

Financial Statements

Contents

44	Directors' Report
51	Directors' Remuneration Report
55	Independent Auditors' Report
57	Group Income Statement
58	Group Balance Sheet
59	Company Balance Sheet
60	Group Statement of Changes in Equity
62	Company Statement of Changes in Equity
63	Group Cash Flow Statement
64	Company Cash Flow Statement
65	Significant Accounting Policies
79	Financial Risk Management
86	Notes to the Financial Statements

Directors' Report

The Directors are pleased to present herewith their Report together with the audited financial statements of the Company and of the Group for the year ended 31 January 2009.

PRINCIPAL ACTIVITIES

Tanjong public limited company ("Tanjong" or "the Company") is the investment holding company of a group of subsidiaries involved in Power Generation, Gaming, Leisure and Property Investment.

The principal subsidiaries and their locations are detailed in Note 31 to the financial statements.

REVIEW OF RESULTS

In summary, the financial results achieved by the Group for the year under review are as follows:

	2009	2008
	RM'000	RM'000
Profit before taxation	748,836	773,478
Taxation	(200,260)	(195,258)
Profit after taxation	548,576	578,220
Attributable to:		
Tanjong's Shareholders	463,769	554,459
Minority Interests	84,807	23,761
	548,576	578,220

BUSINESS REVIEW

The Board of Directors are required under Section 417 of the United Kingdom Companies Act 2006 ("UKCA 2006") to present a fair review of the business of the Group during the financial year ended 31 January 2009, the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group. The information that fulfills the requirements of Section 417 can be found in the following sections of the Annual Report:

- Business Review
- Corporate Governance Statement
- Corporate Responsibility Statement

which are incorporated in this review by reference.

Directors' Report (continued)

PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment during the year are shown in Note 9 to the financial statements.

DIVIDENDS

Dividends paid and proposed for the year are disclosed in Note 7 to the financial statements.

DIRECTORS

The Directors who held office during the period and up to the date of the Report are:

Dato' Robert Cheim Dau Meng	<i>Chairman/Independent Non-Executive Director</i>
Leong Wai Hoong	<i>Independent Non-Executive Director</i>
Dato' Larry Gan Nyap Liou @ Gan Nyap Liow *	<i>Independent Non-Executive Director</i>
Khoo Teik Chooi	<i>Non-Executive Director</i>
Augustus Ralph Marshall	<i>Executive Director</i>

**His name will be stated as Dato' Larry Gan in the rest of this Report and the financial statements.*

In accordance with Articles 74 and 75 of the Articles of Association, Khoo Teik Chooi retires by rotation. Being eligible, he has offered himself for re-election at the forthcoming Annual General Meeting ("AGM").

Augustus Ralph Marshall retires at the forthcoming AGM pursuant to Article 75 of the Articles of Association of the Company. Being eligible, he has offered himself for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS

Interests in shares

The interests of the Directors in the shares of the Company are disclosed in the Directors' Remuneration Report.

Other interests

There were no contracts subsisting during, or at the end of the year in which any Director is, or was, materially interested which are, or were, significant in relation to the business of the Group except as disclosed in the Directors' Remuneration Report.

The Company purchases and maintains third party indemnity and liability insurance for its Directors and Officers against any financial consequence of actions which may be brought against them by third parties for their acts or omissions in the course of the performance of their duties as Directors or Officers of the Company.

Directors' Report (continued)

MAJOR INTERESTS IN SHARES

The Directors are aware of the following persons (other than the Directors) who, as at 6 May 2009, are directly or indirectly interested in 3 per cent or more of the total voting rights and capital in issue of the Company based on the Notifications of Major Interests in Shares received by the Company pursuant to the Financial Services Authority's Disclosure and Transparency Rules:

Name of Major Shareholders	Direct		Indirect	
	No. of voting rights attached to shares of 7.5 pence each held	% of issued shares	No. of voting rights attached to shares of 7.5 pence each held	% of issued shares
Usaha Tegas Sdn Bhd ⁽ⁱ⁾	71,000,000	17.61	53,688,000	13.31
Pacific States Investment Limited ⁽ⁱⁱ⁾	–	–	124,688,000	30.92
Excorp Holdings N.V. ⁽ⁱⁱⁱ⁾	–	–	124,688,000	30.92
PanOcean Management Limited ^(iv)	–	–	124,688,000	30.92
Ananda Krishnan Tatparanandam ^(v)	–	–	124,688,000	30.92
Usaha Tegas Resources Sdn Bhd	53,688,000	13.31	–	–
Ultimate Corporation Sdn Bhd ^(vi)	30,356,320	7.53	–	–
Marlestone Investments Limited ^(vi)	16,271,016	4.03	–	–
Khoo Teng Bin ^(vii)	180,000	0.04	30,356,320	7.53
Capital Research and Management Company	–	–	20,350,800	5.05
Capital Group International, Inc	–	–	16,224,200	4.02

Notes:

- (i) The indirect interest is held by its wholly-owned subsidiary, Usaha Tegas Resources Sdn Bhd.
- (ii) Deemed interest arises through its direct controlling interest in Usaha Tegas Sdn Bhd. Please refer to Note (i) above.
- (iii) Deemed interest arises through its direct controlling interest in Pacific States Investment Limited. Please refer to Note (ii) above.
- (iv) Excorp Holdings N.V. ("Excorp") is in turn owned by PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean is taken as having an indirect interest in the voting rights, it does not have any economic or beneficial interest in the said voting rights, as such interest is held subject to the terms of the discretionary trust. Please refer to Note (iii) above as to Excorp's interest in Tanjong shares.
- (v) Ananda Krishnan Tatparanandam is taken as having an indirect interest in the voting rights, through his indirect interest in Usaha Tegas Sdn Bhd, which arises by virtue of trust and related arrangements with PanOcean. Please refer to Note (iv) above as to PanOcean's interest in Tanjong shares. Although he is taken as having an indirect interest, he does not have any economic or beneficial interest in the said voting rights, as such interest is held subject to the terms of the discretionary trust.
- (vi) Held through a nominee.
- (vii) Khoo Teng Bin has an indirect interest in 30,356,320 voting rights held through Ultimate Corporation Sdn Bhd.

Directors' Report (continued)

TAX RESIDENCE STATUS

The Company is resident in Malaysia for both Malaysian tax purposes and under the terms of the UK/Malaysian double taxation treaty. Hence, as a non-UK tax resident, the Company is not subject to the Close Companies provisions of the UK Income and Corporation Taxes Act, 1988.

CONTRIBUTION TO NON-EU POLITICAL ORGANISATION

During the year the Group contributed RM10 million to a non-EU political organisation (2008: nil).

SUPPLIERS PAYMENT POLICY

Statutory regulations under Schedule 7 of the Companies Act 1985 of Great Britain require public companies to make a statement of its policy and practice on the payment to trade creditors. As an investment holding company, Tanjong does not have any trading relationships with suppliers, whereas its operating subsidiaries pay their suppliers in accordance with the relevant contractual and legal obligations, provided that terms and conditions are met by the suppliers. The credit terms are disclosed in Note 21 to the financial statements.

SHARE CAPITAL

The authorised capital of the Company is £33,750,000 comprising 450,000,000 shares of 7.5 pence each, of which 403,256,136 shares of 7.5 pence each have been issued and fully paid up as at 6 May 2009. The Company has only one class of share in issue.

SHAREHOLDERS' RIGHTS

Voting rights

A member of the Company is entitled to attend a general meeting and vote both on a show of hands and on a poll. Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles of Association of the Company, every member who is present in person or by proxy at a general meeting of the Company shall have one vote, and on a poll, every member who is present in person or by proxy shall have one vote for every share held.

A member is entitled to appoint up to two proxies to attend and vote instead of him/her and a member who is an authorised nominee as defined in the Malaysian Securities Industry (Central Depositories) Act, 1991 may appoint not more than two proxies in respect of each Securities Account which it holds to which shares in the Company are credited. Where more than one proxy appointment is made, such appointments are made provided that each proxy is appointed to exercise the rights attached to different shares.

Notice of every general meeting is given to all members of the Company in accordance with the Articles of Association of the Company, other than any who, under the provisions of the Articles of Association (or the terms of issue of the shares they hold), are not entitled to receive such notice from the Company. A Record of Depositors obtained by the Company from the Bursa Malaysia Depository Sdn Bhd ("Bursa Depository"), in accordance with the procedure set out in the Articles of Association and the Rules of the Bursa Depository, shall be treated as the final record of all depositors who shall be deemed to be the registered holders of the shares of the Company in Malaysia, entitled to receive notice of a general meeting or eligible to be present and/or vote at such general meeting. A Register of Members is maintained by the Company in the United Kingdom and no person shall exercise any rights of a member (including the right to receive notice of a general meeting or to be eligible to be present and/or vote at such general meeting) until their name has been entered in the Register or the Record of Depositors.

Directors' Report (continued)

SHAREHOLDERS' RIGHTS (continued)

Variation of rights

Subject to company law provisions, the rights attached to any shares issued may be varied with the consent in writing of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

Alteration of share capital

The Company may by way of ordinary resolution (a) increase its share capital, (b) consolidate, or consolidate then subdivide all or any of its share capital into shares of larger amount than its existing shares, (c) subject to company law provisions, subdivide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from the subdivision, any of them may have any preference or advantage or be subject to any restriction as compared with the others, and (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to company law provisions, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

Dividends

Subject to company law provisions and the Articles of Association of the Company, the Company may by ordinary resolution declare dividends, subject to the maximum amount of dividend recommended by the Directors. Directors may also pay dividends on an interim basis or at fixed rate intervals settled by the Directors, where such is justified by the financial position of the Company.

TRANSFER OF SHARES

Subject to any restrictions under the Company's Articles of Association as may be applicable and to the provisions of any applicable laws, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Directors and the Bursa Securities may approve.

The Directors may at their absolute discretion and without giving any reason for doing so, decline to register any transfer of any share which is not a fully paid share.

The Directors may decline to register any transfer of certificated shares unless (a) the instrument of transfer is left at the office of the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the person executing the instrument of transfer to make the transfer, (b) the instrument of transfer is in respect of only one class of share and (c) in the case of a transfer by joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

If the Directors refuse to register a transfer, notice as such shall be given to the transferor and transferee within 10 market days of the instrument of transfer being lodged.

Subject to the provisions of the Articles of Association of the Company, there shall be no restriction on the transfer of fully paid securities which are quoted or to be quoted, except where required by applicable laws.

Directors' Report (continued)

DIRECTORS

Appointment

The Board may appoint any person who is willing to act as a director, subject to the total number of directors not exceeding any maximum number fixed by or in accordance with the Articles of Association.

The Company may by ordinary resolution appoint any person who is willing to be a director subject to the total number of directors not exceeding any maximum number fixed by or in accordance with the Articles of Association.

Replacement and retirement

The Company may remove any director before the expiration of his period of office in accordance with the provisions of company law and the Articles of Association of the Company.

In addition, directors are subject to retirement by rotation pursuant to the procedure set out in the Articles of Association of the Company, notwithstanding that all directors shall retire from office once in each three year period but shall be eligible for re-election upon such retirement.

Powers of directors

Subject to the provisions of company law, the Listing Requirements of Bursa Securities, the Memorandum of Association of the Company, the Articles of Association of the Company, and to any directions given by the Company in general meeting by special resolution, the business of the Company may be managed by the Directors who may exercise all the powers of the Company whether relating to the management of the business of the Company or not. Any sale or disposal by the Directors of a substantial portion (as that expression is defined in the Listing Requirements of Bursa Securities) of the Company's main undertaking or property shall be subject to the approval of the shareholders in general meeting.

Subject to any legal or regulatory requirements which the Company is subject, the Company may purchase or may enter into a contract under which it will or may purchase any of its shares of any class, including any redeemable shares in accordance with its Articles of Association.

POWER TO AMEND ARTICLES OF ASSOCIATION

By way of a special resolution, the Company may amend all or any part of the Articles of Association of the Company.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

The Auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A proposal for their re-appointment and authorisation to the Directors to fix their remuneration will be tabled at the forthcoming AGM.

As required by Section 234ZA of the Companies Act 1985 of Great Britain, each of the Directors in office at the time this Report was approved, has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Directors' Report (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on pages 55 and 56, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare the financial statements for each financial year. Under that law, the Directors have prepared the financial statements of the Company and the Group in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

The Directors consider that, in preparing these financial statements, the Company has:

- selected suitable accounting policies consistently applied and supported by judgements and estimates that are reasonable and prudent;
- ensured that the financial statements comply with IFRSs as adopted by the EU; and
- appropriately prepared the financial statements on the going concern basis.

The Company has complied with the above requirements in preparing the financial statements.

The Directors have responsibilities for ensuring that the Company keeps proper accounting records that disclose with reasonable accuracy the financial position of the Company and the Group and that enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 1985 of Great Britain and, as regards the Group financial statements, Article 4 of the IAS Regulations. The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Annual Report confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the Group; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business which has been disclosed in the other parts of the Annual Report and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on 6 May 2009 and signed on its behalf by:

Dato' Robert Cheim Dau Meng
Chairman

Kuala Lumpur

Directors' Remuneration Report

Introduction

The Report is designed to comply with the requirements stated in the Directors' Remuneration Report Regulations 2002 in the United Kingdom. The Report covers both Executive and Non-Executive Directors. Part A contains information that is not subject to audit whilst Part B contains information that has been audited by PricewaterhouseCoopers LLP.

The Report has been approved by the Board and signed on its behalf by the Chairman of the Remuneration Committee. This Report is subject to the approval of shareholders at the forthcoming AGM.

Part A: Remuneration framework and elements not subject to audit

Remuneration Policy

The Board believes that remuneration levels should be sufficient to attract, retain and incentivise the Directors needed to manage a successful Group. Consistent with this policy, the component parts of the remuneration package are designed to link rewards to individual and corporate performance in the case of Executive Directors. For Non-Executive Directors, the fee levels are commensurate with the experience and level of responsibilities of the particular Non-Executive Director concerned.

Remuneration Committee

The members of the Remuneration Committee during the year were:

Leong Wai Hoong *(Chairman)*
Dato' Larry Gan
Augustus Ralph Marshall

The Committee is responsible for assessing all elements of the remuneration and other terms of employment for Executive Directors, drawing from external advice as necessary; and has established a policy framework.

The Remuneration Committee is also responsible for assessment of the Executive Directors' performance and recommends the annual bonus and salary increments of Executive Directors as well as the benefits-in-kind to be provided. Executive Directors are required to abstain from the deliberations and voting on decisions in respect of their remuneration at Board level. The remuneration of the Non-Executive Directors is a matter that is decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

Elements of Remuneration of Executive Director

The Executive Director, Augustus Ralph Marshall's remuneration package is based on the following elements:

- Fixed fee and executive stipend.
- Discretionary cash incentive as recommended by the Remuneration Committee.
- A fully maintained company car, medical coverage for the Executive Director and his spouse and social club memberships.

Executive Director's Service Contract

The salient terms of Augustus Ralph Marshall's contract are as follows:

- Term of office for a fixed term of 2 years, up to 31 March 2010, subject to renewal.
- Contractual notice of termination of 3 months.

There are no express contractual terms providing for compensation in the event of early termination of his appointment.

Directors' Remuneration Report (continued)

Elements of Remuneration of Non-Executive Directors

The remuneration structure is as follows:

- Fees for duties as Directors and additional fees for undertaking responsibilities as Chairman or member of Board Committees.
- Meeting allowances for each meeting day, irrespective of the number of meetings per day.
- Medical coverage for Directors and spouse and company car for certain Directors.

Non-Executive Directors' Service Contracts

The salient terms of Non-Executive Directors' service contracts are as follows:

Current Tenure of Contracts

Dato' Robert Cheim Dau Meng	20 May 2007 to 19 May 2009
Leong Wai Hoong	1 April 2008 to 31 July 2009
Dato' Larry Gan	20 May 2007 to 19 May 2009
Khoo Teik Chooi	1 April 2008 to 31 March 2010

Their terms of office have renewal provisions and the notice for termination is 3 months. On 6 May 2009, the contracts of Dato' Robert Cheim and Dato' Larry Gan were extended to 19 May 2011 and that of Mr Leong Wai Hoong to 31 July 2011, each by a further two years, from their current expiry dates.

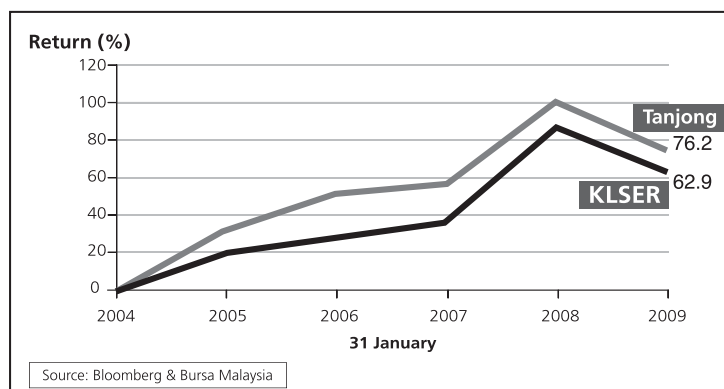
There are no express contractual terms providing for compensation in the event of early termination of their appointment.

Total Shareholder Return

The Directors' Remuneration Report Regulations 2002 in the United Kingdom requires a disclosure of Total Shareholder Return ("TSR"), which is defined as the growth in share value (based on weighted average share price data sourced from Bloomberg LLP and Bursa Malaysia) and declared dividend income during a determined period. In calculating TSR, the Company's dividend is assumed to be reinvested in the underlying shares. The absolute size of the TSR will vary with stock markets but the relative position is a reflection of the market perception of the overall performance of the Company.

Tanjong is classified under the Trading/Services Sector of the Bursa Malaysia Securities Berhad ("Bursa Securities") on which it has a primary listing. In the Directors' opinion, the Kuala Lumpur Service Index ("KLSER") is therefore the most relevant index against which the TSR of Tanjong should be measured.

Over the last 5 years, Tanjong has consistently outperformed the KLSER to give a TSR of 76.2% as compared to the TSR of 62.9% recorded by the KLSER.



Directors' Remuneration Report (continued)

Part B: Remuneration Review – Audited

The following part provides details of the remuneration and share interests of all the Directors for the year ended 31 January 2009. The numerical components of these disclosures together with the Elements of Remuneration of Executive Director and Non-Executive Directors on pages 51 and 52 have been audited in accordance with Schedule 7A of the Companies Act 1985 of Great Britain.

Directors' Detailed Emoluments – in RM'000

	← 2009 →				2008
	Fees	Benefits-in-kind	Expense allowance	Total	Total
Non-Executive					
Dato' Robert Cheim Dau Meng	530	–	15	545	542
Leong Wai Hoong	270	–	17	287	252
Dato' Larry Gan	220	–	15	235	229
Khoo Teik Chooi	150	20	16	186	183
Executive					
Augustus Ralph Marshall	210	37	–	247	245
	1,380	57	63	1,500	1,451

Share Option Scheme

There was no share option scheme for Directors during the year.

Interests in Shares

The interests of the Directors in the shares of the Company (both direct and indirect) based on the Register of Directors' Interests in the shares of the Company as maintained by the Company were:

	As at 1 February 2008	Movements	As at 31 January 2009
The Company – shares of 7.5 pence each			
Dato' Robert Cheim Dau Meng	–	–	–
Leong Wai Hoong	–	–	–
Dato' Larry Gan	–	–	–
Khoo Teik Chooi	(a) 30,826,220	(250,000)	30,576,220
Augustus Ralph Marshall	(b) 520,000	–	520,000

Directors' Remuneration Report (continued)

Interests in Shares (continued)

- (a) Khoo Teik Chooi has a direct interest in **219,900** (2008: 469,900) voting rights attached to Tanjong shares of 7.5 pence each and an indirect interest in **30,356,320** (2008: 30,356,320) voting rights attached to Tanjong shares of 7.5 pence each arising from his indirect interest in Ultimate Corporation Sdn Bhd.
- (b) These **520,000** (2008: 520,000) voting rights attached to Tanjong shares of 7.5 pence each are held through a nominee.

Other than as stated above, there has been no change in the Directors' interests in the shares of the Company.

Long Term Incentive Scheme

The Company has no long term incentive schemes for the Directors.

Pensions and Gratuities

The Company has no pension schemes for the Directors.

On behalf of the Board,

Leong Wai Hoong
Chairman of the Remuneration Committee

6 May 2009

Independent Auditors' Report

to the members of Tanjong public limited company

We have audited the Group and parent company financial statements (the "financial statements") of Tanjong public limited company for the year ended 31 January 2009 which comprise the Group Income Statement, the Group and Company Balance Sheets, the Group and Company Statements of Change in Shareholders' Equity, the Group and Company Cash Flow Statements, the Significant Accounting Policies, the Financial Risk Management disclosures and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether they are consistent with the audited financial statements. The other information comprise only the Directors' Report, the Chairman's Statement, the Audit Committee Report and all of the other information listed on the main contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditors' Report

to the members of Tanjong public limited company (continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 January 2009 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 January 2009 and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

21 May 2009

Group Income Statement

for the year ended 31 January 2009

	Note	2009 RM'000	2008 RM'000
Gross transaction value *		<u>4,979,558</u>	<u>4,040,965</u>
Revenue	1	3,693,855	2,721,645
Operating costs	2	<u>(2,574,752)</u>	<u>(1,743,900)</u>
Operating profit		1,119,103	977,745
Net investment income	3	70,509	30,609
Finance costs	4	<u>(533,991)</u>	<u>(317,368)</u>
Interest income		33,374	58,914
Finance costs – net		<u>(500,617)</u>	<u>(258,454)</u>
Share of post tax results from joint ventures and associates		<u>59,841</u>	<u>23,578</u>
Profit before tax		748,836	773,478
Taxation	5	<u>(200,260)</u>	<u>(195,258)</u>
Profit for the year		<u>548,576</u>	<u>578,220</u>
Attributable to:			
Equity holders of the Company		463,769	554,459
Minority Interests		<u>84,807</u>	<u>23,761</u>
		<u>548,576</u>	<u>578,220</u>
Earnings per share – in sen	6		
– Basic/Diluted		<u>115.0</u>	<u>137.5</u>

* Gross transaction value represents gross sales proceeds for the Numbers Forecast Totalisator (“NFO”) business and revenue from other operations.

The Notes on pages 65 to 129 form part of these financial statements.

Group Balance Sheet

as at 31 January 2009

	Note	2009 RM'000	2008 RM'000
ASSETS			
Non-Current Assets			
Intangible assets	8	71,969	49,130
Property, plant and equipment	9	2,545,745	2,634,225
Prepaid lease rental	10	21,932	21,864
Investment property	11	650,000	550,339
Investments in joint ventures and associates	12	303,134	234,434
Deferred income tax assets	13	30	278,039
Available-for-sale financial assets	14	116,255	160,856
Lease receivables	15	6,138,881	5,836,370
		<u>9,847,946</u>	<u>9,765,257</u>
Current Assets			
Inventories	16	511,138	409,184
Trade and other receivables	17	531,120	504,557
Lease receivables	15	353,410	160,048
Prepaid lease rental	10	906	812
Held-for-trading investments	18	5,519	10,234
Available-for-sale financial assets	14	816	219,386
Derivative financial instruments	19	–	19
Cash and cash equivalents	20	1,202,856	1,058,316
		<u>2,605,765</u>	<u>2,362,556</u>
Total Assets		<u>12,453,711</u>	<u>12,127,813</u>
LESS: LIABILITIES			
Current Liabilities			
Trade and other payables	21	688,463	584,331
Borrowings	22	732,115	1,165,399
Current income tax liabilities		35,220	21,041
Hedging liability	29 (c)	19,357	6,667
Provisions for other liabilities and charges	23	13,292	6,223
		<u>1,488,447</u>	<u>1,783,661</u>
Non-Current Liabilities			
Borrowings	22	5,046,185	4,479,023
Other non-current liabilities	24	833,084	791,179
Hedging liability	29 (c)	464,623	249,435
Deferred income tax liabilities	13	814,321	1,048,634
Provisions for other liabilities and charges	23	103,039	99,747
		<u>7,261,252</u>	<u>6,668,018</u>
Total Liabilities		<u>8,749,699</u>	<u>8,451,679</u>
NET ASSETS		<u>3,704,012</u>	<u>3,676,134</u>
EQUITY			
Paid up share capital	25	146,107	146,107
Share premium account	25	240,808	240,808
Other reserves	26	(292,508)	(120,412)
Retained earnings	27	3,186,640	3,031,303
Total shareholders' equity		<u>3,281,047</u>	<u>3,297,806</u>
Minority interests in equity		<u>422,965</u>	<u>378,328</u>
Total Equity		<u>3,704,012</u>	<u>3,676,134</u>
Net Tangible Assets per share (in sen)	6	<u>796</u>	<u>806</u>

The Notes on pages 65 to 129 form part of these financial statements.

Company Balance Sheet

as at 31 January 2009

	Note	2009 RM'000	2008 RM'000
ASSETS			
Non-Current Assets			
Investments in subsidiary companies	12	1,661,378	121,368
Advances to subsidiaries	12	–	1,512,142
		<u>1,661,378</u>	<u>1,633,510</u>
Current Assets			
Other receivables	17	776	23,602
Cash and cash equivalents	20	39,475	125,133
		<u>40,251</u>	<u>148,735</u>
Total Assets		<u>1,701,629</u>	<u>1,782,245</u>
LESS: LIABILITIES			
Current Liabilities			
Other payables	21	<u>592</u>	<u>2,516</u>
Non-Current Liabilities			
Advances from subsidiaries	12	<u>217,916</u>	<u>–</u>
Total Liabilities		<u>218,508</u>	<u>2,516</u>
NET ASSETS		<u>1,483,121</u>	<u>1,779,729</u>
EQUITY			
Paid up share capital	25	146,107	146,107
Share premium account	25	240,808	240,808
Retained earnings	27	1,096,206	1,392,814
Total Equity		<u>1,483,121</u>	<u>1,779,729</u>

The financial statements on pages 57 to 129 were approved by the Board of Directors on 6 May 2009 and signed on its behalf by:

Dato' Robert Cheim Dau Meng
Chairman

Group Statement of Changes in Equity

for the year ended 31 January 2009

		Attributable to equity holders of Tanjong							
Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Other Reserves (Note 26) RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000		
	At 1 February 2007	146,107	240,808	97,934	2,713,359	3,198,208	131,772	3,329,980	
	Changes in equity for 2008								
	Available-for-sale financial assets: Net valuation gain taken to equity	14	-	-	183	-	183	-	183
	Exchange differences on foreign currency net investments		-	-	(110,437)	-	(110,437)	-	(110,437)
	Annual net profit transferred to legal reserves		-	-	6,950	(7,436)	(486)	-	(486)
	Cash flow hedges: Fair value loss for the year		-	-	(101,991)	-	(101,991)	-	(101,991)
	Transfer to finance cost	4	-	-	13,061	-	13,061	-	13,061
	Share of hedging reserve from jointly controlled entity		-	-	(26,112)	-	(26,112)	-	(26,112)
	Difference between the purchase price over the value of net assets acquired		-	-	-	34,892	34,892	28,549	63,441
	Minority interests arising on business combination		-	-	-	-	-	194,246	194,246
	Net income recognised directly in equity		-	-	(218,346)	27,456	(190,890)	222,795	31,905
	Profit for the financial year		-	-	-	554,459	554,459	23,761	578,220
	Total recognised income and expense for the year		-	-	(218,346)	581,915	363,569	246,556	610,125
	Dividends	7	-	-	-	(263,971)	(263,971)	-	(263,971)
	At 31 January 2008		146,107	240,808	(120,412)	3,031,303	3,297,806	378,328	3,676,134

The Notes on pages 65 to 129 form part of these financial statements.

Group Statement of Changes in Equity (continued)

for the year ended 31 January 2009

		Attributable to equity holders of Tanjong						
Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Other Reserves (Note 26) RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000	
At 1 February 2008	146,107	240,808	(120,412)	3,031,303	3,297,806	378,328	3,676,134	
Changes in equity for 2009								
Available-for-sale financial assets:								
Net valuation loss taken to equity	14	-	(39,784)	-	(39,784)	-	(39,784)	
Net valuation gain transferred to income statement		-	(60,064)	-	(60,064)	-	(60,064)	
Foreign exchange differences		-	(513)	-	(513)	-	(513)	
Exchange differences on:								
Net investments		-	197,105	-	197,105	-	197,105	
Joint ventures & associates		-	(33,347)	-	(33,347)	-	(33,347)	
Annual net profit transferred to legal reserves		-	4,478	(4,478)	-	-	-	
Cash flow hedges:								
Fair value loss for the year		-	(190,867)	-	(190,867)	-	(190,867)	
Transfer to finance cost	4	-	64,217	-	64,217	-	64,217	
Share of hedging reserve from jointly controlled entity		-	(113,321)	-	(113,321)	-	(113,321)	
Share of movement in reserves for minority interest		-	-	-	-	(30,495)	(30,495)	
Net expense recognised directly in equity		-	(172,096)	(4,478)	(176,574)	(30,495)	(207,069)	
Profit for the financial year		-	-	463,769	463,769	84,807	548,576	
Total recognised income and expense for the year		-	(172,096)	459,291	287,195	54,312	341,507	
Dividends:								
To shareholders	7	-	-	(303,954)	(303,954)	-	(303,954)	
To a minority interest		-	-	-	-	(9,675)	(9,675)	
At 31 January 2009	146,107	240,808	(292,508)	3,186,640	3,281,047	422,965	3,704,012	

The Notes on pages 65 to 129 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 January 2009

	Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Retained Earnings RM'000	Total RM'000
At 1 February 2007		146,107	240,808	1,503,284	1,890,199
Changes in equity for 2008					
Profit for the financial year		–	–	153,501	153,501
Dividends	7	–	–	(263,971)	(263,971)
At 31 January 2008		146,107	240,808	1,392,814	1,779,729
Changes in equity for 2009					
Profit for the financial year		–	–	7,346	7,346
Dividends	7	–	–	(303,954)	(303,954)
At 31 January 2009		146,107	240,808	1,096,206	1,483,121

Share capital represents issued and fully paid-up shares with a nominal value of 7.5 pence each.

The Notes on pages 65 to 129 form part of these financial statements.

Group Cash Flow Statement

for the year ended 31 January 2009

	Note	2009 RM'000	2008 RM'000
Cash flows from operating activities			
Cash generated from operations	28	1,436,714	1,194,862
Malaysian and other taxes paid		(164,710)	(139,001)
Net cash flow from operating activities		1,272,004	1,055,861
Cash flows from investing activities			
Proceeds from sale of investments		251,377	71,204
Dividend income received		44,191	10,620
Interest received		33,646	61,420
Proceeds from sales of property, plant and equipment		3,317	1,250
Net (investment in)/repayment from joint ventures		(172,010)	917
Purchase of property, plant and equipment		(102,270)	(104,410)
Acquisition of subsidiaries net of cash	33	(33,159)	(1,602,570)
Purchase of investments		(10,403)	(51,553)
Construction of a resort		–	(37,936)
Lease payment for leasehold land		–	(820)
Additions to investment property		–	(339)
Net cash generated from/(used in) investing activities		14,689	(1,652,217)
Cash flows from financing activities			
Proceeds from borrowings		2,177,819	643,390
Government grant received		1,747	–
Repayment of borrowings		(2,492,868)	(604,543)
Interest paid		(407,671)	(333,002)
Dividends paid to Company's shareholders		(303,954)	(263,971)
Debt refinancing costs		(141,253)	–
(Repayment to)/advances from minority interest		(46,090)	944,650
Dividends paid to minority interests		(9,675)	–
Net cash (used in)/generated from financing activities		(1,221,945)	386,524
Currency translation differences			
		79,792	(22,118)
Net increase/(decrease) in cash and cash equivalents			
		144,540	(231,950)
Cash and cash equivalents at start of the year		1,058,316	1,290,266
Cash and cash equivalents at end of the year	20	1,202,856	1,058,316

The Notes on pages 65 to 129 form part of these financial statements.

Company Cash Flow Statement

for the year ended 31 January 2009

	Note	2009 RM'000	2008 RM'000
Cash flows from operating activities			
Cash generated from/(used in) operations	28	10,236	(28,667)
Malaysian and other taxes (paid)/refunded		(440)	200
Net cash generated from/(used in) operating activities		<u>9,796</u>	<u>(28,467)</u>
Cash flows from investing activities			
Investment in subsidiaries		(1,540,010)	-
Interest received		4,238	10,336
Dividend received		-	154,176
Net cash (used in)/generated from investing activities		<u>(1,535,772)</u>	<u>164,512</u>
Cash flows from financing activities			
Dividends paid to Company's shareholders		(303,954)	(263,971)
Net repayment of advances from/(advances to) subsidiary companies		1,743,488	(9,380)
Net cash generated from/(used in) financing activities		<u>1,439,534</u>	<u>(273,351)</u>
Currency translation differences			
		<u>784</u>	<u>(2,679)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at start of the year		<u>125,133</u>	265,118
Cash and cash equivalents at end of the year	20	<u><u>39,475</u></u>	<u><u>125,133</u></u>

The Notes on pages 65 to 129 form part of these financial statements.

Significant Accounting Policies

GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in England. It has a primary listing on the Main Board of the Bursa Securities and a secondary listing on the London Stock Exchange plc.

SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation

Tanjong's Consolidated Financial Statements for the year ended 31 January 2009 were prepared in accordance with IFRSs as adopted by the EU in accordance with Article 4 of the IAS Regulation and relevant parts of the Companies Act 1985 of Great Britain. Tanjong's audited financial statements have therefore been prepared in accordance with those IFRSs and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the time of preparing these statements (i.e. January 2009).

Additional disclosures on differences between IFRSs and approved Accounting Standards applicable in Malaysia (Malaysian Financial Reporting Standards) are provided in Note 34.

The significant accounting policies adopted by the Company are set out in the following pages. These policies have been consistently applied to all the years presented unless otherwise stated. The Company has not presented its own Income Statement as permitted by Section 230 of the Companies Act 1985 of Great Britain.

The Consolidated Financial Statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies, certain items, including investment property and financial instruments are measured at fair value.

(i) New standards and interpretations to existing standards that are effective

Reclassification of Financial Assets (amendments to IAS 39 and IFRS 7 – "Financial Instruments: Disclosure")

The IASB issued amendments to IAS 39 and IFRS 7 in October 2008. These amendments allow the reclassification of non-derivative financial assets from fair value through profit and loss category or from the 'available-for-sale' category in certain circumstances. The amendments are applicable for reclassifications occurring from 1 July 2008. Since there has been no reclassification, there is no impact on the Group's Financial Statements.

(ii) New standards and interpretations that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but have yet to be adopted by the Group as they are not yet effective. The new standards which are expected to be relevant to the Group's operations are as follows:

IFRS 3 – "Business Combinations" (as revised in January 2008)

(effective date: for annual periods beginning on or after 1 July 2009)

The revised IFRS 3 has introduced changes to the accounting for contingent consideration and transaction costs, as well as allows an option to calculate goodwill based on the parent's share of net assets only or to include goodwill relating to minority interests (non-controlling interests). This revision will affect future business combinations undertaken by the Group. It supersedes IFRS 3 Business Combinations issued in 2004.

Significant Accounting Policies (continued)

A Basis of preparation (continued)

(ii) New standards and interpretations that are not yet effective (continued)

IFRS 7 – “Financial Instruments: Disclosures” (as amended in March 2009)

(effective date: for annual periods beginning on or after 1 January 2009)

These amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. In addition, the amendments clarify and enhance existing requirements for the disclosure of liquidity risk. The Group is currently reviewing these amendments to determine the likely impact on the Group.

IFRS 8 – “Operating Segments”

(effective date: for annual periods beginning on or after 1 January 2009)

IFRS 8 sets out requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of IFRS 8 will not have a significant impact on the presentation of the Group's segmental information. IFRS 8 supersedes IAS 14 Segment Reporting.

IAS 1 – “Presentation of Financial Statements” (as revised in September 2007)

(effective date: for annual periods beginning on or after 1 January 2009)

The revised IAS 1 requires that all changes in equity with owners must be presented separately from non-owner changes in equity, with income and expenses associated with non-owner changes in equity being presented either in a statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). The application of the standard is not expected to have a material impact on the way in which the Group presents its Financial Statements. It supersedes IAS 1 Presentation of Financial Statements as revised in 2003 and as amended in 2005.

IAS 23 – “Borrowing Costs” (as revised in March 2007)

(effective date: for annual periods beginning on or after 1 January 2009)

The main change from the previous version of IAS 23 is the removal of the option of immediately recognising, as an expense, borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group's accounting policy is to capitalise costs associated with borrowings used to finance major capital projects and therefore these amendments will not have a material impact on the Group's results. It supersedes IAS 23 Borrowing Costs as revised in 1993.

IAS 27 – “Consolidated and Separate Financial Statements” (as amended in January 2008)

(effective date: for annual periods beginning on or after 1 July 2009)

The amendments require the effects of transactions with non-controlling interests to be recorded in equity where there is no change in control, and specify the accounting treatment on loss of control. These amendments will affect future business combinations and disposals undertaken by the Group. It supersedes IAS 27 Consolidated and Separate Financial Statements as revised in 2003.

IAS 39 – “Financial Instruments: Recognition and Measurement” (as amended in July 2008)

(effective date: for annual periods beginning on or after 1 July 2009)

The amendments clarify how the existing principles underlying hedge accounting should be applied in the designation of a one-sided risk in a hedged item and inflation in a financial hedged item. The Group is currently reviewing the amendment to determine the likely impact on the Group.

Significant Accounting Policies (continued)

A Basis of preparation (continued)

(ii) New standards and interpretations that are not yet effective (continued)

IFRIC 12 – “Service Concession Arrangements”

(effective date: for annual periods beginning on or after 1 January 2009)

IFRIC 12 takes precedence over IFRIC 4 ‘Determining whether an arrangement contains a lease’ and requires companies to determine whether arrangements with public sector entities which involve the development, financing, operation and maintenance of regulated assets (which may include power stations) represent service concession arrangements.

IFRIC 16 – “Hedges of a Net Investment in a Foreign Operation”

(effective date: for annual periods beginning on or after 1 October 2008)

IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The Group is currently reviewing the interpretation to determine the likely impact on the Group.

The Directors do not anticipate that the adoption of the said standards and interpretations will have a material impact on the Group’s financial statements in the period.

B Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities in which the Group has control over the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group’s share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated upon consolidation. Unrealised losses are eliminated in the same way as unrealised gains except that they are eliminated to the extent that there is no evidence of impairment.

Significant Accounting Policies (continued)

B Basis of consolidation (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

(iii) Joint Ventures

Joint ventures are undertakings in which the Group holds an interest which is jointly controlled by the Group and one or more other parties. The Group's interests in joint ventures are accounted for using the equity method of accounting whereby the investments are initially recorded at cost and the Group's share of its joint venture's post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group shall discontinue the use of the equity method from the date in which it ceases to have joint control over, or have significant influence in, a joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. A loss on the transaction is recognised immediately if it provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

C Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular environment that is subject to risks and returns that are different from those segments operating in other economic environments.

Significant Accounting Policies (continued)

D Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities, fixed income instruments and long term investments classified as Available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity (translation reserve).

Exchange differences arising from the translation of the net investment in foreign entities, and of borrowings designated as hedges of such investments, are taken to translation reserve within shareholders' equity on consolidation. When a foreign operation is sold, exchange differences in the translation reserve are transferred to the income statement as part of the gain or loss on sale.

The principal closing rates used in the translation of foreign currency amounts to RM are as follows:

	2009	2008
1 US Dollar	3.6120	3.2445
1 Australian Dollar	2.3832	2.8546
1 Pound Sterling	5.0985	6.4353
1 EURO	4.7109	4.7641
1 Singapore Dollar	2.3838	2.2785

Significant Accounting Policies (continued)

E Intangible assets

(i) Premiums

Premiums paid for the rights to operate a business are stated at cost. Such rights have an indefinite useful life and are tested for impairment in accordance with the Group's policy on impairment. After initial recognition, premiums are stated at cost less accumulated impairment losses.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Goodwill acquired in a business combination is, from the acquisition date, allocated to a cash-generating unit ("CGU") that is expected to benefit from the synergies of the combination. The CGU represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is recognised as an asset, stated at cost and tested for impairment annually in accordance with the Group's policy on impairment. After initial recognition, goodwill is stated at cost less accumulated impairment losses.

F Property, plant and equipment

All property, plant and equipment ("PPE") are stated at cost less subsequent depreciation and impairment, except for freehold land, which is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount or are recognised separately, 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. Repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost less residual value of each asset over its estimated useful life, as follows:

– buildings	5 – 50 years
– plant and machinery	3 – 33 years
– fixtures, fittings and equipment	2 – 11 years
– vehicles	2 – 11 years

Asset replacement costs incurred in relation to major overhauls of power plants are capitalised and are depreciated on a straight-line basis over their estimated useful lives, typically the period until the next major scheduled overhaul, which is approximately every three (3) to six (6) years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in the Income Statement.

Significant Accounting Policies (continued)

G Investment property

Investment property represents an interest in land and a building which is held for its long term investment potential, any rental income being at market rates. The investment property is initially recognised at cost, including related transaction costs. Subsequently, the investment property is carried at fair value based on its open market value at the balance sheet date. The valuation of the property is performed internally every year taking into account existing lease commitments and market conditions. External valuations are carried out by external independent valuers at least once every three years. The most recent external valuation of the investment property was undertaken in January 2009. A gain or loss arising from a change in the fair value of investment property is recognised in the income statement for the period in which it arises.

Subsequent expenditure on an investment property is added to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

H Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation and depreciation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If an impairment loss is recognised, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the income statement. Where an impairment loss subsequently reverses, other than for goodwill, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in the income statement.

Significant Accounting Policies (continued)

I Financial Assets

The Group classifies its financial assets in the categories outlined below. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets classified in this category are acquired principally for the purpose of trading. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are designated in this category. They are classified as current assets where there is an intention to dispose of the investment or the investment is maturing within 12 months of the balance sheet date.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. In the case of Available-for-sale financial assets, investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets at fair value through profit or loss and Available-for-sale financial assets, are subsequently carried at fair value.

Gains and losses arising from changes in the fair value of the Financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise.

Gains and losses arising from changes in the fair value of Available-for-sale financial assets are recognised in equity. When securities classified as Available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unquoted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Dividends from investments are recognised when the right to receive the payment is established. Interest income is recognised on a time-proportion basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as Available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered an indication that the investments are impaired. If any such evidence exists for Available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Significant Accounting Policies (continued)

J Leases

(i) Finance lease

Where the Group ascertains that a power purchase agreement (“PPA”) is or contains a lease and it results in the transfer of substantially all of the risks and rewards incidental to the ownership of the underlying assets to the offtaker who is effectively the lessee, such an arrangement is recognised as a finance lease. In this event, a finance lease is presented as a finance lease receivable in the balance sheet at an amount equal to the present value of the minimum lease payment. The recognition of finance lease income will be based on a pattern reflecting a constant periodic rate of return on the Group’s net investment in the finance lease.

Where the Group, as a lessee, leases property, plant and equipment and assumes substantially all of the risks and rewards of ownership, the leases are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities for payments due after one year; and in trade and other payables for payments due within one year. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(ii) Operating lease

Where the Group ascertains that a PPA is or contains a lease and the Group retains substantially all of the risks and rewards incidental to the ownership of its power plants, such an arrangement is deemed to be an operating lease. In this situation, the relevant plants are capitalised and presented at cost and depreciated over their estimated useful life.

K Inventories

Inventories other than livestock are stated at the lower of cost and net realisable value. Spares and consumables, and distillate fuel are determined on a first-in-first-out basis.

Livestock are measured at their fair value less estimated point-of-sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

L Trade receivables

Trade receivables are recognised at invoiced amounts less provision for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written-off in the period in which they are identified.

M Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short term demand deposits that are readily convertible to known amounts of cash.

N Provisions

Provisions are recognised when; there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Where there is a firm expectation of a provision to be reimbursed, the reimbursement is recognised as a separate asset.

Significant Accounting Policies (continued)

O Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the fair value (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Debt refinancing costs incurred arising from extinguishment of borrowings are taken to income statement in the period during which the extinguishment is concluded.

Debt refinancing costs incurred on new borrowings are capitalised and amortised over the period of the borrowings.

P Taxation

The current income tax charge is based on the tax laws that have been enacted or substantively enacted at the balance sheet date in the respective jurisdictions the Group operates in.

Deferred income tax is determined using the tax rates (and laws) that are expected to apply to the period when the deferred tax assets are realised or the deferred tax liability is settled, based on the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Q Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants are presented in the balance sheet as deferred income.

Significant Accounting Policies (continued)

R Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, such as all or some future interest payment on variable rate debt or a highly probable forecast transaction and could affect profit or loss.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in the hedging reserve in equity, whereas the ineffective portion is recognised immediately in the income statement. Amounts previously deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

S Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

(ii) Post employment benefits

The Group contributes to the Employees Provident Fund (“EPF”), which is a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior financial years. Contributions to the defined contribution plan are charged to the income statement in the financial year to which they relate.

T Revenue recognition

Group revenue comprises the gross sales proceeds net of prize payouts for the Numbers Forecast Totalisator (“NFO”) business, share of net surpluses from the Racing Totalisator (“RTO”) business, capacity charges and energy payments from power plants, revenue from the letting of the investment property, revenue from admission fees, and food and beverage sales in the Tropical Islands (“TI”) resort and revenue from ticket and concession sales and screen advertising.

Group revenue is recognised on the following basis:

- Gaming transactions have been determined as falling within the scope of IAS 39 – “Financial Instruments: Recognition and Measurement”. NFO revenue is recognised when the customers have placed their investments for completed NFO draws.
- Share of net surplus for RTO business represents the Group’s share of the net income arising from completed race meetings.
- Capacity charges are recognised on the billing of the available capacity in accordance with the contractual terms in the PPA should the risks and rewards of the relevant power plants be considered as being vested on the Group. If the PPA is construed to be, in substance, a finance lease in accordance with the criteria set out in Note 15, capacity charges will be recognised as finance lease income accruing over the period of the PPA. In either case, energy payments are recognised as revenue as and when the contracted power is delivered to the offtaker.
- Revenue from the letting of investment property is recognised on a straight-line basis over the term of the relevant tenancy agreements.
- Revenue from admission fees and food & beverage sales in the TI resort is recognised in the accounting period in which the customers patronise the resort and consume its products.
- Revenue from cinema tickets and concession sales is recognised upon delivery of services and products. Screen advertising is recognised on an accrual basis.

Significant Accounting Policies (continued)

U Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends that are approved by the board of directors of the Company as a distribution to the Company's shareholders are recognised on payment date.

V Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities and investments in unit trusts) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, investments in long term venture funds and long term investments in unquoted securities) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values.

W Critical accounting estimates and judgements

The preparation of financial statements requires the Group to make estimates and assumptions that affect the reported financial results during the reporting period. Actual results may differ from these estimates. Certain of the Group's accounting policies have been evaluated as requiring critical accounting judgements or involving particularly complex or subjective decisions or assessments. These are disclosed below and are to be read in conjunction with the full statement on Significant Accounting Policies.

- Note 8 – the annual impairment review on the carrying value of the intangible assets;
- Note 11 – the valuation of investment property;
- Note 23 – estimation of provisions to be recognised where there is a present obligation as a result of a past event; and
- Note 29 (c) – the valuation assumptions relating to fair value of cash flow hedge.

In addition to the above, critical judgements have been made in applying the Group's accounting policies for the following:

(i) *Impairment review of the underlying assets of TI*

The continuing losses experienced by TI have made it necessary to evaluate whether the underlying assets are being stated in excess of their recoverable amount. A discounted cash flow model has been prepared to determine the recoverable amount using the "value-in-use" calculations, which requires the use of estimates, based on agreements entered into in April 2009 with third parties to commence construction of the holiday homes. The "value-in-use" calculation is highly dependent on forecast revenue earned from visitors' attendance. A key valuation assumption is the construction of vacation homes to enable an increase in visitors' attendance particularly during non-peak periods and the occupancy rates of these homes. The discounted cash flow model has assumed that the commencement of Phase 1 construction will take place by the end of this year, with the expected completion of all homes in this phase by the end of 2011. The model confirms that the carrying value of TI assets is not impaired.

Significant Accounting Policies (continued)

W Critical accounting estimates and judgements (continued)

(i) *Impairment review of the underlying assets of T1 (continued)*

The key assumptions used are as follows:

Growth rate	2% from 9th year (2019) onwards
Discount rate	11.40%
Occupancy rate of holiday homes	70.00%
Completion of Phase 1 of holiday homes development	December 2011
Carrying value of underlying assets	RM372 million
Net Present Value ("NPV")	RM441 million
Headroom	RM69 million

The model is sensitive to delays in the completion of Phase 1 and to the occupancy rates of the said vacation homes as shown below:

	Occupancy rate		
	75% RM'million	70% RM'million	65% RM'million
'Value-in-use' or NPV based on the discounted cash flow	441.0	441.0	441.0
Add/(less):			
(a) increase/(decrease) in the average occupancy rate for vacation homes	57.0	–	(57.0)
(b) delay of 1 year in Phase 1 construction	(21.0)	(21.0)	(21.0)
'Value-in-use' based on the discounted cash flow (after changes in key assumptions)	477.0	420.0	363.0
Less: carrying value of underlying assets	372.0	372.0	372.0
Headroom	105.0	48.0	(9.0)

The aforementioned computations are therefore premised on the ability of the third parties to independently finance, construct and sell these properties to enable them to achieve their roll-out targets within the envisaged timelines.

(ii) *Assessment on whether the arrangements relating to PPAs for power plants owned by the Group are to be construed as finance or operating leases*

The long term PPAs entitle the Group to receive capacity payments as compensation for ensuring the continuing availability of the power plants and also sell their electrical output to the offtaker. As this arrangement gives the offtaker the absolute right to use the power plant for an agreed period and a corresponding obligation to pay the Group for this service, the Group is required, under the current financial reporting framework, to evaluate whether this is in essence a leasing arrangement in accordance with IFRIC 4 – "Determining whether an arrangement contains a lease".

Significant Accounting Policies (continued)

W Critical accounting estimates and judgements (continued)

(ii) *Assessment on whether the arrangements relating to PPAs for power plants owned by the Group are to be construed as finance or operating leases (continued)*

If a leasing arrangement is established, the Group is required to make a further assessment on whether the risks and rewards of the ownership of each power plant is vested on the offtaker (which will define this as a finance lease arrangement) or if the risks and rewards are substantially vested on the Group (i.e. an operating lease). In making this evaluation, both quantitative and qualitative criteria are prescribed by International Financial Reporting Standards which, on occasions, result in conflicting outcomes, for which no criteria is given precedence over another. In such situations, considerable judgement is brought to bear in determining which party bears most of the risks and the rewards.

We set out below, the key criteria and judgemental elements considered in determining whether the PPAs governing the operations of our power plants are, in substance, finance or operating leases:

The power plants in Egypt and Bangladesh are, based on the following elements, determined as being finance lease arrangements:

- The present value of the capacity payments equates substantially to the fair value of the power plants at inception
- The power plants are of such specialised nature that only the offtaker is able to use them without major modifications
- The PPA term forms a significant part of the economic life of the power plant

Malaysian power plants are based on the following elements, determined as being operating leases:

- Each PPA constitutes a build, operate and own arrangement which gives the Group the right to renew the PPA, by mutual consent with the offtaker, for 3 additional terms of 5 years each. Failing this, the Group is able to realise the residual value of the power plant by a sale or other means, at the end of the PPA
- The PPA term of 21 years is less than the economic life of each power plant estimated at between 35 to 40 years
- The PPA results in the Group retaining other operational risks associated with the arrangement

Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign currency risk, liquidity and cash flow risk, market risk and credit and counterparty risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. We set out below the policies and other measures taken to manage these risks:

(a) Market risk

The Group's exposure to market risk arises mainly from inflationary pressures on the operations and maintenance expenses of its power plants. These are mitigated through stringent procurement and tender procedures, long term supply contracts to minimise price escalation and, to a certain extent, the inclusion of cost pass-through provisions and inflationary adjusting factors in agreements with its customers.

(i) Interest rate risk

A large extent of the Group's expansion activities are financed by way of debt. In this respect, the Group adopts a non-speculative stance which favours predictability over short term interest rate fluctuations particularly for power-related projects where interest rate volatility could adversely impact project returns. To this end, the Group's policy is to either borrow at fixed rates or have in place floating-to-fixed interest rate instruments, primarily interest rate swaps, for a significant portion of its floating rate borrowings. The interest rate profile of the Group's borrowings is also regularly reviewed against prevailing and anticipated market interest rates to determine whether refinancing or early repayment is warranted.

	2009	2008
	RM'000	RM'000
Fixed rate loans	1,520,635	2,310,154
Floating rate loans		
Hedged	2,615,810	1,994,427
Unhedged	1,641,855	1,339,841
Total borrowings	5,778,300	5,644,422
Impact to profit before taxation and net assets		
1 percent increase in interest rate	(16,419)	(13,398)
1 percent decrease in interest rate	16,419	13,398

(ii) Foreign exchange risk

The Group is exposed to risks arising from various currency exposures primarily with respect to the Euro and US Dollar. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the relevant currencies.

The Group is also exposed to foreign currency transaction risks for the purchase of materials, spares and services for the maintenance of its power plants and payment obligations under Engineering, Procurement and Construction contracts. The Group enters into forward contracts as a hedge against major fluctuations in its foreign currency payment obligations for future commercial transactions.

Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The table illustrates the impact on the profit for the year, equity and net assets resulting from currency sensitivities.

	Impact on profit for the year RM'000	Impact on equity RM'000	Impact on net assets RM'000
2009			
10 percent increase in US Dollar exchange rate	15,518	–	15,518
10 percent decrease in US Dollar exchange rate	(15,518)	–	(15,518)
10 percent increase in Australian Dollar exchange rate	3,308	–	3,308
10 percent decrease in Australian Dollar exchange rate	(3,308)	–	(3,308)
10 percent increase in EURO exchange rate	1,193	3,039	4,232
10 percent decrease in EURO exchange rate	(1,193)	(3,039)	(4,232)
2008			
5 percent increase in US Dollar exchange rate	2,690	2,984	5,674
5 percent decrease in US Dollar exchange rate	(2,690)	(2,984)	(5,674)
5 percent increase in Ringgit Malaysia exchange rate	2,982	–	2,982
5 percent decrease in Ringgit Malaysia exchange rate	(2,982)	–	(2,982)

(iii) Price risk

The Group is exposed to fixed income instruments and equity securities price risk arising from investments held by the Group and classified on the consolidated balance sheet as Available-for-sale financial assets and Held-for-trading investments. To manage its price risk arising from investments in fixed income instruments and equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policies and related guidelines that specify the nature and maximum extent of funds to be invested. These parameters are monitored closely and market variations regularly reported to management.

The Group's investments in equity of other entities are publicly traded and these are mainly on the Kuala Lumpur Composite Index ("KLCI"). The table below summarises the impact of an increase/decrease of the KLCI on the Group's profit for the year, equity and on net assets. The analysis is based on a 10% increase or decrease in the KLCI as at the respective financial year ends, with all other variables held constant. It is also based on the assumption that the Group's equity instruments move in accordance with their historical correlation with the KLCI.

Financial Risk Management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

	Impact on profit for the year RM'000	Impact on equity RM'000	Impact on net assets RM'000
2009			
10 percent increase in equity prices	541	2,578	3,119
10 percent decrease in equity prices	(541)	(2,578)	(3,119)
2008			
10 percent increase in equity prices	1,081	7,520	8,601
10 percent decrease in equity prices	(1,081)	(7,520)	(8,601)

The market price of investments in fixed income instruments is affected by market interest rates. The table below summarises the impact of an increase/decrease of the market interest rates on the Group's equity and net assets.

	Impact on equity/ net assets RM'000
2009	
+ 1% shift in yield curve	(551)
- 1% shift in yield curve	1,626
2008	
+ 1% shift in yield curve	(307)
- 1% shift in yield curve	305

Financial Risk Management (continued)

Financial risk factors (continued)

(b) Liquidity and cash flow risk

The Group's holdings of short term financial assets minimises liquidity risk as there are sufficient liquid assets and bank balances to meet the Group's operating and financing requirements for the foreseeable future. Whenever the Group undertakes additional financing, the repayment and maturity profile of the underlying loans are structured after taking into consideration the cash inflows expected to be generated from the related assets or operations and the economic life of the assets or operations being financed.

The undiscounted contractual cash flows payable under financial instruments as at the balance sheet date are as follows:

	Within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	5 years or more RM'000
As at 31 January 2009				
Borrowings	730,341	459,161	1,608,291	2,478,140
Trade and other payables	659,900	283	308	–
Finance lease liabilities	3,644	3,644	10,931	12,285
Deferred sales tax	9,206	10,613	–	–
Security deposit for office rental	817	2,131	5,662	–
Amount due to minority interest	73,867	87,854	253,276	549,632
Derivative financial instruments	19,357	25,252	112,960	326,411
	<u>1,497,132</u>	<u>588,938</u>	<u>1,991,428</u>	<u>3,366,468</u>
As at 31 January 2008				
Borrowings	1,171,678	337,341	1,574,312	2,602,904
Trade and other payables	564,195	–	–	–
Finance lease liabilities	3,650	7,300	7,301	15,957
Deferred sales tax	–	4,223	7,218	4,006
Security deposit for office rental	–	539	2,049	5,445
Amount due to minority interest	3,444	116,659	257,420	567,127
Derivative financial instruments	–	9,434	28,809	106,396
	<u>1,742,967</u>	<u>475,496</u>	<u>1,877,109</u>	<u>3,301,835</u>

(c) Credit and counterparty risks

Credit risks arise mainly through the credit period extended to selling agents of Pan Malaysian Pools Sdn Bhd. The risks relating to the selling agents are mitigated by obtaining collateral (i.e. deposits and bank guarantees) as well as the application of strict credit approval, monitoring and enforcement policies. Transactions are also entered into between the Group and the Malaysian, Egyptian and Bangladesh national utility companies. The relevant credit risks are mitigated by the guarantees of the Central Bank of Egypt and the Government of Bangladesh respectively. Counterparty risks arise when deposits are placed with licensed financial institutions. The Group treasury policy seeks to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various financial institutions. The Group considers the risk of material loss in the event of non-performance by the above parties to be unlikely.

Financial Risk Management (continued)

Financial risk factors (continued)

(c) Credit and counterparty risks (continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Group	2009 RM'000	2008 RM'000
(i) Cash at bank and in hand		
<i>Counterparties with external credit rating (Moody's)</i>		
P1	16,782	28,861
Aa3	1,871	–
Ba2	3,666	–
<i>Counterparties with external credit rating (RAM)</i>		
P1	17,628	–
AAA	44	13,490
AA	–	217,064
AA-	–	75,877
AA2	1,218	4,844
AA3	–	779
BB+	–	109,810
BB	–	6,494
BB-	–	233
<i>Counterparties with external credit rating (Standard & Poor's)</i>		
AA- to AA+	130,784	–
A- to A+	367	–
Lower than A-	19,435	–
BBpi	4,151	–
	195,946	457,452
<i>No rating available</i>	2	114
	195,948	457,566
(ii) Short term deposits		
<i>Counterparties with external credit rating (Moody's)</i>		
P1	74,955	291,889
Aa3	122,143	–
<i>Counterparties with external credit rating (RAM)</i>		
P1	128,986	–
AAA	22,576	10,734
AA	–	3,864
AA1	22,803	21,424
AA2	31,281	43,008
AA3	157,917	65,009
A1	53,293	73,448
A2	28,513	25,072
A3	–	12,867
<i>Counterparties with external credit rating (Standard & Poor's)</i>		
AA- to AA+	199,785	–
A- to A+	50,161	–
Lower than A-	114,495	–
	1,006,908	547,315
<i>No rating available</i>	–	53,435
	1,006,908	600,750

Financial Risk Management (continued)

Financial risk factors (continued)

(c) Credit and counterparty risks (continued)

Group	2009 RM'000	2008 RM'000
(iii) Marketable securities		
<i>Counterparties without external credit rating</i>		
These investments are not impaired and there are returns in the form of dividends/capital gains	59,407	108,412
(iv) Fixed income instruments		
<i>Counterparties with external credit rating (MARC)</i>		
D	–	1,105
<i>Counterparties with external credit rating (Standard and Poor's)</i>		
BB	270	479
	270	1,584
(v) Convertible bonds		
<i>Counterparties with external credit rating (RAM)</i>		
P1	816	–
AAA	–	1,040
	816	1,040
(vi) Investments in unit trust		
<i>Counterparties with external credit rating (RAM)</i>		
AA3	11,248	–
<i>Counterparties without external credit rating</i>		
Not impaired, constant return	40,547	51,538
	51,795	51,538
(vii) Long term/other investments		
<i>Counterparties without external credit rating</i>		
Group 1	2,865	226,776
Group 2	762	1,126
	3,627	227,902
(viii) Private equity fund		
<i>Counterparties without external credit rating</i>		
Group 1	6,675	–
<p>Group 1 – The investment is not impaired and there are significant returns in the form of capital distribution on the investment</p> <p>Group 2 – The investment is not impaired but there is significant reduction in the market value; and there are reduced returns in the form of capital distribution on the investment</p>		
(ix) Derivative financial instruments		
<i>Counterparties without external credit rating</i>		
Warrant ratings not available	–	19

Financial Risk Management (continued)

Financial risk factors (continued)

(c) Credit and counterparty risks (continued)

Group	2009 RM'000	2008 RM'000
(x) Trade receivables		
<i>Counterparties with external credit rating (Moody's)</i>		
Baa1	252,631	173,356
<i>Counterparties without external credit rating</i>		
Existing customers with debts due within 7 days	23,059	16,351
Existing customers with debts due within 30 days	90	87
Satisfactory risk	136,757	118,613
Existing customers (more than 6 months) with no previous defaults	4,393	3,033
	<u>416,930</u>	<u>311,440</u>
Satisfactory risk – guaranteed by the Central Bank of Egypt and the Government of Bangladesh		
(xi) Other receivables		
<i>Counterparties without external credit rating</i>		
Group 1	9,232	12,407
Group 2	2,013	577
Group 3	1,654	4,579
	<u>12,899</u>	<u>17,563</u>
Group 1 – receivable within 30 days Group 2 – receivable between 1 to 5 years Group 3 – receivable 5 years or more		
Other receivables		
<i>Counterparties without external credit rating</i>		
Satisfactory risk	67,483	89,863
Other receivables		
<i>Counterparties without external credit rating</i>		
Group 1	–	830
Group 2	8,894	4,052
Group 3	2,069	21,462
	<u>10,963</u>	<u>26,344</u>
Total other receivables	<u>91,345</u>	<u>133,770</u>
Group 1 – new customers (less than 6 months) Group 2 – existing customers (more than 6 months) with no defaults in the past Group 3 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered		
(xii) Lease receivables		
<i>Counterparties without external credit rating</i>		
Satisfactory risk	6,492,291	5,996,418

Notes to the Financial Statements

31 January 2009

1. SEGMENTAL REPORTING

The principal business segments of the Group are Power Generation, Gaming, Property Investment and Leisure. Power Generation relates to the ownership, development and operation of power plants. Gaming comprises the NFO and RTO businesses. Property Investment relates to the leasing and maintenance of Menara Maxis. Leisure refers to the operation of the Tropical Islands resort and TGV Cinemas Sdn Bhd which became a wholly-owned subsidiary in July 2008.

The Group's business is mainly concentrated in Malaysia with the exception of the Tropical Islands resort which is located in the Federal Republic of Germany and 10 power plants in Egypt, Bangladesh, Pakistan, Sri Lanka and the United Arab Emirates.

(a) Primary reporting format – business segments

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2009						
Revenue						
Total revenue	2,718,372	714,543*	65,310	208,323	–	3,706,548
Inter-segment elimination	–	–	(12,693)	–	–	(12,693)
External revenue	2,718,372	714,543*	52,617	208,323	–	3,693,855
Results						
Operating profit/(loss)	793,737	210,429	142,454	(29,369)	1,852	1,119,103
Net investment income						70,509
Finance costs	(507,084)	–	(4,922)	(21,184)	(801)	(533,991)
Interest income						33,374
Share of post tax results from:						
– Joint ventures	48,252	–	–	2,813	–	51,065
– Associates	8,776	–	–	–	–	8,776
	57,028	–	–	2,813	–	59,841
Profit before taxation						748,836
Taxation						(200,260)
Profit after taxation						548,576

Notes to the Financial Statements (continued)

31 January 2009

1. SEGMENTAL REPORTING (continued)

(a) Primary reporting format – business segments (continued)

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2009						
Other segment items						
Capital expenditure	70,189	10,036	1,960	20,361	405	102,951
Depreciation charge	245,622	11,129	1,127	41,282	746	299,906
As at 31 January 2009						
Segment assets	9,650,161	142,469	662,421	518,208	19,325	10,992,584
Joint ventures	254,580	–	–	6,520	–	261,100
Associates	42,034	–	–	–	–	42,034
	296,614	–	–	6,520	–	303,134
Unallocated assets						1,157,993
Total assets						12,453,711
Segment liabilities	1,072,009	142,718	18,670	98,256	9,616	1,341,269
Borrowings	5,336,285	–	82,500	359,515	–	5,778,300
Unallocated liabilities						1,630,130
Total liabilities						8,749,699

Notes to the Financial Statements (continued)

31 January 2009

1. SEGMENTAL REPORTING (continued)

(a) Primary reporting format – business segments (continued)

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2008						
Revenue						
Total revenue	1,843,744	724,478*	62,970	103,220	–	2,734,412
Inter-segment elimination	–	–	(12,767)	–	–	(12,767)
External revenue	1,843,744	724,478	50,203	103,220	–	2,721,645
Results						
Operating profit/(loss)	775,186	228,826	43,147	(59,114)	(10,300)	977,745
Net investment income						30,609
Finance costs	(280,480)	–	(5,732)	(20,793)	(10,363)	(317,368)
Interest income						58,914
Share of post tax results from:						
– Joint ventures	19,529	(236)	–	2,358	–	21,651
– Associates	1,473	–	–	–	454	1,927
	21,002	(236)	–	2,358	454	23,578
Profit before taxation						773,478
Taxation						(195,258)
Profit after taxation						578,220

Notes to the Financial Statements (continued)

31 January 2009

1. SEGMENTAL REPORTING (continued)

(a) Primary reporting format – business segments (continued)

	Power Generation RM'000	Gaming RM'000	Property Investment RM'000	Leisure RM'000	Others RM'000	Group RM'000
Year ended 31 January 2008						
Other segment items						
Capital expenditure	82,628	7,341	122	52,707	343	143,141
Depreciation charge	211,314	10,032	1,017	36,472	879	259,714
Property, plant and equipment written-off	1,202	–	–	–	–	1,202
As at 31 January 2008						
Segment assets	9,452,561	139,803	560,008	409,355	47,147	10,608,874
Joint ventures	166,093	140	–	31,733	–	197,966
Associates	36,468	–	–	–	–	36,468
	202,561	140	–	31,733	–	234,434
Unallocated assets						1,284,505
Total assets						12,127,813
Segment liabilities	774,557	125,252	18,762	96,429	4,010	1,019,010
Borrowings	5,025,373	–	97,500	376,755	144,794	5,644,422
Unallocated liabilities						1,788,247
Total liabilities						8,451,679

Inter-segment transactions are settled at market prices and are generally based on the same prices as those to third parties.

* Gaming transactions have been determined as falling within the scope of IAS 39. Accordingly, NFO revenue is reported net of prize payouts. Gaming revenue therefore consists of the following:

	Group	
	2009 RM'000	2008 RM'000
Gaming revenue		
NFO gross sales proceeds	1,989,532	2,025,631
Less: Prize payouts	(1,285,703)	(1,319,320)
NFO revenue	703,829	706,311
RTO revenue	10,714	18,167
	714,543	724,478

Segment assets include intangible assets, property, plant and equipment, prepaid lease rental, investment property, lease receivables, inventories, trade and other receivables and operating cash. Segment liabilities include trade and other payables, hedging liability, other non-current liabilities and provisions for liabilities and charges.

Unallocated assets include staff loans, available-for-sale financial assets, derivative financial instruments, held-for-trading investments, short term deposits placed with financial institutions and deferred income tax assets. Unallocated liabilities include deferred income tax liabilities and current income tax liabilities.

Notes to the Financial Statements (continued)

31 January 2009

1. SEGMENTAL REPORTING (continued)

(b) Secondary reporting format – geographical segments

	2009 RM'000	2008 RM'000
Year ended 31 January		
Total external revenue – Group		
Malaysia	2,167,455	1,848,387
Egypt	1,013,267	712,295
Bangladesh	372,590	57,743
Federal Republic of Germany	140,543	103,220
	<u>3,693,855</u>	<u>2,721,645</u>
Total capital expenditure – Group		
Malaysia	84,521	88,248
Federal Republic of Germany	15,341	52,707
Egypt	1,219	1,073
Australia	1,108	–
Bangladesh	762	1,113
	<u>102,951</u>	<u>143,141</u>

	Segment assets RM'000	Joint ventures RM'000	Associates RM'000	Unallocated assets RM'000	Total assets RM'000
As at 31 January 2009					
Egypt	5,050,590				
Malaysia	3,205,894				
Bangladesh	2,277,300				
Federal Republic of Germany	410,384				
Other countries	48,416				
Group	<u>10,992,584</u>	<u>261,100</u>	<u>42,034</u>	<u>1,157,993</u>	<u>12,453,711</u>
As at 31 January 2008					
Egypt	4,629,780				
Malaysia	3,322,506				
Bangladesh	2,189,099				
Federal Republic of Germany	409,355				
Other countries	58,134				
Group	<u>10,608,874</u>	<u>197,966</u>	<u>36,468</u>	<u>1,284,505</u>	<u>12,127,813</u>

Segment revenue from external customers is based on the country in which the customer is located whereas the total carrying amount of assets and capital expenditure is allocated based on the location of the assets.

Notes to the Financial Statements (continued)

31 January 2009

2. OPERATING COSTS

	Note	Group	
		2009 RM'000	2008 RM'000
Analysis of operating costs by function:			
Cost of sales		2,107,885	1,520,829
Distribution costs		73,227	69,914
Administrative expenses		520,428	169,007
Other operating expenses		10,737	36,894
Other operating income			
– Net gain on fair value adjustments on Menara Maxis	11	(99,661)	–
– Recognition of government grant	21 (b)	(17,699)	(16,354)
– Miscellaneous income		(20,165)	(36,390)
		2,574,752	1,743,900
Analysis of operating costs by nature:			
Fuel and gas cost		1,281,510	706,428
Depreciation		299,906	259,714
Gaming tax and betting & sweepstake duties		268,985	273,865
Staff costs	2 (a)	157,771	118,820
Commissions and royalties		105,580	109,620
Windfall profit levy		85,026	–
Business and corporate development costs		51,394	–
Maintenance of property, plant and equipment		47,536	45,582
Raw material, parts & consumables		40,414	14,558
Utilities		36,876	27,641
Advertising & marketing expenses		29,062	33,953
Power plant insurance		26,516	21,960
Film hire		20,108	–
Cost of food & beverage sold		20,005	12,153
Telecommunication expenses		11,716	10,539
Contribution from designated NFO draws		10,762	10,333
Entertainment duty		10,560	–
Rental of cinema premises		10,127	–
Contribution to non-EU political organisation		10,000	–
Revaluation surplus on investment property	11	(99,661)	–
Recognition of government grant	21 (b)	(17,699)	(16,354)
Other operating costs		168,258	115,088
		2,574,752	1,743,900

Notes to the Financial Statements (continued)

31 January 2009

2. OPERATING COSTS (continued)

	Group	
	2009	2008
	RM'000	RM'000
Operating costs are arrived at after charging/(crediting) the following items:		
Property, plant and equipment:		
Loss/(profit) on disposal	1,446	(833)
Written-off	21	1,202
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	138,552	29,892
Written down	1,583	5,367
Rent of land and buildings	2,601	955
Hire of plant and machinery	1,652	771
Directors of Tanjong – emoluments	1,500	1,451

Disclosures required by the Companies Act 1985 of Great Britain on Directors' emoluments, including Directors' fees, benefits-in-kind and expense allowance are included in the Directors' Remuneration Report which forms part of these financial statements.

Auditors' remuneration

PricewaterhouseCoopers LLP ("PwC") are the Group's external auditors for the financial year under review and are subject to re-appointment at the AGM. The aggregate fees for professional services rendered by PwC and network firms are detailed below:

	Group	
	2009	2008
Note	RM'000	RM'000
Audit of the parent company and consolidated financial statements	883	737
Fees payable for other services:		
– audit of subsidiary companies pursuant to legislation	2,110	1,537
– due diligence services for acquisitions	2,153	4,519
– services for corporate development activities	–	1,300
– tax compliance and advisory services	469	542
– all other assurance services	34	366
	5,649	9,001
Other auditors	51	119

(i) Other assurance services relate to attestation services, controls reviews, consultations for financial reporting standards and other advice.

Notes to the Financial Statements (continued)

31 January 2009

2. OPERATING COSTS (continued)

(a) Staff costs

	Group	
	2009	2008
	RM'000	RM'000
(i) The staff costs incurred during the year were as follows:		
Wages and salaries	141,308	104,563
Statutory contributions to social security	9,611	9,128
Statutory contributions to Employees Provident Fund	6,852	5,129
	157,771	118,820
(ii) The average monthly number of persons employed by the Group during the year was as follows:		
Management	144	123
Operations	1,107	976
Administration	406	429
	1,657	1,528
Part-time staff	827	256
	2,484	1,784
The staff were employed in the following countries:		
Malaysia	1,582	888
Federal Republic of Germany	489	498
Egypt	293	300
Bangladesh	120	98
	2,484	1,784

The Company has one employee, its Executive Director, whose remuneration details are disclosed in the Directors' Remuneration Report.

3. NET INVESTMENT INCOME

		Group	
		2009	2008
	Note	RM'000	RM'000
Dividends from investments:			
Quoted in Malaysia		1,255	1,907
Quoted outside Malaysia		3,907	3,133
Unquoted long term investments outside Malaysia		–	2,570
(Loss)/gain on disposal of investments:			
In Malaysia		(799)	1,548
Outside Malaysia	(i)	62,906	5,047
Net (loss)/gain from change in fair value of financial assets		(2,317)	97
Net foreign exchange gain		5,557	16,307
		70,509	30,609

(i) Includes RM61,973,278 of net investment gains arising from the disposal of the Group's interest in broadcasting assets in the United Kingdom on 26 March 2008 (please see Note 14 (ii)).

Notes to the Financial Statements (continued)

31 January 2009

4. FINANCE COSTS

	Note	Group	
		2009 RM'000	2008 RM'000
Interest expense:			
Borrowings		290,475	302,436
Others:			
Amortised fair value of advance from minority interest	(i)	33,044	–
Provisions: Unwinding of discounts	23	5,002	1,871
Fair value on financial instrument:			
– interest rate swap: cash flow hedge, transfer from equity		64,217	13,061
Debt refinancing costs	(ii)	141,253	–
		533,991	317,368

(i) Relates to amortisation of fair value arising from advances from minority interest over the period of the advance. Please refer to Note 24 (a).

(ii) These costs were incurred by the Group in conjunction with refinancing the debt of its two Egyptian power subsidiaries. This arrangement should result in lower borrowing costs yielding a financial benefit (net of refinancing costs) to the Group with an estimated present value of RM163 million over the period of the loan. The debt refinancing costs have been expensed in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

5. TAXATION

	Group	
	2009 RM'000	2008 RM'000
Malaysian taxation		
Income tax – current year		
Parent company	–	(1,424)
Subsidiary companies	146,291	144,436
	146,291	143,012
Income tax – prior years		
Parent company	2,164	(701)
Subsidiary companies	(1,693)	(723)
	471	(1,424)
Deferred taxation		
Subsidiary companies	25,405	20,943
	172,167	162,531
Non-Malaysian taxation		
Income tax – current year		
Subsidiary companies	24,618	972
Deferred taxation		
Subsidiary companies	3,475	31,755
	200,260	195,258

Notes to the Financial Statements (continued)

31 January 2009

5. TAXATION (continued)

	Group	
	2009	2008
	%	%
The reconciliation between the Malaysian tax rate and the effective tax rate is as follows:		
Malaysian tax rate *	25.0	26.0
Tax effect of:		
– Expenses not deductible for tax purposes	3.9	2.0
– Subsidiaries' current year's losses not available for set-off at Group level	3.3	4.9
– Adjustment in respect of prior years	(0.5)	0.1
– Income not subject to tax	(4.1)	(8.8)
– Others	(0.9)	1.0
Effective tax rate	26.7	25.2

* The Malaysian tax rate was reduced from 26% to 25% during the financial year (FY2008: from 27% to 26%).

Subject to agreement by the tax authorities, the amount of unutilised tax losses of subsidiary companies available for set-off against the future income chargeable to tax of the respective subsidiary companies amounted to **RM70,635,178** (2008: RM70,903,627) for which no deferred income tax asset is recognised in the balance sheet. The aforementioned sum relates to the Malaysian subsidiary companies and the carry forward of such losses is subject to meeting certain conditions under the Income Tax Act 1967 and the policy and guidelines issued by the Ministry of Finance.

6. EARNINGS AND NET TANGIBLE ASSETS PER SHARE

	Group	
	2009	2008
(i) The basic and diluted Earnings Per Share ("EPS") is computed as follows:		
Profit attributable to Tanjong's Shareholders (in RM'000)	463,769	554,459
Weighted average number of ordinary shares	403,256,136	403,256,136
Basic/Diluted EPS* (sen)	115.0	137.5
(ii) The Net Tangible Assets ("NTA") per share is computed as follows:		
Total shareholders' equity (in RM'000)	3,281,047	3,297,806
Less: Intangible assets (in RM'000)	(71,969)	(49,130)
NTA (in RM'000)	3,209,078	3,248,676
Number of ordinary shares	403,256,136	403,256,136
NTA per share (in sen)	796	806

* Basic and diluted EPS are the same as there were no share options outstanding in both periods.

Notes to the Financial Statements (continued)

31 January 2009

7. DIVIDENDS

	Company	
	2009 RM'000	2008 RM'000
First interim dividend of 2009: 17.5 sen gross (2008: 14 sen gross) per share less Malaysian income tax paid on 1 August 2008	52,927	41,213
Second interim dividend of 2009: 17.5 sen gross (2008: 14 sen gross) per share less Malaysian income tax paid on 31 October 2008	52,927	41,213
Third interim dividend of 2009: 17.5 sen gross (2008: 14 sen gross) per share less Malaysian income tax paid on 16 January 2009	52,927	41,777
Fourth interim dividend of 2008: 14 sen gross (2007: 12 sen gross) per share less Malaysian income tax paid on 6 May 2008	42,343	35,325
Final dividend of 2008: 34 sen gross (2007: 30 sen gross and 4 sen tax exempt) per share less Malaysian income tax paid on 15 August 2008	102,830	104,443
	303,954	263,971

The Directors declared a fourth interim dividend in respect of the financial year ended 31 January 2009 of 17.5 sen gross per share less Malaysian income tax totalling RM52,927,368 to shareholders on record as at 24 April 2009. The fourth interim dividend was paid on 5 May 2009.

In addition, the Directors have also proposed a final dividend in respect of the financial year ended 31 January 2009 of 20 sen gross per share less Malaysian income tax amounting to RM60,488,420. It will be paid on 14 August 2009 to shareholders on the record of the Company at the close of business on 31 July 2009 subject to the approval of the shareholders at the forthcoming AGM.

Notes to the Financial Statements (continued)

31 January 2009

8. INTANGIBLE ASSETS

Group	Note	Premiums RM'000	Goodwill RM'000	Total RM'000
Amortised cost/Cost				
At 31 January 2008		49,130	–	49,130
Arising from acquisition of a subsidiary	33	–	22,839	22,839
At 31 January 2009		<u>49,130</u>	<u>22,839</u>	<u>71,969</u>

(a) Premiums

The premiums which are recorded by a subsidiary, consist of the following:

- (i) RM21,250,000 relating to the acquisition of the sole and exclusive rights to NFO outlets on 1 February 1990; and
- (ii) RM67,319,000 relating to the acquisition of the rights to the RTO business on 24 July 1992.

There is no limitation to the period of the aforementioned rights and hence the above premiums have indefinite useful lives.

An annual impairment review has been carried out on these premiums in accordance with IAS 36 – “Impairment of Assets” and IAS 38 – “Intangible Assets”.

The recoverable amount of these premiums is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below.

Key assumptions used for value-in-use calculations:

Growth rate	5%
Discount rate*	10.6%

*pre tax discount rate applied to the cash flow projections

Based on the impairment test carried out, the premiums were not impaired.

(b) Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the net assets of TGV Cinemas Sdn Bhd (“TGV”) which has been determined as a cash generating unit (“CGU” see Note E) for impairment testing purposes.

The recoverable amount of TGV’s CGU is determined from the value in use calculations using cash flow projections based on financial plans covering a 5-year period. The growth rate assumptions used in the plans were based on past performance and management’s expectations of market development. The annual growth rate in the business plan used to determine cash flows beyond the 5-year period is 2% and does not exceed the average long term growth rate of the relevant market.

The projected cash flows used for the value in use calculations for TGV are adjusted for associated risks and are discounted using a nominal rate of 9.72%.

No goodwill impairment has been recognised.

Notes to the Financial Statements (continued)

31 January 2009

9. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	At 1 February 2008 RM'000	Additions/ Acquisitions RM'000	Disposals/ Exchange adjustments/ Transfers RM'000	At 31 January 2009 RM'000
Freehold land	17,464	–	1,948	19,412
Buildings	130,299	4,651	6,568	141,518
Land and buildings	147,763	4,651	8,516	160,930
Plant and machinery	3,850,364	70,483	(44,130)	3,876,717
Fixtures, fittings and equipment	187,570	75,497	(2,596)	260,471
Vehicles	19,282	2,867	(1,998)	20,151
Assets under construction	994	6,766	(7,174)	586
Leasehold improvements	–	91,627	4,936	96,563
Total	4,205,973	251,891	(42,446)	4,415,418

Accumulated Depreciation	At 1 February 2008 RM'000	Charge for the year RM'000	Disposals/ Exchange adjustments/ Transfers RM'000	At 31 January 2009 RM'000
Buildings	22,086	8,492	597	31,175
Plant and machinery	1,413,093	262,665	(49,682)	1,626,076
Fixtures, fittings and equipment	123,584	22,627	19,731	165,942
Vehicles	12,985	2,727	(1,814)	13,898
Leasehold improvements	–	3,395	29,187	32,582
Total	1,571,748	299,906	(1,981)	1,869,673

Net Book Value	At 31 January 2009 RM'000	At 31 January 2008 RM'000
Freehold land	19,412	17,464
Buildings	110,343	108,213
Land and buildings	129,755	125,677
Plant and machinery	2,250,641	2,437,271
Fixtures, fittings and equipment	94,529	63,986
Leasehold improvements	63,981	–
Vehicles	6,253	6,297
Assets under construction	586	994
Total	2,545,745	2,634,225

Notes to the Financial Statements (continued)

31 January 2009

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets capitalised and held under finance leases included in plant and machinery are:

	2009	2008
	RM'000	RM'000
Cost	21,236	21,274
Accumulated depreciation	(6,124)	(4,090)
Net book value	15,112	17,184

Assets capitalised which are treated as operating leases where Tanjong Group is the lessor:

	2009	2008
	RM'000	RM'000
Cost	3,540,193	3,506,988
Accumulated depreciation	(1,541,758)	(1,351,185)
Net book value	1,998,435	2,155,803

The depreciation charge for the year relating to these assets was **RM238,491,631** (2008: RM206,260,105).

10. PREPAID LEASE RENTAL

	2009	2008
	RM'000	RM'000
Cost		
At 1 February	27,966	18,118
Arising from acquired subsidiaries	–	9,337
Additions	417	820
Exchange difference	755	(309)
At 31 January	29,138	27,966
Accumulated Amortisation		
At 1 February	5,290	3,119
Arising from acquired subsidiaries	–	1,930
Amortisation	1,007	306
Exchange difference	3	(65)
At 31 January	6,300	5,290
Carrying Amount	22,838	22,676
Analysed between:		
Non-current	21,932	21,864
Current	906	812
	22,838	22,676

The prepaid lease rental consists mainly of owner occupied leasehold land in:

- (i) Malaysia amounting to RM15.4 million. The term of the lease range from 89 to 99 years; and
- (ii) Bangladesh amounting to RM7.4 million. The term of the lease is 27 years.

Notes to the Financial Statements (continued)

31 January 2009

11. INVESTMENT PROPERTY

Group	2009	2008
	RM'000	RM'000
At 31 January	550,339	550,000
Additions	–	339
Net gain from fair value adjustments	99,661	–
	650,000	550,339

The property is principally held for investment purposes and not for consumption within the business. As such, no depreciation is charged in accordance with IAS 40 – “Investment Property”.

The investment property at Menara Maxis was revalued on 31 January 2009 by Messrs Jones Lang Wootton, a Registered Valuer, using the open market existing use basis, to reflect its fair value of RM650,000,000. The Directors are satisfied, based on the findings, that the year end carrying value of Menara Maxis at RM650,000,000 is appropriate.

The property has been pledged as collateral for the Islamic financing facility referred to in Note 22 (i).

Investment property rental income and direct operating expenses for the period are as follows:

	2009	2008
	RM'000	RM'000
Rental income (gross)	65,310	62,970
Direct operating expenses	20,135	17,949

Notes to the Financial Statements (continued)

31 January 2009

12. INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARY COMPANIES

Group	Note	2009 RM'000	2008 RM'000
Investment in joint ventures	(a)	261,100	197,966
Investment in associates	(b)	42,034	36,468
Investment in joint ventures and associates		303,134	234,434

Group

(a) Investment in joint ventures:

At 1 February			
– Net assets		162,882	14,397
– Advances		35,084	37,560
		197,966	51,957
Investments	(i)	43,042	44
Dividends received		(39,043)	(4,057)
Share of post tax results for the year		51,209	22,252
Transfer to cost of investment in a subsidiary	(ii)	(17,327)	–
Transfer to intercompany advances	(ii)	(10,835)	–
Repayment of advance by joint ventures		(299)	(2,476)
Currency translation and other adjustments		36,387	13,084
Arising from acquisition	(iii)	–	117,162
		261,100	197,966
At 31 January			
– Net assets		226,315	162,882
– Advances		34,785	35,084
		261,100	197,966

- (i) Relates to the investment in relation to Taweelah B Independent Water & Power Project in Abu Dhabi, UAE.
- (ii) Relates to the acquisition of the remaining 50% equity interest in TGV on 31 July 2008 (please see Note 33).
- (iii) Relates to the joint venture entities forming part of the Globeleq acquisition.

Notes to the Financial Statements (continued)

31 January 2009

12. INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARY COMPANIES (continued)

Group

(a) Investment in joint ventures (continued)

In relation to the Group's interests in joint ventures, the assets, liabilities, income and expenses are shown below.

	2009 RM'000	2008 RM'000
Current assets	121,770	28,761
Long term assets	250,559	241,046
Current liabilities	(46,365)	(17,024)
Long term liabilities	(64,864)	(54,817)
	<u>261,100</u>	<u>197,966</u>
Income	254,032	111,739
Expenses	(201,749)	(87,432)
	<u>52,283</u>	<u>24,307</u>
Taxation	(1,074)	(2,055)
Share of post tax results from joint ventures	<u>51,209</u>	<u>22,252</u>

The joint ventures have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liability in relation to its interest in the joint ventures other than as set out in Note 30 (c).

TGV became a wholly-owned subsidiary on 31 July 2008 as set out in Note 33.

The share of capital commitments relating to joint ventures is disclosed in Note 30 (a).

Group

(b) Investment in associates:

	2009 RM'000	2008 RM'000
At 1 February	36,468	1,703
Share of post tax results from associates	8,776	1,931
Share of exchange reserve of associates	(1,942)	–
Dividend received	(5,549)	–
Exchange and other adjustments	4,281	–
Arising from acquisition	–	34,995
Reclassification to Available-for-sale financial assets	–	309
Reclassification to Receivables	–	(2,470)
At 31 January	<u>42,034</u>	<u>36,468</u>

Notes to the Financial Statements (continued)

31 January 2009

12. INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARY COMPANIES (continued)

Group

(b) Investment in associates (continued)

In relation to the Group's interests in associates, the assets, liabilities, income and expenses are shown below.

	2009 RM'000	2008 RM'000
Current assets	17,249	14,259
Long term assets	32,935	31,482
Current liabilities	(8,093)	(469)
Long term liabilities	(57)	(8,804)
	<u>42,034</u>	<u>36,468</u>
Income	55,720	11,468
Expenses	(46,944)	(9,430)
	<u>8,776</u>	<u>2,038</u>
Taxation	–	(107)
Share of post tax results from associates	<u>8,776</u>	<u>1,931</u>

The associates have no significant contingent liabilities to which the Group is exposed, nor has the Group any significant contingent liability in relation to its interest in the associates.

(c) Investments in subsidiary companies

Company	Note	2009 RM'000	2008 RM'000
At 1 February – investment at cost		121,368	121,368
Investment in non-cumulative redeemable convertible preference shares	(i)	1,539,760	–
Additional investment in a subsidiary		250	–
At 31 January		<u>1,661,378</u>	<u>121,368</u>

(i) On 31 December 2008, the Company subscribed for 153,976 non-cumulative redeemable convertible preference shares (“NCRCPs”) of RM0.01 each at a premium of RM9,999.99 each in settlement of RM1,539,760,000 owed by several wholly-owned subsidiaries of the Company. The salient terms of the NCRCPs subscribed are summarised below:

- Preferential non-cumulative dividends are receivable at a rate to be mutually agreed and are receivable on a date determined by the issuer subject to available profit and rank for payment of all unpaid preferential dividends in priority to the holders of other classes of shares convertible to ordinary shares at the option of the issuer.
- NCRCPs are redeemable at the option of the issuer out of profit or out of fresh issue of shares on a date to be determined by the issuer.
- At the option of the issuer, the whole or any part of the NCRCPs may be converted into fully paid ordinary shares at a rate and date determined by the issuer or mutually agreed upon.

(d) Advances (from)/to subsidiaries

Company	2009 RM'000	2008 RM'000
At 1 February	1,512,142	1,502,173
Conversion to NCRCPs	(1,539,760)	–
Net advances (from)/to subsidiaries	(190,298)	9,969
At 31 January	<u>(217,916)</u>	<u>1,512,142</u>

Notes to the Financial Statements (continued)

31 January 2009

13. DEFERRED INCOME TAX

The movement on the deferred income tax account is as shown below:

	Provisions RM'000	Tax losses RM'000	Tax credits RM'000	Others RM'000	Total RM'000
Deferred income tax assets					
At 1 February 2007	4,243	44,073	247,122	–	295,438
Charged to income statement	(11,310)	–	(9,705)	(6)	(21,021)
Arising from acquired subsidiaries	2,333	–	–	(77)	2,256
Exchange differences	1,675	–	–	(309)	1,366
At 31 January 2008	(3,059)	44,073	237,417	(392)	278,039
Credited/(charged) to income statement	9,600	(44,012)	–	–	(34,412)
Reclassification to deferred tax liabilities	(9,069)	–	(237,417)	(6)	(246,492)
Exchange and other adjustments	2,956	(61)	–	–	2,895
At 31 January 2009	428	–	–	(398)	30

	Accelerated tax depreciation RM'000	Fair value gains RM'000	Fair value on lease receivables RM'000	Others RM'000	Total RM'000
Deferred income tax liabilities					
At 1 February 2007	402,225	200,789	–	(1,157)	601,857
Charged/(credited) to income statement	23,033	(11,290)	–	19,933	31,676
Arising from acquired subsidiaries	323,221	–	–	–	323,221
Exchange differences	–	–	–	(15,579)	(15,579)
Other adjustment	–	–	107,459	–	107,459
At 31 January 2008	748,479	189,499	107,459	3,197	1,048,634
Charged/(credited) to income statement	210	24,766	–	(30,508)	(5,532)
Arising from an acquired subsidiary	7,248	–	–	–	7,248
Reclassification from deferred tax assets	–	–	–	(246,492)	(246,492)
Exchange and other adjustments	–	–	(45,301)	55,764	10,463
At 31 January 2009	755,937	214,265	62,158	(218,039)	814,321

All timing differences have been accounted for.

Deferred tax assets have been recognised only in respect of tax losses and other temporary differences when it is probable that these assets will be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, joint ventures and associates. As earnings derived from sources outside Malaysia are exempt from income tax, no tax is expected to be payable on such earnings upon remittance into Malaysia.

Notes to the Financial Statements (continued)

31 January 2009

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2009	2008
	RM'000	RM'000
At 1 February	380,242	407,707
Exchange differences	845	(13,370)
Additions	6,766	44,447
Reclassified from investment in associates	–	(309)
Converted from advances to shares	–	1,929
Disposals	(230,998)	(60,345)
Net valuation (loss)/gain taken to equity	(39,784)	183
At 31 January	117,071	380,242
Analysed between:		
Non-current	116,255	160,856
Current	816	219,386
	117,071	380,242
Available-for-sale financial assets comprise the following:		
Quoted equity securities:		
– in Malaysia	4,721	14,558
– outside Malaysia	49,167	83,620
Fixed income instruments	270	1,584
Convertible bonds	816	1,040
Investment in unit trusts	51,795	51,538
Unquoted investments:		
Long term venture funds (i)	3,627	8,516
Other investments (ii)	–	219,386
Private equity fund	6,675	–
	117,071	380,242

(i) This represents minority equity interests held in limited liability partnerships, which were formed to generate capital gains primarily from venture capital investments in early stage companies. These partnerships have tenures of 10 years with expiration periods ranging from 30 June 2010 to 31 December 2010.

(ii) Group's interest in broadcasting assets in the United Kingdom was disposed off on 26 March 2008.

Notes to the Financial Statements (continued)

31 January 2009

15. LEASE RECEIVABLES

	Group	
	2009 RM'000	2008 RM'000
Gross investment – minimum lease receivables		
Within 1 year	1,056,322	813,906
Between 1 and 5 years	3,859,270	3,421,345
5 years or more	8,056,994	8,150,481
	12,972,586	12,385,732
Less: Future finance lease income	(6,480,295)	(6,389,314)
Present value of minimum lease payments	6,492,291	5,996,418
Representing the present value of minimum lease payments		
Within 1 year	353,410	160,048
Between 1 and 5 years	1,455,201	1,006,529
5 years or more	4,683,680	4,829,841
	6,492,291	5,996,418
Analysed between:		
Non-current	6,138,881	5,836,370
Current	353,410	160,048
	6,492,291	5,996,418

The PPAs governing the Group's foreign power operations transfer substantially all the risks and rewards incidental to the ownership of the plant to the offtaker, who is effectively the lessee. As such, the aforementioned arrangement, which is deemed to contain a lease element, is required to be accounted for in accordance with IAS 17 – "Leases" as a finance lease.

Accordingly, the present value of the minimum lease payments, which is the contracted capacity payment due from the offtakers, is classified as finance lease receivables in the Balance Sheet. The recognition of finance lease income will be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

These receivables, which do not have external credit ratings, are guaranteed by the Central Bank of Egypt and the Government of Bangladesh.

The fair value of the lease receivables is the carrying value and the effective interest rate is between 5% to 12%.

Notes to the Financial Statements (continued)

31 January 2009

16. INVENTORIES

	Group	
	2009	2008
	RM'000	RM'000
Cost		
Spares and consumables	368,552	303,207
Distillate fuel	124,547	82,579
Merchandise	4,220	3,965
Food and beverage	2,997	2,410
Others	222	245
	500,538	392,406
Fair value		
Trading livestock	10,600	16,778
	511,138	409,184

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade receivables	423,598	312,658	–	–
Less: provision for impairment of trade receivables	(330)	(292)	–	–
Trade receivables – net	423,268	312,366	–	–
Other receivables	73,418	123,924	57	21,180
Taxation recoverable	17,927	11,214	678	2,403
Prepayments	16,507	57,053	41	19
	531,120	504,557	776	23,602

As at 31 January 2009, **RM6,338,397** (2008: RM926,000) of trade receivables were past due but not impaired. These relate to a number of external parties where there is no expectation of default.

	Group	
	2009	2008
	RM'000	RM'000
Less than 30 days past due	5,010	364
Between 30 and 60 days past due	492	378
Between 61 and 90 days past due	39	115
Between 91 days and 1 year past due	198	–
More than 1 year past due	599	69
	6,338	926

A total bank guarantee of **RM10,590,000** (2008: RM10,409,000) has been provided by the agents to the NFO business. A three month interest free rental and other deposits are collected in advance in relation to the investment property business. No collateral is provided in relation to the power generation business as the payment is guaranteed by the respective governments.

Notes to the Financial Statements (continued)

31 January 2009

17. TRADE AND OTHER RECEIVABLES (continued)

Movement of the Group's provision for impairment of trade receivables are as follows:

	Group	
	2009	2008
	RM'000	RM'000
At 1 February	292	366
Amounts written off	(17)	(74)
Charged to income statement	55	–
At 31 January	330	292

18. HELD-FOR-TRADING INVESTMENTS

	Group	
	2009	2008
	RM'000	RM'000
At 1 February	10,234	3,550
Additions	4,229	10,272
Disposals	(6,627)	(3,677)
Net valuation gains taken to income statement	(2,317)	78
Writeback of provisions	–	11
At 31 January	5,519	10,234

Held-for-trading investments comprise equity securities quoted in Malaysia.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2009	2008
	RM'000	RM'000
At 1 February	19	542
Disposals	(19)	(232)
Valuation gains taken to income statement	–	19
Adjustment for recognition of fair value	–	(310)
At 31 January	–	19

Notes to the Financial Statements (continued)

31 January 2009

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash at bank and in hand	195,948	457,566	87	213
Short term deposits in financial institutions*	1,006,908	600,750	39,388	124,920
	1,202,856	1,058,316	39,475	125,133

The effective interest rate on short-term deposits was **3.27%** p.a. (2008: 3.78% p.a.) and these deposits have various periods of maturity from overnight to one year.

* Includes **RM111,304,677** (2008: RM101,719,054) placed in finance/debt service reserve accounts to meet the debt servicing requirement of subsidiary companies, and **RM81,744,217** (2008: RM59,641,131) placed in Maintenance Reserve Accounts, which is required pursuant to the PPAs.

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables		193,156	160,233	–	–
Other payables	(a)	101,230	273,680	45	7
Accruals		366,105	130,282	547	2,509
Deferred income – Government grants	(b)	16,790	16,486	–	–
Deferred sales tax		9,206	–	–	–
Short term finance lease liabilities	(c)	1,976	3,650	–	–
		688,463	584,331	592	2,516

Credit terms granted by vendors generally range from 7 to 30 days.

- (a) Other payables consist mainly of balances payable to regulatory authorities i.e. Gaming Tax, Betting & Sweepstake Duties and royalties.
- (b) The government grants were obtained from the Investment Bank of the State Government of Brandenburg (“ILB”), Federal Republic of Germany arising from qualifying capital expenditure incurred by the TI subsidiaries pursuant to the development and construction of the TI Resort in Germany. The grants received were as follows:
- (i) first grant amounting to EUR17.3 million (approximately RM79 million then) was received in December 2006; and
 - (ii) second grant amounting to EUR350,000 (approximately RM1.7 million) was received in September 2008.

Both grants are recognised in the Income Statement over a period of five years to 31 October 2010 and 28 February 2012 respectively. The non-current portion of the grants amounting to RM17.2 million is classified under other non-current liabilities (Note 24) and income for the year amounting to RM17.7 million is reflected in Income Statement (Note 2).

Notes to the Financial Statements (continued)

31 January 2009

21. TRADE AND OTHER PAYABLES (continued)

- (c) TI Group's contracts with Energieversorgung Brand GmbH ("EVB") for the provision of gas, water, electricity and safety-related services to the dome and other buildings of TI Group are classified as a finance lease as these contracts transfer substantially all the risks and rewards incidental to ownership. TI as the purchaser recognises finance leases as assets and liabilities in their balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

		Group	
	Note	2009	2008
		RM'000	RM'000
Finance lease liabilities – minimum lease payments			
Within 1 year		3,644	3,650
Between 1 and 5 years		14,575	14,601
5 years or more		12,285	15,957
		30,504	34,208
Future finance charges on finance leases		(12,406)	(14,408)
Present value of finance lease liabilities		18,098	19,800
Analysed between:			
Current		1,976	3,650
Non-current	24	16,122	16,150
		18,098	19,800

The fair value of the finance lease liabilities is the carrying value and the effective interest rate is 10%.

Notes to the Financial Statements (continued)

31 January 2009

22. BORROWINGS

	Note	Group	
		2009 RM'000	2008 RM'000
Secured			
Bank loans			
Term loans – USD	22 (a)	516,122	581,674
Transferable loan facilities	22 (b)	324,218	376,755
Asian Development Bank loan (“ADB”)	22 (c)	376,148	358,415
Term loan – GBP	22 (d)	–	144,794
Working capital facility	22 (e)	–	17,845
Private debt securities			
Serial bonds	22 (f)	830,000	830,000
Islamic debt securities	22 (g)	180,000	230,000
Commercial paper	22 (h)	33,000	90,000
Islamic financing facility			
Infrastructure Development Company Limited (“IDCOL”) senior facility	22 (i)	82,500	97,500
IDCOL subordinated facility	22 (j)	51,702	54,324
Netherlands Development Finance Company (“FMO”) subordinated loan	22 (k)	224,687	215,544
International Development Association (“IDA”) guaranteed facility	22 (l)	26,746	25,642
Partial Risk Insurance (“PRI”) facility	22 (m)	107,084	110,713
FMO loan	22 (n)	11,392	11,777
Senior loans	22 (o)	29,891	32,213
International Finance Corporation (“IFC”) loans	22 (p)	2,768,513	636,240
Senior secured notes	22 (q)	–	1,015,847
	22 (r)	–	315,139
Unsecured			
Private debt securities			
Redeemable bonds	22 (s)	125,000	250,000
Bridging loan	22 (t)	56,000	–
Term loans – RM	22 (u)	35,297	–
Commercial paper	22 (v)	–	250,000
		5,778,300	5,644,422

(a) The USD term loans consist of:

- (i) USD90 million term loan drawn down by TEH Ventures (L) Ltd in November 2007. This loan is repayable upon maturity. This loan is secured by way of a corporate guarantee issued by Tanjong Energy Holdings Sdn Bhd. The average interest rate on the loan was **3.76%** p.a. (2008: 5.26% p.a.).
- (ii) USD53 million term loan drawn down by Pendekar Power (Labuan) Ltd in June 2008. This loan is secured by way of a corporate guarantee issued by Powertek Berhad. The average interest rate on the loan was **3.94%** p.a.
- (iii) USD89 million loan drawn down by KNL which was fully repaid during the year.

Notes to the Financial Statements (continued)

31 January 2009

22. BORROWINGS (continued)

- (b) The transferable loan facilities consist of:
- (i) EUR30 million facility drawn down by Tanjong Entertainment (L) Ltd on 31 March 2006. This loan is repayable in a single payment six years after the first draw down. The average interest rate was **5.5%** p.a. (2008: 4.10% p.a.). This loan is secured by way of a corporate guarantee issued by the Company.
 - (ii) EUR60 million facility drawn down by Tropical Island Holding GmbH between 22 May 2006 to 15 December 2006. This loan is repayable in 11 equal semi-annual instalments of EUR5,454,545 commencing 12 months after the first draw down. The average interest rate was **5.4%** p.a. (2008: 4.08% p.a.). This loan is secured by the Company undertaking in proportion to its equity interest of 75% in TI, to provide cash flow support which amount is capped at the principal and interest due in any one year only.
- (c) The ADB loan comprises Principal, Complementary and Guaranteed Facility: Tranche A and B. The Principal loan is repayable in 27 semi-annual instalments; the Complementary loan is repayable in 15 semi-annual instalments; the Guaranteed Facility: Tranche A is repayable in 25 semi-annual instalments and Tranche B is repayable in 10 semi-annual instalments. Interest on the ADB loan is payable semi-annually. The average interest rate ranged between **6.10%** p.a. to **7.65%** p.a. (2008: 7.51% p.a. to 9.06% p.a.). This borrowing is secured by way of pledge of shares, mortgages over their assets, assignments of rights under project agreements, interest rate hedging agreements, insurances, receivables and certain accounts and standby letters of credit/bank guarantee obtained.
- (d) The term loan of £22.5 million was fully repaid during the year.
- (e) This working capital facility at Port Said and Suez Gulf was fully repaid during the year.
- (f) Serial bonds of RM830 million nominal value were issued in 2 tranches by Panglima at par on 7 March 2003 and 19 March 2003. These debts are secured against a debenture over its assets and properties, a charge over its landed properties, an assignment of its rights, titles, benefits and interest in and under certain insurances and project agreements and an assignment of all amounts standing to the credit of a designated project and finance service reserve account of Panglima. The weighted average interest rate of the bonds was **7.42%** p.a. (2008: 7.42% p.a.) with interest payable semi-annually in arrears. The bonds were issued with tenures ranging from 6.5 to 13 years.
- (g) Al-Bai' Bithaman Ajil Islamic Debt Securities ("BaIDS") were issued by Pahlawan Power Sdn Bhd ("Pahlawan") at par on 31 January 2002. These BaIDS are secured by way of an assignment of certain insurances in relation to Pahlawan's properties, assets and business and a charge over its finance service reserve account. The average finance cost was **6.80%** p.a. (2008: 6.70% p.a.) with interest payable semi-annually in arrears. The BaIDS have various maturity periods, ranging from 2 to 10 years.
- (h) Commercial paper ("CP") of RM90 million issued by Pahlawan was fully repaid during the year. In September 2008, CPs totalling RM33 million were issued at a discount by Panglima. The average finance cost was **4.10%** p.a. The security mentioned in Note 21 (f) also covers the CP.
- (i) The Al-Bai' Bithaman Ajil Islamic financing facility ("Facility") is secured by a fixed charge over Impian Klasik Sdn Bhd's freehold land and building and a corporate guarantee issued by the Company. The profit on the Facility was **5.40%** p.a. (2008: 5.40% p.a.) and is repayable over 10 years.
- (j) The IDCOL senior facility is repayable in 27 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **8.80%** p.a. (2008: 8.80% p.a.). The security mentioned in Note 22 (c) also covers the IDCOL senior facility.
- (k) The IDCOL subordinated facility is repayable in 31 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **9.07%** p.a. (2008: 9.07% p.a.). The security mentioned in Note 22 (c) also covers the IDCOL subordinated facility.

Notes to the Financial Statements (continued)

31 January 2009

22. BORROWINGS (continued)

- (l) The FMO subordinated loan is repayable in 20 equal semi-annual instalments of USD150,000 and thereafter in 10 equal semi-annual instalments of USD700,000. Interest is payable semi-annually. The average interest rate was **4.99%** p.a. (2008: 5.80% p.a.). The security mentioned in Note 22 (c) also covers the FMO subordinated loan.
- (m) The IDA guaranteed facility is repayable in 26 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **6.25%** p.a. (2008: 7.31% p.a.). The security mentioned in Note 22 (c) also covers the IDA guaranteed facility.
- (n) The PRI facility is repayable in 23 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **7.00%** p.a. (2008: 8.06% p.a.). The security mentioned in Note 22 (c) also covers the PRI facility.
- (o) The FMO loan is repayable in 20 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **8.00%** p.a. (2008: 9.06% p.a.). The security mentioned in Note 22 (c) also covers the FMO loan.
- (p) The senior loans consist of:
 - (i) USD199 million loan drawn down by Sidi Krir Generating Company (Egypt). This loan is repayable in 28 semi-annual instalments commencing April 2008. Interest is payable semi-annually. The average interest rate was **4.84%** p.a. (2008: 5.73% p.a.). This borrowing is secured by Real Estate and Fond de Commerce Mortgage, pledge of shares by a subsidiary, pledge and assignment of certain agreements, receivables and certain accounts and assignment of insurances and reinsurances.
 - (ii) In March 2008, Port Said East Power SAE (Egypt) and Suez Gulf Power SAE (Egypt) refinanced the working capital facility, senior secured notes and IFC loans with USD598 million senior loans. This loan is repayable over 16 to 26 semi-annual instalments commencing December 2009. Interest is payable semi-annually. The average interest rate was **3.81%** p.a. to **4.11%** p.a. This borrowing is secured by way of pledge of shares in the project companies, Real Estate and Fond de Commerce Mortgage, assignment over certain agreements, insurances, receivables and certain accounts.
- (q) The IFC loans were fully repaid during the year.
- (r) The senior secured notes, denominated in USD, were fully repaid during the year.
- (s) Redeemable bonds of nominal value were issued by Powertek at par on 30 August 2001. The weighted average interest rate was **6.80%** p.a. (2008: 6.45% p.a.) with interest payable semi-annually in arrears. The bonds were issued with tenures ranging from 5 to 10 years.
- (t) The bridging loan was drawn down by Powertek on 13 August 2008. The average interest rate was **4.88%** p.a.
- (u) The RM term loans consist of:
 - (i) RM36 million facility drawn down by TGV on 28 September 2005. This loan is repayable in 9 semi-annual instalments commencing 13 months from the date of the first drawdown. The average interest rate was **4.35%** p.a.
 - (ii) RM31.2 million facility drawn down by TGV on 3 September 2008. This loan is repayable in 12 semi-annual instalments commencing 18 months from the date of the first drawdown. The average interest rate was **5.04%** p.a.
- (v) The discounted CP was fully repaid during the year.

Notes to the Financial Statements (continued)

31 January 2009

22. BORROWINGS (continued)

The maturity analysis of the Group's borrowings is as follows:

	Group	
	2009 RM'000	2008 RM'000
Maturity of borrowings		
Amount falling due within 1 year	732,115	1,165,399
Between 1 and 2 years	461,724	337,341
Between 2 and 5 years	1,692,501	1,574,312
5 years or more	2,891,960	2,567,370
Amount falling due after more than 1 year	5,046,185	4,479,023
	5,778,300	5,644,422

23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Group	Provision for transfer cost (a) RM'000	Provision for claims (b) RM'000	Provision for end of service bonus (c) RM'000	Total RM'000
At 1 February 2008	91,068	6,223	8,679	105,970
Charged to income statement				
– Additional provisions	–	5,911	6,498	12,409
– Unwinding of discount	3,021	–	1,981	5,002
Exchange and other adjustments	(5,636)	1,158	(2,572)	(7,050)
At 31 January 2009	88,453	13,292	14,586	116,331
			2009 RM'000	2008 RM'000
Analysed between:				
Current			13,292	6,223
Non-current			103,039	99,747
			116,331	105,970

A brief description of each provision together with estimation of the timing of expenditure is given below:

- The provision for transfer cost represents the future value of the appropriate level of inventory items to be transferred at the end of the term of the PPA. The Group has recognised the provision for transfer cost at fair value representing the net present value of future cash flows required to settle the obligation. The initial net present value of the provision has been capitalised as part of the cost of the power plants.
- The provision for claims for movable tax, payroll tax, sales tax, withholding tax and stamp duty is recognised based on management review in consultation with the professional advisors. These claims are payable subject to final determination by the tax authorities.
- The provision for end of service bonus results from contractual terms under which certain eligible employees are entitled to receive benefits based on years of service, should they remain in service until the end of the PPA term. The provision represents the net present value of future cash flows required to settle the obligation.

Notes to the Financial Statements (continued)

31 January 2009

24. OTHER NON-CURRENT LIABILITIES

	Note	Group	
		2009 RM'000	2008 RM'000
Amount due to minority interest	(a)	780,589	718,577
Deferred income – Government grants	21(b)	17,150	32,972
Deferred sales tax		10,613	15,447
Long term finance lease liabilities	(b)	16,122	16,150
Security deposits for office rental		8,610	8,033
		833,084	791,179

(a) Aljomaih Automotive Company Limited (“Aljomaih”) is a 45% shareholder in PEL and Pendekar Energy Ventures (L) Ltd which in turn are 55%-owned subsidiaries of the Company. The sum due to Aljomaih largely represents Aljomaih’s share of its purchase consideration in the Globeleq acquisition undertaken in the financial year 2008. The advance is provided interest-free and is repayable on 31 December 2022.

(b) The long term lease liabilities are further analysed as follows:

	Group	
	2009 RM'000	2008 RM'000
Amounts due:		
Between 1 to 2 years	1,810	1,980
Between 2 to 5 years	4,254	4,869
5 years or more	10,058	9,301
	16,122	16,150

25. PAID UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

	Number of shares of 7.5 pence each	£'000	RM'000
Authorised			
At 1 February 2008 and 31 January 2009	450,000,000	33,750	160,390
Allotted and fully paid			
At 1 February 2008 and 31 January 2009	403,256,136	30,244	146,107
Share premium			
At 1 February 2008 and 31 January 2009			240,808

Notes to the Financial Statements (continued)

31 January 2009

26. OTHER RESERVES

An analysis of the movements in Other Reserves, which are not distributable, is set out below:

Group	Note	Fair Value Reserve RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Legal Reserve RM'000	Total Other Reserves RM'000
At 31 January 2007		117,076	(48,057)	25,367	3,548	97,934
Changes in equity for 2008						
Available-for-sale financial assets:						
Net valuation gains taken to equity	14	183	–	–	–	183
Exchange differences on foreign currency net investments		–	(110,437)	–	–	(110,437)
Annual net profit transferred to legal reserve		–	–	–	6,950	6,950
Cash flow hedges:						
Fair value loss for the year		–	–	(101,991)	–	(101,991)
Transfer to finance cost	4	–	–	13,061	–	13,061
Share of hedging reserve from jointly controlled entity		–	–	(26,112)	–	(26,112)
Net expense recognised directly in equity		183	(110,437)	(115,042)	6,950	(218,346)
At 31 January 2008		117,259	(158,494)	(89,675)	10,498	(120,412)
Changes in equity for 2009						
Available-for-sale financial assets:						
Net valuation loss taken to equity	14	(39,784)	–	–	–	(39,784)
Net valuation gain transferred to income statement		(60,064)	–	–	–	(60,064)
Foreign exchange differences		(513)	–	–	–	(513)
Exchange differences on:						
Net investments		–	197,105	–	–	197,105
Joint ventures & associates		–	(33,347)	–	–	(33,347)
Annual net profit transferred to legal reserve		–	–	–	4,478	4,478
Cash flow hedges:						
Fair value loss for the year		–	–	(190,867)	–	(190,867)
Transfer to finance cost	4	–	–	64,217	–	64,217
Share of hedging reserve from jointly controlled entity		–	–	(113,321)	–	(113,321)
Net expense recognised directly in equity		(100,361)	163,758	(239,971)	4,478	(172,096)
At 31 January 2009		16,898	5,264	(329,646)	14,976	(292,508)

Notes to the Financial Statements (continued)

31 January 2009

27. RETAINED EARNINGS

Under the single-tier tax system which came into effect in Malaysia from 1 January 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders. Companies can make an irrevocable election to disregard the Section 108 balance and opt to pay dividends under the single-tier tax system.

The Company did not make an election to disregard the Section 108 balance, and may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier. Based on estimated tax credits available under the Malaysian Income Tax Act, 1967 and subject to agreement with the Malaysian Inland Revenue Board, the entire retained profits of the Company as at year end is available for distribution by way of dividends without incurring additional tax liability. Of this amount, RM364,525 is available for distribution as tax-exempt dividends.

28. NOTES ON CASH FLOW STATEMENT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash generated from/(used in) operations				
Profit for the year	548,576	578,220	7,346	153,501
Adjustments for:				
Finance costs	533,991	317,368	–	–
Property, plant and equipment depreciation	299,906	259,714	–	–
Taxation	200,260	195,258	(5,268)	54,899
Fair value gain on investment property	(99,661)	–	–	–
Net investment income	(70,509)	(30,609)	(7,419)	(208,521)
Share of post tax results from joint ventures & associates	(59,841)	(23,578)	–	–
Interest income	(33,374)	(58,914)	(4,106)	(10,054)
Other items	(18,597)	15,603	–	–
Recognition of government grants	(17,699)	(16,354)	–	–
Allowance for inter-company advances	–	–	–	49
Changes in working capital				
– Inventories	(93,535)	(21,897)	–	–
– Receivables, deposits and prepayments	163,348	(32,693)	21,608	(9,328)
– Payables and accrued expenses	83,849	12,744	(1,925)	(9,213)
Cash generated from/(used in) operations	1,436,714	1,194,862	10,236	(28,667)

Notes to the Financial Statements (continued)

31 January 2009

29. FINANCIAL INSTRUMENTS

(a) Financial assets

(i) The fair value profiles of the Group's financial assets are as follows:

	Book value/Fair value	
	2009	2008
	RM'000	RM'000
Cash	195,948	457,566
Short term deposits	1,006,908	600,750
Marketable securities	59,407	108,412
Investments in unit trusts	51,795	51,538
Investments in private equity fund	6,675	–
Long term/other investments	3,627	227,902
Fixed income instruments	270	1,584
Trade and other receivables	531,120	504,557
Lease receivables	6,492,291	5,996,418
Convertible bonds	816	1,040
Derivative financial instruments	–	19
	8,348,857	7,949,786

(ii) The interest rate risk and currency profiles of the Group's financial assets at the balance sheet date are as follows:

Currency	2009				2008			
	Fixed rate	Floating rate	No interest rate*	Total	Fixed rate	Floating rate	No interest rate*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
RM	817	358,551	424,982	784,350	1,104	529,357	392,641	923,102
USD	6,492,561	750,434	223,032	7,466,027	5,996,898	54,863	618,022	6,669,783
GBP	–	9,177	58	9,235	219,386	5,855	14,184	239,425
EURO	–	15,939	40,003	55,942	–	10,360	70,749	81,109
AUD	–	9,056	732	9,788	–	2,024	9,409	11,433
SGD	–	1,030	7	1,037	–	–	–	–
Peso	–	2,660	16,782	19,442	–	–	–	–
Others	–	2,124	912	3,036	–	2,145	22,789	24,934
	6,493,378	1,148,971	706,508	8,348,857	6,217,388	604,604	1,127,794	7,949,786

* This comprises cash, marketable securities, convertible bonds, investments in unit trusts, long term investments and trade & other receivables. See Note 29(a)(i).

The effective weighted average interest rate during the year was **3.5%** p.a. (2008: 5.1% p.a.).

Notes to the Financial Statements (continued)

31 January 2009

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial liabilities

- (i) The fair values and interest rate risk profile of the Group's financial liabilities which are stated in RM are as follows:

	2009		2008	
	Book value RM'000	Fair value RM'000	Book value RM'000	Fair value RM'000
<i>Fixed rate</i>				
Private debt securities				
Serial bonds	830,000	863,928	830,000	834,522
Redeemable bonds	125,000	124,585	250,000	244,893
Islamic debt securities	180,000	189,457	230,000	234,860
	1,135,000	1,177,970	1,310,000	1,314,275
Islamic financing facility	82,500	86,195	97,500	100,277
IDCOL senior facility	51,702	58,435	54,324	54,324
IDCOL subordinated facility	224,687	231,717	215,544	215,544
Senior secured notes	–	–	315,139	304,799
Term loan – USD	–	–	292,005	292,005
	1,493,889	1,554,317	2,284,512	2,281,224
<i>Floating Rate</i>				
Term loans – USD	516,122	516,122	289,669	289,669
Term loans – RM	35,297	35,297	–	–
Bridging loan	56,000	56,000	–	–
Transferable loan facilities	324,218	324,218	376,755	376,755
Commercial paper	33,000	33,000	340,000	340,000
ADB loan	376,148	376,148	358,415	358,415
IDA guaranteed facility	107,084	107,084	110,713	110,713
PRI facility	11,392	11,392	11,777	11,777
FMO loan	29,891	29,891	32,213	32,213
Senior loans	2,768,513	2,768,513	636,240	636,240
FMO subordinated loan	26,746	26,746	25,642	25,642
Term loan – GBP	–	–	144,794	144,794
Working capital facility	–	–	17,845	17,845
IFC loans	–	–	1,015,847	1,015,847
Finance lease liabilities	18,098	18,098	19,800	19,800
	4,302,509	4,302,509	3,379,710	3,379,710
	5,796,398	5,856,826	5,664,222	5,660,934
<i>No Interest Rate</i>				
Amount due to minority interest	780,589	749,280	718,577	718,577
Security deposits for office rental	8,610	7,360	8,033	6,608
	789,199	756,640	726,610	725,185
	6,585,597	6,613,466	6,390,832	6,386,119

Notes to the Financial Statements (continued)

31 January 2009

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial liabilities (continued)

- (i) The fair values and interest rate risk profile of the Group's financial liabilities (continued)

The fair values of the financial instruments are the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. It is anticipated therefore that the above financial liabilities will be settled at their book values and not at their fair values.

- (ii) The maturity profile of the Group's financial liabilities is as follows:

	2009		2008	
	RM'000	%	RM'000	%
Within 1 year	794,682	12	1,203,315	19
Between 1 and 2 years	536,757	8	394,787	6
Between 2 and 5 years	1,907,369	29	1,774,292	28
5 years or more	3,346,789	51	3,018,438	47
	<u>6,585,597</u>	<u>100</u>	<u>6,390,832</u>	<u>100</u>

The maturity profile of the carrying amount of the Group's financial liabilities at the balance sheet date is as follows:

	Within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	5 years or more RM'000	2009 Total RM'000
Term loans – USD	332,304	14,448	169,370	–	516,122
Term loans – RM	7,943	10,250	12,491	4,613	35,297
Bridging loan	56,000	–	–	–	56,000
Transferable loan facilities	51,875	51,875	220,468	–	324,218
Serial bonds	50,000	100,000	470,000	210,000	830,000
Islamic debt securities	50,000	130,000	–	–	180,000
Commercial paper	33,000	–	–	–	33,000
Redeemable bonds	–	–	125,000	–	125,000
Islamic financing facility	15,000	15,000	45,000	7,500	82,500
ADB loan	26,233	27,922	175,168	146,825	376,148
IDCOL senior facility	4,630	5,057	18,133	23,882	51,702
IDCOL subordinated facility	13,624	13,624	40,874	156,565	224,687
FMO subordinated loan	1,070	1,070	3,210	21,396	26,746
IDA guaranteed facility	16,710	16,710	50,128	23,536	107,084
PRI facility	1,777	1,777	5,333	2,505	11,392
FMO loan	6,064	6,064	17,763	–	29,891
Senior loans	65,885	67,927	339,561	2,295,140	2,768,513
Finance lease liabilities	1,976	1,810	4,254	10,058	18,098
Amount due to minority interest	59,774	71,092	204,954	444,769	780,589
Security deposits for office rental	817	2,131	5,662	–	8,610
	<u>794,682</u>	<u>536,757</u>	<u>1,907,369</u>	<u>3,346,789</u>	<u>6,585,597</u>

Notes to the Financial Statements (continued)

31 January 2009

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial liabilities (continued)

(ii) The maturity profile of the Group's financial liabilities (continued)

	Within 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	5 years or more RM'000	2008 Total RM'000
Term loan – GBP	144,794	–	–	–	144,794
Term loans – USD	307,423	18,831	92,338	163,082	581,674
Transferable loan facilities	51,966	51,966	272,823	–	376,755
Serial bonds	–	50,000	330,000	450,000	830,000
Islamic debt securities	50,000	50,000	130,000	–	230,000
Commercial paper	340,000	–	–	–	340,000
Redeemable bonds	125,000	–	125,000	–	250,000
Islamic financing facility	15,000	15,000	45,000	22,500	97,500
ADB loan	20,421	23,855	112,668	201,471	358,415
Working capital facility	6,489	6,489	1,622	3,245	17,845
IFC loans	71,740	77,827	275,395	590,885	1,015,847
Senior secured notes	–	–	–	315,139	315,139
IDCOL senior facility	3,888	4,263	15,231	30,942	54,324
IDCOL subordinated facility	6,456	12,560	37,678	158,850	215,544
FMO subordinated loan	884	973	2,920	20,865	25,642
IDA guaranteed facility	13,810	15,199	45,598	36,106	110,713
PRI facility	1,469	1,617	4,850	3,841	11,777
FMO loan	3,112	5,516	16,547	7,038	32,213
Senior loan	2,947	3,245	66,642	563,406	636,240
Finance lease liabilities	3,650	1,980	4,869	9,301	19,800
Amount due to minority interest	34,266	54,927	193,062	436,322	718,577
Security deposits for office rental	–	539	2,049	5,445	8,033
	<u>1,203,315</u>	<u>394,787</u>	<u>1,774,292</u>	<u>3,018,438</u>	<u>6,390,832</u>

(iii) The interest rate risk profile of the Group's fixed rate financial liabilities at the balance sheet date is as follows:

	2009	2008
Weighted average interest rate p.a. (%)	7.2	7.0
Weighted average period for which rate is fixed (years)	6.8	8.0

The details of fixed and floating rates of financial liabilities are set out in Note 22.

The valuation basis of financial liabilities is explained in the accounting policies relating to financial instruments.

Notes to the Financial Statements (continued)

31 January 2009

29. FINANCIAL INSTRUMENTS (continued)

(c) Cash flow hedge

	2009 RM'000	2008 RM'000
Analysed between:		
Current	19,357	6,667
Non-current	464,623	249,435
	483,980	256,102

The Group has entered into interest rate arrangements with counterparty banks to hedge its exposure to interest rate fluctuations. This arrangement mirrors the draw down and repayment schedule of the loans, covering approximately 72% of the outstanding loans to which the derivative instruments relate. The fixed rates vary from 4% to 9.77% and the floating interest rates are pegged to LIBOR. The fair value of the hedging liabilities totalling **RM484.0 million** (2008: RM256.1 million) represents the difference between the market rate as at year end and the contracted rate at the inception of these instruments. Gains or losses recognised in the hedging reserve in equity (Note 26) on interest rate swap contracts as of 31 January 2009 will be continuously released to the income statement until the repayment of the borrowings (Note 22).

The notional principal amounts of derivative financial instruments outstanding as at year end are as follows:

	2009 RM'000	2008 RM'000
Within 1 year	115,483	106,102
Between 2 and 5 years	809,311	679,135
5 years or more	1,788,772	1,331,354
	2,713,566	2,116,591

30. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

	Group	
	2009 RM'000	2008 RM'000
Authorised and contracted	17,580	267,420
Authorised but not contracted	125,665	105,986
	143,245	373,406
Analysed as follows:		
Fixtures, fittings and equipment	77,218	80,252
Construction of cinemas	24,131	–
Power generating assets	8,671	7,916
Investment commitments	15,527	280,448
TI project expenditure	3,863	–
Others	13,835	4,790
	143,245	373,406
	Share of joint ventures	
	2009 RM'000	2008 RM'000
Authorised and contracted:		
– Property, plant and equipment	105	20,478
Authorised but not contracted: Property, plant and equipment	92	9,865

Notes to the Financial Statements (continued)

31 January 2009

30. COMMITMENTS AND CONTINGENCIES (continued)

(b) Lease commitments

The future minimum lease payments receivable under the PPAs as at 31 January which are classified as operating leases under IFRSs were as follows:

	Group	
	2009 RM'000	2008 RM'000
Within 1 year	617,623	622,176
Between 2 and 5 years	2,527,352	2,450,101
5 years or more	3,148,566	3,879,039
	6,293,541	6,951,316

The PPAs terminate between financial year 2016 and 2024. However, each PPA gives the Group the right to renew, by mutual consent with the offtaker, for 3 additional terms of 5 years each.

(c) Contingencies

As at the balance sheet date, the Group has provided the following guarantees and indemnities in favour of:

- (i) a financial institution in respect of a bank guarantee issued to Abu Dhabi Water and Electricity Company pursuant to the Power and Water Purchase Agreement in relation to Taweelah B Independent Water and Power Project in Abu Dhabi, United Arab Emirates ("Project Taweelah") up to a maximum amount of AED44.32 million (an equivalent of RM42.79 million); and
- (ii) a financial institution and ILB amounting to EUR20.42 million (an equivalent of RM96.20 million) in respect of the government subsidies awarded to TI.

As at the balance sheet date, the Company has also provided corporate guarantees to financial institutions in respect of the borrowings undertaken by its subsidiaries as disclosed in Note 22 (a)(ii), (b) and (i).

31. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES

The active subsidiary, joint venture and associated companies of the Group, all of which have been included in the consolidated financial statements, are shown below. The percentage holding and voting rights for the financial years ended 31 January 2009 and 2008 are the same unless otherwise stated.

Name of subsidiary/ joint venture/ associated companies	Country of incorporation and operations	Class of share	Percentage holding and voting rights	Principal activities
<i>Held by the Company</i>				
Pan Malaysian Pools Sdn Bhd	Malaysia	Ordinary	100%	NFO business and RTO business
Daya Mahsuri Sdn Bhd	Malaysia	Ordinary	100%	Investment holding
Global Investments (BVI) Limited	British Virgin Islands	Ordinary	100%	Investment holding
Lintasan Klasik Sdn Bhd	Malaysia	Ordinary	100%	Investment holding
Tanjong Management Services Sdn Bhd	Malaysia	Ordinary	100%	Provision of management services
Tanjong Equities Sdn Bhd	Malaysia	Ordinary	100%	Investment trading
Invest Allied Limited	Hong Kong	Ordinary	100%	Investment holding

Notes to the Financial Statements (continued)

31 January 2009

31. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

Name of subsidiary/ joint venture/ associated companies	Country of incorporation and operations	Class of share	Percentage holding and voting rights	Principal activities
<i>Held by the Group</i>				
Powertek Berhad	Malaysia	Ordinary	100%	Carrying out the business of Power Generation
Pahlawan Power Sdn Bhd	Malaysia	Ordinary	100%	Carrying out the business of Power Generation
Panglima Power Sdn Bhd	Malaysia	Ordinary	100%	Carrying out the business of Power Generation
Tanjong City Centre Property Management Sdn Bhd	Malaysia	Ordinary	100%	Letting and maintenance of Menara Maxis
National Stud Farm Sdn Bhd	Malaysia	Ordinary	100%	Owning and renting out a piece of land
PMP Management Services Sdn Bhd	Malaysia	Ordinary	100%	Provision of consultancy services
Wynyarra 1996 Pty Ltd #	Australia	Ordinary	100%	Horse racing/breeding
Tanjong Entertainment (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
TGV Cinemas Sdn Bhd	Malaysia	Ordinary	100% ⁺	Film exhibition
Impian Klasik Sdn Bhd	Malaysia	Ordinary	67%	Leasing of investment property
Central Pacific Assets Ltd *#	British Virgin Islands	Ordinary	50%	Investment holding
Asia Gulf Power Holding Company Limited *	Cayman Islands	Ordinary	25%	Investment holding
Asia Gulf Power Service Company Limited *	Cayman Islands	Ordinary	25%	Provision of operations and maintenance services
Tropical Island Asset Management GmbH	Germany	Ordinary	75%	Property ownership
Energieversorgung Brand GmbH *	Germany	Ordinary	37.5%	Supply of electrical power, natural and liquefied gas, heat and compressed air
Ambleside Investments Limited	Hong Kong	Ordinary	100%	Investment holding
Uniclic Limited *#	Republic of Cyprus	Ordinary	50%	Investment holding
Tropical Island Management GmbH	Germany	Ordinary	75%	Operation of leisure park
Port Said East Power SAE	Egypt	Ordinary	100%	Carrying out the business of Power Generation
Suez Gulf Power SAE	Egypt	Ordinary	100%	Carrying out the business of Power Generation

Notes to the Financial Statements (continued)

31 January 2009

31. SUBSIDIARY, JOINT VENTURE AND ASSOCIATED COMPANIES (continued)

Name of subsidiary/ joint venture/ associated companies	Country of incorporation and operations	Class of share	Percentage holding and voting rights	Principal activities
Held by the Group (continued)				
Egyptian Operating Company SAE	Egypt	Ordinary	100%	Provision of operations and maintenance services
Kuasa Nusajaya (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
Kuasa Nusajaya Sdn Bhd	Malaysia	Ordinary	100%	Provision of operations and maintenance services
Haripur Power Limited	Bangladesh	Ordinary	55%	Carrying out the business of Power Generation
Meghnaghat Power Limited	Bangladesh	Ordinary	55%	Carrying out the business of Power Generation
Sidi Krir Generating Company	Egypt	Ordinary	55%	Carrying out the business of Power Generation
NEPC Consortium Power Ltd *	Bangladesh	Ordinary	27.5%	Carrying out the business of Power Generation
Fauji Kabirwala Power Company Limited *	Pakistan	Ordinary	23.1%	Carrying out the business of Power Generation
Ace Power Generation Horana (Private) Limited **	Sri Lanka	Ordinary	16%	Carrying out the business of Power Generation
Ace Power Generation Matara plc **	Sri Lanka	Ordinary	16%	Carrying out the business of Power Generation
Pendekar Ltd	Bermuda	Ordinary	55%	Investment holding
Pendekar Energy (L) Ltd	Labuan, Malaysia	Ordinary	55%	Investment holding
Perwira Power (L) Ltd [∅]	Labuan, Malaysia	Ordinary	100%	Investment holding
Pendekar Energy Ventures (L) Ltd	Labuan, Malaysia	Ordinary	55%	Investment holding
Powertek Ventures B.V [∅]	The Netherlands	Ordinary	100%	Investment holding

Companies not audited by PricewaterhouseCoopers LLP

* Joint venture

** Associate

[∅] Acquired during the financial year

+ The percentage held for this company for the year ended 31 January 2008 was 50%

Notes to the Financial Statements (continued)

31 January 2009

32. RELATED PARTY TRANSACTIONS

The following is a summary of material transactions as defined by IAS 24 – “Related Party Disclosures”, which have been contracted in the ordinary course of business and on normal commercial terms between the Group and companies that are associated with:

- (i) The trustee of the Trust that is associated with the family of Ananda Krishnan Tatparanandam and foundations, including those for charitable purposes;
- (ii) Ananda Krishnan Tatparanandam and his family; and
- (iii) Key management personnel.

The trustee of the Trust is the controlling shareholder of the Company.

Group	2009 RM'000	2008 RM'000
(a) Purchase of services from other related parties:		
Consultancy services: <i>UTSB Management Sdn Bhd</i>	18,000	15,750
Gas, heating, electricity, water and safety-related services: <i>Energieversorgung Brand GmbH</i>	11,006	9,175
Closed circuit television broadcasting services: <i>Perkhidmatan Usaha Tegas Sdn Bhd</i>	5,069	6,041
Telecommunication and related services: <i>Communications and Satellite Services Sdn Bhd</i>	1,998	2,538
Sponsorship of events: <i>MEASAT Broadcast Network Systems Sdn Bhd</i>	1,323	2,765
Bloodstock management, service fees, accounting and clerical services: <i>Kia-Ora Stud Australia Pty Ltd, Kia-Ora Estates Pty Ltd</i>	1,048	1,189
Sub-tenancy of premises: <i>Pexpac Ltd</i>	456	439
Others	873	835
	39,773	38,732
(b) Sales of services to other related parties:		
Lease rental and tenant service revenue: <i>Maxis Mobile Sdn Bhd, UTSB Management Sdn Bhd, MAI Sdn Bhd, MEASAT Broadcast Network Systems Sdn Bhd, Energieversorgung Brand GmbH, Maxis Communications Berhad</i>	27,034	26,544
Others	316	446
	27,350	26,990
(c) Recovery of expenses and shared overhead costs from other related parties		
<i>Maxis Communications Berhad, UTSB Management Sdn Bhd, MAI Sdn Bhd, TGV Cinemas Sdn Bhd</i>	7,864	8,201

Notes to the Financial Statements (continued)

31 January 2009

32. RELATED PARTY TRANSACTIONS (continued)

Group (continued)	2009	2008
	RM'000	RM'000
(d) Balances with other related parties:		
Amounts due to related parties	<u>2,955</u>	<u>1,696</u>
Amounts due from related parties	<u>2,289</u>	<u>1,580</u>
(e) Key management personnel:		
Salaries and short-term employee benefits	7,933	5,571
Post-employment benefits	4,680	–
Other long-term benefits	755	652
	<u>13,368</u>	<u>6,223</u>

The key management personnel during the year were the Group Chief Financial Officer, Executive Director/Chief Executive Officer of Tanjong Energy Holdings Sdn Bhd (“TEH”), Chief Operating Officer of Pan Malaysian Pools Sdn Bhd, Chief Operating Officer, International Operations, TEH, Group Company Secretary and the General Manager, Group Legal & Corporate Affairs.

Company	2009	2008
	RM'000	RM'000
The transactions with subsidiaries during the year are as follows:		
Dividends received	<u>–</u>	<u>211,200</u>
Management services received	<u>3,266</u>	<u>3,289</u>

Notes to the Financial Statements (continued)

31 January 2009

33. ACQUISITION OF A SUBSIDIARY

On 31 July 2008, the Group, via Tanjong Entertainment Sdn Bhd ("TESB"), completed its acquisition from Golden Harvest Cinemas Holding Limited and Global Entertainment and Management Systems Sdn Bhd of the remaining 50% equity interest in TGV which was not owned by TESB, making TGV a wholly-owned subsidiary. The purchase consideration of RM40,164,998 was funded entirely by internally generated funds.

The acquired business contributed revenue of **RM67.8 million** and net profit of **RM2.8 million** to the Group for the period from 1 August 2008 to 31 January 2009. Had the acquisition taken place on 1 February 2008, the total contribution to Group revenue and net profit would have been RM141.2 million and RM8.5 million respectively based on the Group's accounting policies.

The carrying amount and fair value of the net assets acquired on 1 August 2008 are as follows:

	Note	Fair/carrying value of net assets RM'000
Property, plant and equipment		95,024
Inventories		1,111
Trade and other receivables		12,548
Trade and other payables		(22,310)
Provision for deferred taxation		(7,904)
Shareholders' loan		(21,670)
Provision for taxation		(3,723)
Bank loan		(25,429)
Cash and cash equivalents		7,006
Net assets		34,653
Less: Amount accounted for as Joint Venture (50%) up to 31 July 2008		
1) Share of results		(14,827)
2) Share capital		(2,500)
	12(ii)	(17,327)
Net assets of TGV acquired		17,326
Purchase consideration		40,165
Less: Net assets of TGV acquired		(17,326)
Goodwill on acquisition	8	22,839
Purchase consideration in respect of:		
– shares in the company		40,165
– shareholders' loan		10,835
		51,000
Less: Shareholders' loan which was repaid subsequent to acquisition		(10,835)
		40,165
Cash and cash equivalents of subsidiary acquired		(7,006)
Subsidiary acquired net of cash		33,159

Notes to the Financial Statements (continued)

31 January 2009

34. ACCOUNTING REQUIREMENTS

Differences in accounting policies

The accounting policies adopted by the Group comply with IFRSs. These accounting policies comply with the Malaysian Financial Reporting Standards (“MFRS”) with the exception of IFRSs standard, IAS 39 – “Financial Instruments: Recognition and Measurement” which has yet to be adopted in Malaysia.

The effects of these differences are as follows:

	2009 RM'000
(i) Revenue	
Revenue per IFRSs	3,693,855
Add: Prize payouts	1,285,703
Revenue per MFRS	<u>4,979,558</u>
(ii) Profit after taxation (Distributable)	
Profit after taxation per IFRSs	548,576
Add: Loss from change in fair value of financial assets	2,336
Less: Provision for diminution in value of investments	<u>(6,710)</u>
Profit after taxation adjusted per MFRS	<u>544,202</u>
(iii) Equity shareholders' funds	
Equity shareholders' funds per IFRSs	3,281,047
Less:	
Gain from change in fair value of financial assets	
– at 1 February 2008	(2,317)
– at current year	2,336
Fair value reserve per IFRSs	(16,898)
Provision for diminution in value adjusted to income statement	<u>(6,710)</u>
	(23,608)
Add: Hedging reserve under Equity	329,646
Equity shareholders' funds as adjusted per MFRS	<u>3,587,104</u>