. 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
		2008	2007	
Subsidiary companies of Magnum Holdings Sdn. Bhd. (cont'd)				
P.T. Magnum Investment Indonesia ^{**+2}	Indonesia	50.99	55.53	Business consultancy, and business management
Lismore Properties Limited ^{**,+2}	British Virgin Islands	51.00	55.54	Property investment
Ongreat Properties Limited ^{**,+2}	British Virgin Islands	51.00	55.54	Property investment
Continuous Gain Limited ^{**,+2}	British Virgin Islands	51.00	55.54	Property investment
Ample Profits Limited ^{**,+2}	British Virgin Islands	51.00	55.54	Ship chartering
Wolston Limited ^{**,+2}	British Virgin Islands	51.00	55.54	Property investment
Magnum Marketing Philippines, Inc. ⁺²	Philippines	20.40	22.22	Dormant
Magnum Property & Development Corporation ⁺²	Philippines	20.40	22.22	Dormant
Philippines Racing Club, Inc. ^{**,#2}	Philippines	37.01	21.88	Operation of a horse racing club and off-track betting
Casinos Mongolia HH ^{**,+2}	Mongolia	19.26	21.84	Ceased operations

Jointly controlled entities

Name of jointly company entity	Country of incorporation	Group's effective interest held (%)		Principal activities
		2008	2007	
Shenyang Renhe Property Developing Ltd. @	People's Republic of China	20.40	22.22	Property investment and development of a commercial complex
Nantian Hydro Electric Station Co. Ltd. @	People's Republic of China	20.40	22.22	Development and operation of hydropower station

* Audited by affiliates of Ernst & Young.

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

⁺¹ Disposed of during the current financial year

⁺² Classified as discontinued operations during the current financial year

#1 Removed from the Official List of Bursa Securities on 26 March 2007 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.