

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 2010.

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 33 to the financial statements.

REVIEW OF RESULTS

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

	2010	2009
	RM'000	RM'000
Profit before taxation	953,252	748,836
Taxation	(204,713)	(200,260)
Profit after taxation	<u>748,539</u>	<u>548,576</u>
Attributable to:		
Tanjong's shareholders	676,773	463,769
Minority interests	71,766	84,807
	<u>748,539</u>	<u>548,576</u>

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 2010 and its future developments, 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 10 to the financial statements.

DIVIDENDS

Dividends paid and proposed for the year are disclosed in Note 8 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, Leong Wai Hoong retires by rotation. Being eligible, he has offered himself for re-election at the forthcoming Annual General Meeting ("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 provided an indemnity to all Directors (to the extent permitted by law) in respect of liabilities incurred as Directors in defending any proceedings (whether civil or criminal) in which judgement is given in their favour or they are acquitted or in connection with the application under company law for relief granted by the court.

The indemnity to all Directors was in force during the financial year ended 31 January 2010 and at the time of the approval of this 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 Company is aware of the following persons, who as at 6 May 2010, have significant direct and indirect holdings in the shares of the Company, as per information provided to the Company pursuant to the Financial Services Authority's Disclosure and Transparency Rules ("DTRs"):

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 Resources Sdn Bhd	53,688,000	13.31	–	–
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
Ultimate Corporation Sdn Bhd ^(vi)	30,356,320	7.53	–	–
Marlestone Investments Limited ^(vi)	16,271,016	4.03	–	–
Khoo Teik Chooi ^(vii)	219,900	0.05	30,356,320	7.53
Khoo Teng Bin ^(vii)	180,000	0.04	30,356,320	7.53
Capital Group International, Inc	–	–	24,574,600	6.09
Capital Research and Management Company	–	–	19,966,400	4.95

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 Teik Chooi and Khoo Teng Bin each has an indirect interest in 30,356,320 voting rights held through Ultimate Corporation Sdn Bhd.

TAX RESIDENCE STATUS

The Company is resident in Malaysia for both Malaysian income 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

The Group did not make any contribution to non-EU political organisations during the year (2009: RM10 million).

Directors' Report (continued)

SUPPLIERS PAYMENT POLICY

Statutory regulations under Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("LMCG") require public companies to make a statement of their 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 22 to the financial statements.

SHARE CAPITAL

The issued share capital of the Company comprises 403,256,136 shares of 7.5 pence each, which have been fully paid-up as at 6 May 2010. The Company has only one class of share in issue.

SHAREHOLDERS' RIGHTS

Rights and obligations attaching to shares

Subject to the provisions of the company law and to any rights conferred on the holders of any other shares, any shares may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide. The details of such rights and restrictions shall be set out from time to time in the Articles of Association of the Company.

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.

Restrictions on voting

Unless the Directors otherwise decided, no member shall be entitled to be present or to vote at any general meeting of the Company unless all calls presently payable by him in respect of shares in the Company held by him have been paid. The Company is not aware of any agreements between holders of shares that may result in restrictions on voting rights.

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.

Shares carrying special rights

No person holds shares in the Company carrying special rights with regard to control of the Company.

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. The Company is not aware of any agreements between holders of shares of the Company that may result in restrictions on the transfer of shares or voting rights.

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 Main Market 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 Main Market 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 issue or 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.

SIGNIFICANT AGREEMENTS

There are no significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

There are also no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a take over.

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 418 of the UKCA 2006, 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)

GOING CONCERN

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out on pages 20 to 29 of the Business Review section in Annual Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, and the Group's objectives, policies and processes for managing capital, are also described on page 82. Financial risk management objectives, details of financial instruments and hedging activities, and exposures to credit risk and liquidity are described in pages 83 to 89. The Directors consider that the Group's business activities and financial resources ensure it is well placed to manage its business risk successfully.

The Directors are satisfied that the Group's and the Company's activities are sustainable for the foreseeable future, and that the business is a going concern and the accounts have therefore been prepared on this basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on pages 57 and 58, 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 and then applied them consistently;
- made judgements and accounting 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 responsibility for ensuring that the Company keeps adequate accounting records that are sufficient to show and explain the Company's transactions and 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 UKCA 2006 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.

The Directors are responsible for the maintenance and integrity of the Annual Report on www.tanjongplc.com in accordance with the UK legislation governing the preparation and dissemination of financial statements. Access to the website is available from outside the UK, where comparable legislation may be different.

Pursuant to Rule 4.1.12 of 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 confirms that, to the best of their knowledge and belief:

- the Group 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 Group, together with a description of the principal risks and uncertainties that the Group faces.

Approved by the Board of Directors on 6 May 2010 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 of the UKCA 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("LMCG"). 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 2012.
- 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 2009 to 19 May 2011
Leong Wai Hoong	1 August 2009 to 31 July 2011
Dato' Larry Gan	20 May 2009 to 19 May 2011
Khoo Teik Chooi	1 April 2010 to 31 July 2011

Their terms of office have renewal provisions and the notice for termination is 3 months. On 24 March 2010, the contract of service of Khoo Teik Chooi which expired on 31 March 2010, was further extended to 31 July 2011.

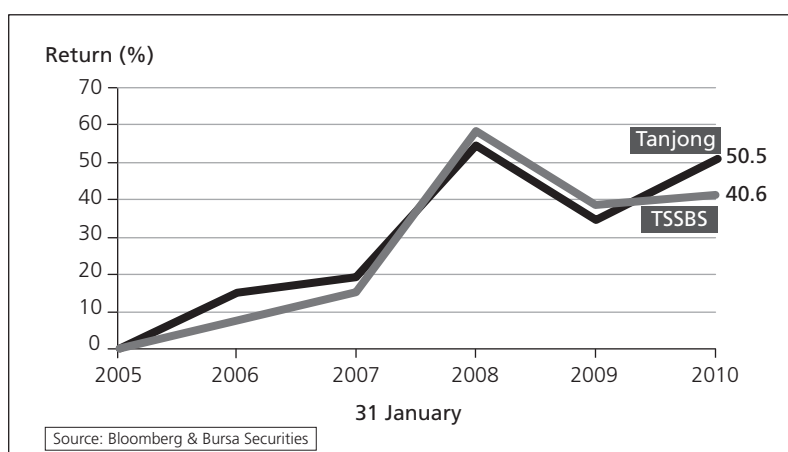
There are no express contractual terms providing for compensation in the event of early termination of their appointment.

Total Shareholder Return

Schedule 8 to the LMCG 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 Securities Berhad ["Bursa Securities"]) 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 Securities ("TSSBS") on which it has a primary listing. In the Directors' opinion, the TSSBS Index is therefore the most relevant index against which the TSR of Tanjong should be measured.

Based on its performance over the last 5 years, Tanjong has recorded an overall TSR of 50.5% as compared to the TSR of 40.6% recorded by the TSSBS.



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 2010, which, together with the Elements of Remuneration of Executive Director and Non-Executive Directors on pages 53 and 54 have been audited in accordance with Schedule 8 to the LMCg.

Directors' Detailed Emoluments – in RM'000

	← 2010 →			Total	2009 Total
	Fees	Benefits- in-kind	Expense allowance		
Non-Executive					
Dato' Robert Cheim Dau Meng	530	–	11	541	545
Leong Wai Hoong	270	–	11	281	287
Dato' Larry Gan	220	–	9	229	235
Khoo Teik Chooi	238	20	10	268	186
Executive					
Augustus Ralph Marshall	210	32	–	242	247
	<u>1,468</u>	<u>52</u>	<u>41</u>	<u>1,561</u>	<u>1,500</u>

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 are as set out below:

	As at 1 February 2009	Movements	As at 31 January 2010
The Company – shares of 7.5 pence each			
Dato' Robert Cheim Dau Meng	–	–	–
Leong Wai Hoong	–	–	–
Dato' Larry Gan (a)	–	50,000	50,000
Khoo Teik Chooi (b)	30,576,220	–	30,576,220
Augustus Ralph Marshall (c)	520,000	–	520,000

Directors' Remuneration Report (continued)

Interests in Shares (continued)

- (a) These **50,000** (2009: nil) voting rights attached to Tanjong shares of 7.5 pence each are held through a nominee.
- (b) Khoo Teik Chooi has a direct interest in **219,900** (2009: 219,900) voting rights attached to Tanjong shares of 7.5 pence each and an indirect interest in **30,356,320** (2009: 30,356,320) voting rights attached to Tanjong shares of 7.5 pence each arising from his indirect interest in Ultimate Corporation Sdn Bhd.
- (c) These **520,000** (2009: 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 2010

Independent Auditors' Report

to the members of Tanjong public limited company

We have audited the financial statements of Tanjong plc for the year ended 31 January 2010 which comprise the Group Income Statement, Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements, the Significant Accounting Policies, Financial Risk Management disclosures and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2010 and of the group's profit and group's and parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Independent Auditors' Report

to the members of Tanjong public limited company (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Charles van den Arend (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 May 2010

Group Income Statement

for the year ended 31 January 2010

	Note	2010 RM'000	2009 RM'000
Gross transaction value *		<u>5,219,856</u>	<u>4,979,558</u>
Revenue	1	3,898,111	3,693,855
Other income	2	77,817	137,525
Operating costs	3	<u>(2,748,850)</u>	<u>(2,712,277)</u>
Operating profit		1,227,078	1,119,103
Net investment income	4	1,154	70,509
Finance costs	5	(379,503)	(533,991)
Interest income		16,752	33,374
Finance costs – net		(362,751)	(500,617)
Share of post tax results from joint ventures and associates		<u>87,771</u>	<u>59,841</u>
Profit before taxation		953,252	748,836
Taxation	6	<u>(204,713)</u>	<u>(200,260)</u>
Profit for the year		<u>748,539</u>	<u>548,576</u>
Attributable to:			
Tanjong's shareholders		676,773	463,769
Minority interests		71,766	84,807
		<u>748,539</u>	<u>548,576</u>
Earnings per share – in sen			
– Basic/Diluted	7	<u>167.8</u>	<u>115.0</u>

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

The Notes on pages 68 to 132 form part of these financial statements.

Group Statement of Comprehensive Income

for the year ended 31 January 2010

	Note	2010 RM'000	2009 RM'000
Profit for the year		748,539	548,576
Other comprehensive income*:	28		
Gains/(losses) recognised directly in equity			
Available-for-sale financial asset			
Net valuation gain/(loss) taken to equity		50,220	(40,297)
Net valuation loss/(gain) transferred to income statement		4,640	(60,064)
Exchange differences on:			
Net investments		(108,764)	218,563
Joint ventures & associates		(8,586)	(33,347)
Cash flow hedges:			
Fair value gain/(loss) for the year		27,516	(242,820)
Transfer to finance cost		112,704	64,217
Share of hedging reserve from jointly controlled entity		56,878	(113,321)
Equity contribution in a subsidiary by a minority interest		3	-
		134,611	(207,069)
Total comprehensive income for the year		883,150	341,507
Total comprehensive income attributable to:			
Tanjong's shareholders		805,744	287,195
Minority interests		77,406	54,312
		883,150	341,507

* There is no income tax attributable to the components of other comprehensive income.

A separate statement of comprehensive income has not been presented for the company as there were no movements in 2010 and 2009, except for profit for the year.

The Notes on pages 68 to 132 form part of these financial statements.

Group Balance Sheet

as at 31 January 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Non-Current Assets			
Intangible assets	9	71,969	71,969
Property, plant and equipment	10	2,289,218	2,545,745
Prepaid lease rental	11	20,954	21,932
Investment property	12	672,000	650,000
Investments in joint ventures and associates	13	358,354	303,134
Deferred income tax assets	14	–	30
Available-for-sale financial assets	15	231,028	116,255
Lease receivables	16	5,466,515	6,138,881
		9,110,038	9,847,946
Current Assets			
Inventories	17	448,805	511,138
Trade and other receivables	18	529,705	531,120
Lease receivables	16	424,748	353,410
Prepaid lease rental	11	855	906
Held-for-trading investments	19	9,776	5,519
Available-for-sale financial assets	15	4,187	816
Derivative financial instrument	20	505	–
Cash and cash equivalents	21	1,535,868	1,202,856
		2,954,449	2,605,765
Total Assets		12,064,487	12,453,711
LIABILITIES			
Current Liabilities			
Trade and other payables	22	594,292	688,463
Borrowings	23	464,308	732,115
Current income tax liabilities		33,301	35,220
Hedging liability	24	18,900	19,357
Provisions for other liabilities and charges	25	2,702	13,292
		1,113,503	1,488,447
Non-Current Liabilities			
Borrowings	23	4,688,591	5,046,185
Other non-current liabilities	26	764,263	833,084
Hedging liability	24	295,689	464,623
Deferred income tax liabilities	14	807,454	814,321
Provisions for other liabilities and charges	25	114,707	103,039
		6,670,704	7,261,252
Total Liabilities		7,784,207	8,749,699
NET ASSETS		4,280,280	3,704,012
EQUITY			
Paid up share capital	27	146,107	146,107
Share premium account	27	240,808	240,808
Other reserves	28	(149,212)	(292,508)
Retained earnings	29	3,576,890	3,186,640
Total shareholders' equity		3,814,593	3,281,047
Minority interests in equity		465,687	422,965
Total Equity		4,280,280	3,704,012
Net Tangible Assets per share (in sen)	7	928	796

The Notes on pages 68 to 132 form part of these financial statements.

Company Balance Sheet

as at 31 January 2010

	Note	2010 RM'000	2009 RM'000
ASSETS			
Non-Current Assets			
Investments in subsidiary companies	13	1,478,498	1,661,378
Advances to subsidiaries	13	95,280	–
		1,573,778	1,661,378
Current Assets			
Other receivables	18	1,372	776
Cash and cash equivalents	21	52,962	39,475
		54,334	40,251
Total Assets		1,628,112	1,701,629
LIABILITIES			
Current Liabilities			
Other payables	22	1,102	592
Current income tax liabilities		127	–
		1,229	592
Non-Current Liabilities			
Advances from subsidiaries	13	–	217,916
Total Liabilities		1,229	218,508
Net Assets		1,626,883	1,483,121
EQUITY			
Paid up share capital	27	146,107	146,107
Share premium account	27	240,808	240,808
Retained earnings	29	1,239,968	1,096,206
Total Equity		1,626,883	1,483,121

The financial statements on pages 59 to 132 were approved by the Board of Directors on 6 May 2010 and signed on its behalf by:

Dato' Robert Cheim Dau Meng
Chairman

Group Statement of Changes in Equity

for the year ended 31 January 2010

		Attributable to equity holders of Tanjong						
Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Other Reserves (Note 28) RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000	
At 1 February 2009	146,107	240,808	(292,508)	3,186,640	3,281,047	422,965	3,704,012	
Comprehensive income:								
Profit and loss	7	–	–	–	676,773	676,773	71,766	748,539
Other comprehensive income:								
Available-for-sale financial assets:								
Net valuation gain taken to equity		–	–	50,220	–	50,220	–	50,220
Net valuation loss transferred to income statement		–	–	4,640	–	4,640	–	4,640
Exchange differences on:								
Net investments		–	–	(108,764)	–	(108,764)	–	(108,764)
Joint ventures & associates		–	–	(8,586)	–	(8,586)	–	(8,586)
Cash flow hedges:								
Fair value gain		–	–	27,516	–	27,516	–	27,516
Transferred to finance costs		–	–	112,704	–	112,704	–	112,704
Share of hedging reserve from jointly controlled entity		–	–	56,878	–	56,878	–	56,878
Share of movement in reserve for minority interests		–	–	(6,098)	–	(6,098)	6,098	–
Equity contribution in a subsidiary by a minority interest		–	–	–	–	–	3	3
Total other comprehensive income		–	–	128,510	–	128,510	6,101	134,611
Total comprehensive income		–	–	128,510	676,773	805,283	77,867	883,150
Transfer to legal reserve		–	–	14,786	(14,325)	461	(461)	–
Dividends								
– Shareholders	8	–	–	–	(272,198)	(272,198)	–	(272,198)
– Minority interests		–	–	–	–	–	(34,684)	(34,684)
At 31 January 2010		146,107	240,808	(149,212)	3,576,890	3,814,593	465,687	4,280,280

The Notes on pages 68 to 132 form part of these financial statements.

Group Statement of Changes in Equity (continued)

for the year ended 31 January 2010

		Attributable to equity holders of Tanjong						
Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Other Reserves (Note 28) 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	
Comprehensive income:								
Profit and loss	7	–	–	–	463,769	463,769	84,807	548,576
Other comprehensive income:								
Available-for-sale financial assets:								
Net valuation loss taken to equity		–	–	(40,297)	–	(40,297)	–	(40,297)
Net valuation gain transferred to income statement		–	–	(60,064)	–	(60,064)	–	(60,064)
Exchange differences on:								
Net investments		–	–	218,563	–	218,563	–	218,563
Joint ventures & associates		–	–	(33,347)	–	(33,347)	–	(33,347)
Cash flow hedges:								
Fair value loss		–	–	(242,820)	–	(242,820)	–	(242,820)
Transferred to finance costs		–	–	64,217	–	64,217	–	64,217
Share of hedging reserve from jointly controlled entity		–	–	(113,321)	–	(113,321)	–	(113,321)
Share of movement in reserve for minority interests		–	–	30,495	–	30,495	(30,495)	–
Total other comprehensive income		–	–	(176,574)	–	(176,574)	(30,495)	(207,069)
Total comprehensive income		–	–	(176,574)	463,769	287,195	54,312	341,507
Transfer to legal reserve		–	–	4,478	(4,478)	–	–	–
Dividends								
– Shareholders	8	–	–	–	(303,954)	(303,954)	–	(303,954)
– Minority interests		–	–	–	–	–	(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 68 to 132 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 January 2010

	Note	Paid Up Share Capital RM'000	Share Premium Account RM'000	Retained Earnings RM'000	Total RM'000
At 1 February 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	8	–	–	(303,954)	(303,954)
At 31 January/1 February 2009		146,107	240,808	1,096,206	1,483,121
Changes in equity for 2010					
Profit for the financial year		–	–	415,960	415,960
Dividends	8	–	–	(272,198)	(272,198)
At 31 January 2010		146,107	240,808	1,239,968	1,626,883

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

The Notes on pages 68 to 132 form part of these financial statements.

Group Cash Flow Statement

for the year ended 31 January 2010

	Note	2010 RM'000	2009 RM'000
Cash flows from operating activities			
Cash generated from operations	30	1,656,712	1,436,714
Malaysian and other taxes paid		(175,821)	(164,710)
Net cash generated from operating activities		<u>1,480,891</u>	<u>1,272,004</u>
Cash flows from investing activities			
Dividend income received		68,045	44,191
Proceeds from sale of investments		38,986	251,377
Interest received		16,682	33,646
Proceeds from sales of property, plant and equipment		1,806	3,317
Net repayment from/(investment in) joint ventures		212	(172,010)
Purchase of investments		(108,618)	(10,403)
Purchase of property, plant and equipment		(38,676)	(102,270)
Acquisition of subsidiaries net of cash		-	(33,159)
Net cash (used in)/generated from investing activities		<u>(21,563)</u>	<u>14,689</u>
Cash flows from financing activities			
Proceeds from borrowings		318,506	2,177,819
Repayment of borrowings		(715,272)	(2,492,868)
Interest paid		(348,006)	(407,671)
Dividends paid to Company's shareholders		(272,198)	(303,954)
Dividends paid to minority interests		(34,684)	(9,675)
Repayment to minority interests		(24,293)	(46,090)
Government grants received		-	1,747
Debt refinancing costs		-	(141,253)
Net cash used in financing activities		<u>(1,075,947)</u>	<u>(1,221,945)</u>
Currency translation differences			
		(50,369)	79,792
Net increase in cash and cash equivalents			
		333,012	144,540
Cash and cash equivalents at start of the year		1,202,856	1,058,316
Cash and cash equivalents at end of the year	21	<u>1,535,868</u>	<u>1,202,856</u>

The Notes on pages 68 to 132 form part of these financial statements.

Company Cash Flow Statement

for the year ended 31 January 2010

	Note	2010 RM'000	2009 RM'000
Cash flows from operating activities			
Cash (used in)/generated from operations	30	(10,267)	10,236
Malaysian taxes refunded		–	(440)
Net cash (used in)/generated from operating activities		(10,267)	9,796
Cash flows from investing activities			
Dividend income received		432,380	–
Redemption of preference shares in a subsidiary		279,380	–
Investment in a subsidiary		–	(250)
Interest received		713	4,238
Net cash generated from investing activities		712,473	3,988
Cash flows from financing activities			
Net (advances to)/repayments from subsidiary companies		(423,917)	203,728
Dividends paid to Company's shareholders		(272,198)	(303,954)
Net cash used in financing activities		(696,115)	(100,226)
Currency translation differences			
		7,396	784
Net increase/(decrease) in cash and cash equivalents			
		13,487	(85,658)
Cash and cash equivalents at start of the year		39,475	125,133
Cash and cash equivalents at end of the year	21	52,962	39,475

The Notes on pages 68 to 132 form part of these financial statements.

Significant Accounting Policies

GENERAL INFORMATION

The Company is a public limited company incorporated in England. It has a primary listing on the Main Market of the Bursa Securities and a standard listing on the London Stock Exchange.

SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation

Tanjong's Consolidated Financial Statements for the year ended 31 January 2010 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 UKCA 2006. 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 2010).

Additional disclosures on differences between IFRSs and approved Accounting Standards applicable in Malaysia (Malaysian Financial Reporting Standards) are provided in Note 36.

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 408 of the UKCA 2006.

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

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

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). A statement of comprehensive income has been presented as part of the financial statements for the year. As the change in accounting standard only impacts presentation aspects there is no impact on the Group's results.

IAS 23 – "Borrowing Costs" (as revised in 2007)

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 did not have a material impact on the Group's results.

IFRS 7 – "Financial Instruments: Disclosures" (as amended in March 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. As the change in accounting standard only impacts presentation aspects there is no impact on the Group's results.

Significant Accounting Policies (continued)

A Basis of preparation (continued)

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

IFRS 8 – “Operating Segments”

The standard replaces IAS 14 Segment Reporting. Whereas IAS 14 required segment information to be presented based on primary and secondary segment reporting formats (business segments and geographical segments), IFRS 8 requires segment information to be presented by operating segment on the same basis as that used for internal reporting purposes. The reported amount of each segment item now corresponds to the measurement reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance, as detailed in Note 1 Segmental Reporting.

IFRIC 12 – “Service Concession Arrangements”

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. As there has been no such new arrangement during the year, there is no impact to the results of the Group as a result of the application of this standard.

(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 2010 or later periods but have yet to be adopted by the Group as they are not yet effective. The Group is currently reviewing these amendments to determine the likely impact on the Group. The new standards which are expected to be relevant to the Group’s operations are as follows:

IAS 17 – “Leases”

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

Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17, to be applied retrospectively to existing leases if the necessary information is available at the inception date of the lease. Otherwise, land leases should be reassessed on the date of adoption of the amendments.

IAS 27 – “Consolidated and Separate Financial Statements” (as amended in 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.

IFRS 3 – “Business Combinations” (as revised in 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)

IFRIC 9 – “Reassessment of embedded derivatives”

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

An entity should assess whether an embedded derivative is to be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The assessment is made on the basis of the circumstances that existed at the later date: (a) the date when the entity first became a party to the contract; and (b) the date of a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

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

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

The amendments states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.

IFRIC 17 – “Distribution of non-cash assets to owners”

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

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and their distribution is highly probable.

IFRIC 18 – “Transfers of assets from customers”

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

This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets. This interpretation is only applicable to such assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both.

IAS 36 – “Impairments of Assets”

(effective date: for annual periods beginning on or after 1 January 2010)

Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purpose of impairment testing is an operating segment.

IAS 38 (amendments) – “Intangible assets”

(effective date: for annual periods beginning on or after 1 January 2010)

The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible asset as a single asset if each asset has similar useful economic lives.

IFRS 5 (amendment) – “Non-current assets held for sale and discontinued operations”

(effective date: for annual periods beginning on or after 1 January 2010)

The amendments provides clarification that IFRS 5 specifies the disclosures required in respect of non-assets (or disposal groups) classified held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

Significant Accounting Policies (continued)

A Basis of preparation (continued)

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

IAS 32 – “Classification of rights issue”

(effective date: for annual periods beginning on or after 1 February 2010)

The amended standard allows rights issues to be classified as equity when the price is denominated in a currency other than the entity's functional currency.

IAS 24 – “Related Party Disclosures”

(effective date: for annual periods beginning on or after 1 January 2011)

The amendments relaxes the disclosures of transactions between government related entities and clarifies related-party definitions.

IFRIC 14 – “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”

(effective date: for annual periods beginning on or after 1 January 2011)

The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such early payment as an asset.

IFRS 9 – “Financial Instrument”

(effective date: for annual periods beginning on or after 1 January 2013)

IFRS 9 addresses classification and measurement of financial assets. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

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.

(ii) Transaction with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Significant Accounting Policies (continued)

B Basis of consolidation (continued)

(iii) Associates

Associates are entities in 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. The Group shall discontinue the use of the equity method from the date in which it ceases to have significant influence but not control, in an associate. 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 associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(iv) 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.

Investments in subsidiaries, joint ventures and associates are shown at cost. Where an indication of impairment of investments in subsidiaries, joint ventures and associates exists, the carrying amount of the investments is assessed and written down immediately to its recoverable amount.

C Segment reporting

The segment disclosures are based on the components that the relevant Management personnel monitor in making financial and operational decisions. These components are identified on the basis of internal reports that Management and the Board reviews regularly in assessing their performance and allocating resources.

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:

	2010	2009
1 US Dollar	3.4050	3.6120
1 Australian Dollar	3.0740	2.3832
1 Pound Sterling	5.5218	5.0985
1 EURO	4.8109	4.7109
1 Singapore Dollar	2.4309	2.3838

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.

Significant Accounting Policies (continued)

E Intangible assets (continued)

(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.

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 2010. 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.

Significant Accounting Policies (continued)

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.

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.

Significant Accounting Policies (continued)

I Financial assets (continued)

(ii) Available-for-sale financial assets

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 the 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.

(iii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

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 off-taker 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 payments. 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 are depreciated over the shorter of the useful life of the asset or the lease term.

Significant Accounting Policies (continued)

J Leases (continued)

(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 initially at fair value and subsequently measured at amortised cost less allowance for impairment.

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 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of a financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

O 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)

P 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 the 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.

Q 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 liability 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 recognised if the temporary differences arise from the initial recognition (other than in a business combination) of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit.

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.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

R 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)

S 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.

T 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 post employment benefits scheme such as defined contribution plan in accordance with local conditions and practices where its operates. 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.

U Revenue recognition

Group revenue comprises the gross sales proceeds net of prize payouts for the Numbers Forecast Totalisator ("NFO") business, share of net surplus/deficit 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 cinema tickets 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/deficit for RTO business represents the Group's share of the net surplus or deficit 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 16, 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 off-taker.

- 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 and 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)

V Dividend distribution

Dividend distribution 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.

W 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 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.

X 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 9 – the annual impairment review on the carrying value of the intangible assets;
- Note 12 – the valuation of investment property;
- Note 24 – the valuation assumptions relating to fair value of cash flow hedge; and
- Note 25 – estimation of provisions to be recognised where there is a present obligation as a result of a past event.

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 Tropical Islands ("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. The recoverable amount of TI is determined from the value-in-use calculations using pre-tax cash flow projections based on financial plans covering an 8-year period which represents the expected gestation period for the independent development of the property surrounding the resort. They reflect the management's estimates of visitors' attendance, revenue, EBITDA and operating cash flows based on past experience and future expectations, taking into account the agreements entered into in April 2009 with third parties for the construction of vacation homes. Cash flows beyond the 8-year period are extrapolated using the estimated growth rate stated below, which is below the average long term growth rate for the resort business.

Significant Accounting Policies (continued)

X Critical accounting estimates and judgements (continued)

(i) Impairment review of the underlying assets of Tropical Islands ("TI") (continued)

The key assumptions used in determining the value-in-use are:

	2010	2009
Discount rate ¹	11.56%	11.40%
Growth rate (9th year onwards) ²	1.5%	2.0%
Occupancy rate of vacation homes ³	68%	70%

¹ Based on TI's weighted average cost of capital adjusted to fully reflect the underlying risks and uncertainties pertaining to the resort business

² Based on the forecasted Gross Domestic Product growth rate of Federal Republic of Germany

³ Based on reports from independent parties

Sensitivity analysis

TI's value-in-use exceeds the carrying value of RM336 million by approximately RM110 million and, based on the sensitivity analysis performed (as set out below), changes in the preceding assumptions could cause TI's recoverable amount to fall below the carrying value:

- Discount rate to increase to 14% or more
- Growth rate to reduce by 6.5% or more
- Occupancy rate of vacation homes to reduce to 37% or less
- Delay in the construction of vacation homes by 4.5 years or more after completion of first 109 homes in FY2011

(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 off-taker. As this arrangement gives the off-taker 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".

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 off-taker (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 off-taker is able to use them without major modifications
- The PPA term forms a significant part of the economic life of the power plant

Significant Accounting Policies (continued)

X 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)*

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 off-taker, 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

(iii) *Estimates and judgements in relation to income taxes and deferred tax assets*

(a) Income taxes

The Group is subject to income tax in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due, if the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

(b) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of a particular entity in which the deferred tax asset had been recognised.

CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are:

- to safeguard the business as a going concern
- to maintain an efficient capital structure in order to provide a high degree of financial flexibility
- to maximise returns for shareholders

The Group maintains an efficient mix of debt and equity funding in order to achieve an optimal capital structure and cost of capital while maintaining sufficient liquidity. The Group regularly reviews and adjusts the capital structure as appropriate in order to achieve these objectives.

The Group seeks to raise optimum level of debt financing for each project, ensuring that project cash flow is sufficient to meet debt service obligations and return to shareholders.

Tanjong pursues a progressive dividend policy which seeks to achieve a balance between long term capital growth and immediate cash returns. The Group strives to maintain an attractive dividend payout ratio whilst retaining sufficient earnings to grow its businesses.

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.

	2010 RM'000	2009 RM'000
Fixed rate loans	1,350,191	1,493,889
Floating rate loans		
Hedged	2,431,049	2,615,810
Unhedged	1,371,659	1,668,601
Total borrowings	<u>5,152,899</u>	<u>5,778,300</u>
Impact to profit before taxation and net assets		
1 percent increase in interest rate	(13,717)	(16,686)
1 percent decrease in interest rate	13,717	16,686

(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
2010			
10 percent increase in US Dollar exchange rate	10,462	329	10,791
10 percent decrease in US Dollar exchange rate	(10,462)	(329)	(10,791)
10 percent increase in Australian Dollar exchange rate	1,001	–	1,001
10 percent decrease in Australian Dollar exchange rate	(1,001)	–	(1,001)
10 percent increase in EURO exchange rate	66	3,618	3,684
10 percent decrease in EURO exchange rate	(66)	(3,618)	(3,684)
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)

(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 quoted on the FTSE Bursa Malaysia KLCI ("FBMKLCI"). The table below summarises the impact of an increase/decrease of the FBMKLCI 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 FBMKLCI 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 FBMKLCI.

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
2010			
10 percent increase in equity prices	2,461	14,216	16,677
10 percent decrease in equity prices	(2,461)	(14,216)	(16,677)
2009			
10 percent increase in equity prices	541	2,578	3,119
10 percent decrease in equity prices	(541)	(2,578)	(3,119)

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
2010	
+ 1% shift in yield curve	(11)
- 1% shift in yield curve	12
2009	
+ 1% shift in yield curve	(551)
- 1% shift in yield curve	1,626

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 2010				
Trade and other payables	584,160	–	–	–
Borrowings	464,308	684,813	1,839,548	2,164,230
Amount due to minority interests	106,714	72,484	188,129	371,737
Derivative financial instruments	18,900	20,411	91,044	184,234
Finance lease liabilities	3,692	3,692	8,886	10,947
Security deposit for office rental	1,258	217	7,003	–
Deferred sales tax	–	1,399	–	–
	<u>1,179,032</u>	<u>783,016</u>	<u>2,134,610</u>	<u>2,731,148</u>
As at 31 January 2009				
Trade and other payables	659,900	283	308	–
Borrowings	732,115	461,724	1,692,501	2,891,960
Amount due to minority interests	73,867	87,854	253,276	549,632
Derivative financial instruments	19,357	25,252	112,960	326,411
Finance lease liabilities	3,644	3,644	10,931	12,285
Security deposit for office rental	817	2,131	5,662	–
Deferred sales tax	9,206	10,613	–	–
	<u>1,498,906</u>	<u>591,501</u>	<u>2,075,638</u>	<u>3,780,288</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	2010 RM'000	2009 RM'000
(i) Cash at bank and in hand		
<i>Counterparties with external credit rating (Moody's)</i>		
P1	12,212	16,782
Aa3	–	1,871
Ba2	5,420	3,666
<i>Counterparties with external credit rating (RAM)</i>		
P1	12,484	17,628
AAA	765	44
AA2	17	1,218
AA3	2	–
A1	5	–
<i>Counterparties with external credit rating (Standard & Poor's)</i>		
AA- to AA+	781	130,784
A- to A+	19,713	367
Lower than A-	–	19,435
BBpi	329	4,151
	51,728	195,946
<i>No rating available</i>	1,323	2
	53,051	195,948
(ii) Short term deposits		
<i>Counterparties with external credit rating (Moody's)</i>		
P1	81,590	74,955
Aa3	–	122,143
<i>Counterparties with external credit rating (RAM)</i>		
P1	182,878	128,986
AAA	150,537	22,576
AA1	–	22,803
AA2	–	31,281
AA3	115,446	157,917
A1	18,526	53,293
A2	4,550	28,513
<i>Counterparties with external credit rating (Standard & Poor's)</i>		
AA- to AA+	520,827	199,785
A- to A+	405,058	50,161
Lower than A-	3,405	114,495
	1,482,817	1,006,908

Financial Risk Management (continued)

Financial risk factors (continued)

(c) Credit and counterparty risks (continued)

Group	2010 RM'000	2009 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	170,504	59,407
(iv) Fixed income instruments <i>Counterparties with external credit rating (Standard and Poor's)</i> BB	525	270
(v) Convertible bonds <i>Counterparties with external credit rating (RAM)</i> P1	–	816
(vi) Investments in unit trust <i>Counterparties without external credit rating</i> Not impaired, constant return	54,574	51,795
(vii) Venture funds <i>Counterparties without external credit rating</i> Group 1 Group 2 Group 3	– – 4,187	2,865 762 –
	4,187	3,627
(viii) Private equity fund <i>Counterparties without external credit rating</i> Group 1	11,002	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> <p>Group 3 – The investment is impaired to its fair value; and there are no significant returns in the form of capital distribution on the investment</p>		
(ix) Derivative financial instruments <i>Counterparties without external credit rating</i> Group 1	505	–
<p>Group 1 – The investment is not impaired and there are significant returns in the form of capital distribution on the investment</p>		
(x) Money market fund <i>Counterparties with external credit rating</i> Aaa	4,199	–

Financial Risk Management (continued)

Financial risk factors (continued)

(c) Credit and counterparty risks (continued)

Group	2010 RM'000	2009 RM'000
(xi) Trade receivables		
<i>Counterparties with external credit rating (Moody's)</i>		
Baa1	227,444	252,631
<i>Counterparties without external credit rating</i>		
Existing customers with debts due within 7 days	21,807	23,059
Existing customers with debts due within 30 days	60	90
Satisfactory risk	118,991	113,693
Existing customers (more than 6 months) with no previous defaults	9,613	4,393
	<u>377,915</u>	<u>393,866</u>
Satisfactory risk – guaranteed by the Central Bank of Egypt and the Government of Bangladesh		
(xii) Other receivables		
<i>Counterparties without external credit rating</i>		
Group 1	8,921	9,232
Group 2	5,470	2,013
Group 3	1,187	1,654
	<u>15,578</u>	<u>12,899</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	<u>75,357</u>	<u>67,483</u>
Other receivables		
<i>Counterparties without external credit rating</i>		
Group 1	8,225	8,894
Group 2	4,400	2,069
	<u>12,625</u>	<u>10,963</u>
Group 1 – existing customers (more than 6 months) with no defaults in the past Group 2 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.		
Total other receivables	<u>103,560</u>	<u>91,345</u>
(xiii) Lease receivables		
<i>Counterparties without external credit rating</i>		
Satisfactory risk	<u>5,891,263</u>	<u>6,492,291</u>

Notes to the Financial Statements

31 January 2010

1. SEGMENTAL REPORTING

The Group has diversified businesses which are separately managed and operated. The segment disclosures are based on the components that the relevant Management personnel (the "Chief Operating Decision Makers" as defined in IFRS 8) monitor in making financial and operational decisions. These components are identified on the basis of internal reports that Management and the Board reviews regularly in assessing their performance and allocating resources. Tanjong's principal operating and reporting segments comprise Power Generation and Gaming, which includes the Numbers Forecast Totalisator ("NFO") and Racing Totalisator ("RTO") businesses. Although the Property and Leisure (Tropical Islands i.e. "TI" and TGV Cinemas Sdn Bhd i.e. "TGV") segments are below the quantitative thresholds established under IFRS 8, these segments are separately reported as the Board believes that the inclusion of such information will assist users to perform a comprehensive analysis of the Group's performance.

Other activities comprise corporate costs and general administrative overheads.

The Group operations are situated in four main geographical areas: Malaysia, Egypt, Bangladesh and Germany.

Intra-group and inter-segment transactions are generally based on arm's length principles. Group revenue, profit for the year, non-current assets, total assets and total liabilities, depreciation and capital expenditure attributable to activities are shown on pages 90 to 93, analysed by operating segments. Information on revenue and non-current assets is also provided on a geographical basis.

	Power Generation ¹	Gaming		Property Investment	Leisure		Other activities	Group
	RM'000	NFO ² RM'000	RTO RM'000	RM'000	TI RM'000	TGV RM'000	RM'000	RM'000
Year ended 31 January 2010								
Revenue								
Total revenue	2,811,719	730,782	(9,351)	74,225	153,987	153,856	-	3,915,218
Inter-segment elimination	-	-	-	(17,107)	-	-	-	(17,107)
External revenue	2,811,719	730,782	(9,351)	57,118	153,987	153,856	-	3,898,111
Results								
Operating profit/(loss)	1,005,901	234,819	(65,831)	70,116	(22,667)	14,827	(10,087)	1,227,078
Net investment income								1,154
Finance costs	(366,790)	-	-	(4,113)	(7,124)	(1,476)	-	(379,503)
Interest income	12,144	2,009	-	350	314	406	1,529	16,752
Share of post tax results from:								
- Joint ventures	80,642	-	-	-	-	-	-	80,642
- Associates	7,129	-	-	-	-	-	-	7,129
	87,771	-	-	-	-	-	-	87,771
Profit before taxation								953,252
Taxation	(137,697)	(60,248)	13,872	(15,532)	-	(4,317)	(791)	(204,713)
Profit after taxation								748,539

Notes to the Financial Statements (continued)

31 January 2010

1. SEGMENTAL REPORTING (continued)

	Power	Gaming		Property Investment	Leisure		Other activities	Group
	Generation ¹	NFO ²	RTO		TI	TGV		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 January 2010								
Other segment items								
Capital expenditure	8,458	8,022	2,047	381	14,345	4,605	818	38,676
Depreciation charge	235,130	6,155	5,095	1,441	35,882	11,369	673	295,745
As at 31 January 2010								
Segment assets	8,635,305	58,340	72,310	683,590	393,160	101,867	8,358	9,952,930
Joint ventures	312,997	-	-	-	7,681	-	-	320,678
Associates	37,676	-	-	-	-	-	-	37,676
	350,673	-	-	-	7,681	-	-	358,354
Unallocated assets								1,753,203
Total assets								12,064,487
Segment liabilities	804,450	90,649	49,000	19,740	62,324	15,015	10,310	1,051,488
Borrowings	4,776,855	-	-	67,500	275,964	32,580	-	5,152,899
Unallocated liabilities								1,579,820
Total liabilities								7,784,207
Year ended 31 January 2009								
Revenue								
Total revenue	2,718,372	703,829	10,714	65,310	140,543	67,780	-	3,706,548
Inter-segment elimination	-	-	-	(12,693)	-	-	-	(12,693)
External revenue	2,718,372	703,829	10,714	52,617	140,543	67,780	-	3,693,855
Results								
Operating profit/(loss)	804,387	237,304	(26,875)	142,454	(33,904)	4,535	(8,798)	1,119,103
Net investment income								70,509
Finance costs	(507,084)	-	-	(4,922)	(20,428)	(756)	(801)	(533,991)
Interest income	20,738	4,031	-	612	535	161	7,297	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	(69,869)	(62,740)	5,901	(34,380)	(1,392)	(34,390)	(3,390)	(200,260)
Profit after taxation								548,576

Notes to the Financial Statements (continued)

31 January 2010

1. SEGMENTAL REPORTING (continued)

	Power Generation ¹ RM'000	Gaming		Property Investment RM'000	Leisure		Other activities RM'000	Group RM'000
		NFO ² RM'000	RTO RM'000		TI RM'000	TGV RM'000		
Year ended 31 January 2009								
Other segment items								
Capital expenditure	70,189	7,032	3,004	1,960	15,341	5,020	405	102,951
Depreciation charge	245,622	6,372	4,757	1,127	35,605	5,677	746	299,906
As at 31 January 2009								
Segment assets	9,650,161	62,411	80,058	662,421	410,384	107,824	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								<u>12,453,711</u>
Segment liabilities	1,072,009	94,541	48,177	18,670	81,475	16,781	9,616	1,341,269
Borrowings	5,336,285	–	–	82,500	324,218	35,297	–	5,778,300
Unallocated liabilities								1,630,130
Total liabilities								<u>8,749,699</u>

¹ Power Generation revenue is derived from the following major customers:

	2010 RM'000	2009 RM'000
Tenaga Nasional Berhad	1,346,019	1,332,515
Egyptian Electricity Holding Company	1,121,912	1,013,267
Bangladesh Power Development Board	343,788	372,590
	<u>2,811,719</u>	<u>2,718,372</u>

² Gaming transactions have been determined as falling within the scope of IAS 39. Accordingly, NFO revenue is reported net of prize payouts.

	2010 RM'000	2009 RM'000
NFO gross sales proceeds	2,052,527	1,989,532
Less: Prize payouts	(1,321,745)	(1,285,703)
	<u>730,782</u>	<u>703,829</u>

Notes to the Financial Statements (continued)

31 January 2010

1. SEGMENTAL REPORTING (continued)

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, tax recoverable, tax prepayment and deferred income tax assets. Unallocated liabilities include deferred income tax liabilities and current income tax liabilities.

Group	2010			2009		
	Revenue RM'000	Operating profit/(loss) RM'000	Non-current assets RM'000	Revenue RM'000	Operating profit/(loss) RM'000	Non-current assets RM'000
Malaysia	2,278,424	679,250	2,680,942	2,167,455	576,252	2,895,260
Egypt	1,121,912	478,683	3,886	1,013,267	439,854	3,945
Bangladesh	343,788	78,687	14,892	372,590	134,608	16,001
Federal Republic of Germany	153,987	(22,667)	353,981	140,543	(33,904)	372,666
Others	–	13,125	440	–	2,293	1,774
	3,898,111	1,227,078	3,054,141	3,693,855	1,119,103	3,289,646

Segment revenue from external customers is based on the country in which the customer is located whereas the total carrying amount of non-current assets is allocated based on the location of the assets.

2. OTHER INCOME

Group	Note	2010 RM'000	2009 RM'000
Net gain on fair value adjustments on Menara Maxis	12	22,000	99,661
Recognition of government grants	22(b)	18,496	17,699
Warranty claims received		9,939	1,238
Miscellaneous income		27,382	18,927
		77,817	137,525

Notes to the Financial Statements (continued)

31 January 2010

3. OPERATING COSTS

Group

	Note	2010 RM'000	2009 RM'000
Analysis of operating costs by function:			
Cost of sales	35	2,426,384	2,349,125
Administrative expenses	35	161,491	242,760
Distribution costs		86,088	73,227
Other operating expenses	35	74,887	47,165
		<u>2,748,850</u>	<u>2,712,277</u>
Analysis of operating costs by nature:			
Fuel and gas cost		1,357,680	1,281,510
Depreciation	10	295,745	299,906
Gaming tax and betting & sweepstake duties		277,502	268,985
Staff costs	3(a)	167,188	157,771
Commissions and royalties		111,034	105,580
Maintenance of property, plant and equipment		60,993	47,536
Utilities		49,071	36,876
Film hire		46,472	20,108
Advertising & marketing expenses		34,771	29,062
Cost of food & beverage sold		27,651	20,005
Power plant insurance		25,180	26,516
Cinema entertainment duty		24,271	10,560
Rental of cinema premises		19,957	10,127
Consultancy services		18,000	18,000
Raw material, parts & consumables		17,884	40,414
Contribution from designated NFO draws		17,778	10,762
Telecommunication expenses		14,548	11,716
Provision for staff costs		13,935	8,115
Business and corporate development costs		3,710	51,394
Payment in lieu of windfall profit levy		–	85,026
Contribution to non-EU political organisation		–	10,000
Other operating costs		165,480	162,308
		<u>2,748,850</u>	<u>2,712,277</u>

Notes to the Financial Statements (continued)

31 January 2010

3. OPERATING COSTS (continued)

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

	Note	2010 RM'000	2009 RM'000
Audit of the parent company and consolidated financial statements		842	883
Fees payable for other services:			
– audit of subsidiary companies pursuant to legislation		1,990	2,110
– due diligence services for acquisitions		–	2,153
– tax compliance and advisory services		824	469
– all other assurance services	(i)	315	34
		<u>3,971</u>	<u>5,649</u>
Other auditors		<u>66</u>	<u>51</u>

(i) Other assurance services relate mainly to attestation services and agreed upon procedures.

(a) Staff costs

Group

	2010 RM'000	2009 RM'000
(i) The staff costs incurred during the year were as follows:		
Wages and salaries	149,211	141,308
Social security costs	10,623	9,611
Contributions to defined contribution plans	7,354	6,852
	<u>167,188</u>	<u>157,771</u>
(ii) The average monthly number of persons employed by the Group during the year was as follows:		
Management	146	144
Operations	1,097	1,107
Administration	417	406
	<u>1,660</u>	<u>1,657</u>
Part-time staff	868	827
	<u>2,528</u>	<u>2,484</u>
The staff were employed in the following countries:		
Malaysia	1,630	1,582
Federal Republic of Germany	504	489
Egypt	277	293
Bangladesh	117	120
	<u>2,528</u>	<u>2,484</u>

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

Notes to the Financial Statements (continued)

31 January 2010

4. NET INVESTMENT INCOME

Group

	Note	2010 RM'000	2009 RM'000
Dividends from investments:			
Quoted in Malaysia		3,369	1,255
Quoted outside Malaysia		1,006	3,907
Gain/(loss) on disposal of investments:			
In Malaysia		275	(799)
Outside Malaysia	(a)	1,219	62,906
Net gain/(loss) from change in fair value of financial assets		2,327	(2,317)
Impairment of available-for-sale and held-for-trading financial assets		(6,247)	–
Net foreign exchange (loss)/gain		(795)	5,557
		<u>1,154</u>	<u>70,509</u>

(a) Comparative disclosure 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.

5. FINANCE COSTS

Group

	Note	2010 RM'000	2009 RM'000
Interest expense:			
Borrowings		236,574	290,475
Others:			
Amortised fair value of advance from minority interest	(a)	25,881	33,044
Unwinding of discounts		4,344	5,002
Fair value on financial instruments transferred from equity			
– cash flow hedges		112,704	64,217
Debt refinancing costs	(b)	–	141,253
		<u>379,503</u>	<u>533,991</u>

(a) Relates to amortisation of fair value arising from advances from minority interest over the period of the advance. Please refer to Note 26 (a).

(b) These costs were incurred by the Group in the previous financial year in conjunction with debt refinancing 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. The debt refinancing costs have been expensed in previous financial year in accordance with IAS 39 – Financial Instruments : Recognition and Measurement.

Notes to the Financial Statements (continued)

31 January 2010

6. TAXATION

Group

	2010 RM'000	2009 RM'000
Malaysian taxation		
Income tax – current year		
Parent company	127	–
Subsidiary companies	163,949	146,291
	164,076	146,291
Income tax – prior years		
Parent company	–	2,164
Subsidiary companies	(4,236)	(1,693)
	(4,236)	471
Deferred taxation		
Subsidiary companies	13,775	25,405
	173,615	172,167
Non-Malaysian taxation		
Subsidiary companies		
Income tax – current year	24,480	24,618
Income tax – prior years	(3,559)	–
Deferred taxation	10,177	3,475
	204,713	200,260

Group

	2010 %	2009 %
The reconciliation between the Malaysian tax rate and the effective tax rate is as follows:		
Malaysian tax rate *	25.0	25.0
Tax effect of:		
– Expenses not deductible for tax purposes	7.2	3.9
– Subsidiaries' current year's losses not available for set-off at Group level	2.7	3.3
– Income not subject to tax	(11.4)	(4.1)
– Overprovision in respect of prior years	(0.8)	(0.5)
– Others	(1.2)	(0.9)
Effective tax rate	21.5	26.7

* The Malaysian tax rate was at 25% during the financial year (FY2009: 25%).

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 **RM66,374,152** (2009: RM70,635,178) 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, Malaysia.

Notes to the Financial Statements (continued)

31 January 2010

7. EARNINGS AND NET TANGIBLE ASSETS PER SHARE

Group

	2010	2009
(i) The basic and diluted Earnings Per Share ("EPS") is computed as follows:		
Profit attributable to Tanjong's Shareholders (in RM'000)	676,773	463,769
Weighted average number of ordinary shares	403,256,136	403,256,136
	<hr/>	<hr/>
Basic/Diluted EPS* (sen)	167.8	115.0
	<hr/>	<hr/>
(ii) The Net Tangible Assets ("NTA") per share is computed as follows:		
Total shareholders' equity (in RM'000)	3,814,593	3,281,047
Less: Intangible assets (in RM'000)	(71,969)	(71,969)
	<hr/>	<hr/>
NTA (in RM'000)	3,742,624	3,209,078
	<hr/>	<hr/>
Number of ordinary shares	403,256,136	403,256,136
	<hr/>	<hr/>
NTA per share (in sen)	928	796
	<hr/>	<hr/>

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

8. DIVIDENDS

Company

	2010	2009
	RM'000	RM'000
First interim dividend of 2010: 17.5 sen gross (2009: 17.5 sen gross) per share less Malaysian income tax paid on 3 August 2009	52,927	52,927
Second interim dividend of 2010: 17.5 sen gross (2009: 17.5 sen gross) per share less Malaysian income tax paid on 5 November 2009	52,927	52,927
Third interim dividend of 2010: 17.5 sen gross (2009: 17.5 sen gross) per share less Malaysian income tax paid on 15 January 2010	52,927	52,927
Fourth interim dividend of 2009: 17.5 sen gross (2008: 14 sen gross) per share less Malaysian income tax paid on 5 May 2009	52,927	42,343
Final interim dividend of 2009: 20 sen gross (2008: 34 sen gross) per share less Malaysian income tax paid on 14 August 2009	60,490	102,830
	<hr/>	<hr/>
	272,198	303,954
	<hr/>	<hr/>

The Directors declared a fourth interim dividend in respect of the financial year ended 31 January 2010 of 17.5 sen gross per share less Malaysian income tax totalling RM52,927,368 to shareholders on record as at 16 April 2010. The fourth interim dividend was paid on 30 April 2010.

In addition, the Directors have also proposed a final dividend in respect of the financial year ended 31 January 2010 of 30 sen gross per share less Malaysian income tax amounting to RM90,732,631. It will be paid on 13 August 2010 to shareholders on the record of the Company at the close of business on 30 July 2010 subject to the approval of the shareholders at the forthcoming AGM.

Notes to the Financial Statements (continued)

31 January 2010

9. INTANGIBLE ASSETS

Group	Premiums RM'000 (a)	Goodwill RM'000 (b)	Total RM'000
At cost			
At 1 February 2008	88,569	–	88,569
Arising from acquisition of a subsidiary in 2009	–	22,839	22,839
At 31 January 2009/2010	<u>88,569</u>	<u>22,839</u>	<u>111,408</u>
Accumulated amortisation			
At 31 January 2009/2010	<u>39,439</u>	<u>–</u>	<u>39,439</u>
Net book amount			
At 31 January 2009/2010	<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:

- RM21,250,000 relating to the acquisition of the sole and exclusive rights to NFO outlets on 1 February 1990; and
- 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:

	2010	2009
Growth rate	1%	5%
Discount rate*	11%	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”) for the remaining 50% of TGV which was acquired on 31 July 2008. TGV has been identified as a cash generating unit (“CGU”) for impairment testing purposes.

The recoverable amount of TGV is determined from the value-in-use calculations using pre-tax cash flow projections based on financial plans covering a 5-year period. They reflect management’s estimates of revenue, EBITDA and operating cash flows based on past experience and future expectations. Cash flows beyond the 5-year period are extrapolated using the estimated growth rate, which is below the average long term growth rate of the film exhibition industry.

Notes to the Financial Statements (continued)

31 January 2010

9. INTANGIBLE ASSETS (continued)

(b) Goodwill (continued)

Key assumptions used in determining the value-in-use are:

	2010	2009
Discount rate ¹	9.00%	9.72%
Growth rate (after 5th year) ²	2%	2%

¹ Based on TGV's weighted average cost of capital

² Based on TGV's historical growth rate adjusted to reflect Consumer Price Index changes

Sensitivity analysis

TGV's value-in-use exceeds the carrying value by approximately RM274 million and, based on the sensitivity analysis performed (as set out below), there are no reasonably possible changes in the preceding assumptions which could cause TGV's recoverable amount to fall below the carrying value:

- Discount rate to increase to 24% or more
- Growth rate to reduce by 47% or more
- Projected operating cash flow to reduce by 70% or more

10. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	At 1	Additions/ Acquisitions	Transfers	Disposals	Exchange Differences	At 31
	February 2009					January 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	19,412	6,662	–	–	(281)	25,793
Buildings	141,518	799	–	–	1,226	143,543
Land and buildings	160,930	7,461	–	–	945	169,336
Plant and machinery	3,876,717	5,600	(93,199)	(1,811)	4,586	3,791,893
Fixtures, fittings and equipment	260,471	16,473	5,566	(3,218)	(917)	278,375
Leasehold improvements	96,563	–	(181)	–	–	96,382
Vehicles	20,151	3,380	–	(943)	(373)	22,215
Assets under construction	586	6,230	(649)	–	–	6,167
Total	4,415,418	39,144	(88,463)	(5,972)	4,241	4,364,368

Notes to the Financial Statements (continued)

31 January 2010

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

Accumulated Depreciation	At 1	Charge for the year	Transfers	Disposals	Exchange Differences	At 31
	February 2009					January 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings	31,175	8,425	–	–	118	39,718
Plant and machinery	1,626,076	250,952	(88,327)	(664)	741	1,788,778
Fixtures, fittings and equipment	165,942	26,952	2,613	(2,556)	(1,022)	191,929
Leasehold improvements	32,582	6,892	–	–	–	39,474
Vehicles	13,898	2,524	–	(903)	(268)	15,251
Total	1,869,673	295,745	(85,714)	(4,123)	(431)	2,075,150

Cost	At 1	Additions/ Acquisitions	Transfers	Disposals	Exchange Differences	At 31
	February 2008					January 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	17,464	–	2,142	–	(194)	19,412
Buildings	130,299	4,651	6,271	74	223	141,518
Land and buildings	147,763	4,651	8,413	74	29	160,930
Plant and machinery	3,850,364	70,483	(42,844)	(1,501)	215	3,876,717
Fixtures, fittings and equipment	187,570	75,497	(1,402)	(2,398)	1,204	260,471
Vehicles	19,282	2,867	(839)	(1,839)	680	20,151
Assets under construction	994	6,766	(7,174)	–	–	586
Leasehold improvements	–	91,627	4,967	(31)	–	96,563
Total	4,205,973	251,891	(38,879)	(5,695)	2,128	4,415,418

Accumulated Depreciation	At 1	Charge for the year	Acquisitions	Transfers	Disposals	Exchange Differences	At 31
	February 2008						January 2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings	22,086	8,492	–	729	5	(137)	31,175
Plant and machinery	1,413,093	262,665	–	(47,887)	(1,038)	(757)	1,626,076
Fixtures, fittings and equipment	123,584	22,627	24,718	(5,117)	(1,528)	1,658	165,942
Vehicles	12,985	2,727	–	(494)	(1,791)	471	13,898
Leasehold improvements	–	3,395	29,202	–	(15)	–	32,582
Total	1,571,748	299,906	53,920	(52,769)	(4,367)	1,235	1,869,673

Notes to the Financial Statements (continued)

31 January 2010

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At 31 January 2010	At 31 January 2009
Net Book Value	RM'000	RM'000
Freehold land	25,793	19,412
Buildings	103,825	110,343
Land and buildings	129,618	129,755
Plant and machinery	2,003,115	2,250,641
Fixtures, fittings and equipment	86,446	94,529
Leasehold improvements	56,908	63,981
Vehicles	6,964	6,253
Assets under construction	6,167	586
Total	2,289,218	2,545,745

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

	2010	2009
	RM'000	RM'000
Cost	21,519	21,236
Accumulated depreciation	(8,274)	(6,124)
Net book value	13,245	15,112

Assets held under operating leases where Tanjong Group is the lessor:

	2010	2009
	RM'000	RM'000
Cost	3,454,733	3,540,193
Accumulated depreciation	(1,683,539)	(1,541,758)
Net book value	1,771,194	1,998,435

The depreciation charge for the year relating to these assets was **RM227,683,137** (2009: RM238,491,631).

Notes to the Financial Statements (continued)

31 January 2010

11. PREPAID LEASE RENTAL

Group

	2010	2009
	RM'000	RM'000
Cost		
At 1 February	29,138	27,966
Additions	412	417
Exchange difference	(422)	755
At 31 January	29,128	29,138
Accumulated Amortisation		
At 1 February	6,300	5,290
Amortisation	1,046	1,007
Exchange difference	(27)	3
At 31 January	7,319	6,300
Carrying Amount	21,809	22,838
Analysed between:		
Non-current	20,954	21,932
Current	855	906
	21,809	22,838

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

- (i) Malaysia amounting to RM15.3 million. The term of the lease range from 89 to 99 years; and
- (ii) Bangladesh amounting to RM6.5 million. The term of the lease is 27 years.

12. INVESTMENT PROPERTY

Group

	2010	2009
	RM'000	RM'000
At 1 February	650,000	550,339
Net gain from fair value adjustments	22,000	99,661
At 31 January	672,000	650,000

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 2010 by Messrs Jones Lang Wootton, a Registered Valuer, using the open market existing use basis, to reflect its fair value of RM672 million. The Directors are satisfied, based on the findings, that the year end carrying value of Menara Maxis at RM672 million is appropriate.

The property has been pledged as collateral for the Islamic financing facility referred to in Note 23 (i).

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

	2010	2009
	RM'000	RM'000
Rental income (gross)	74,225	65,310
Direct operating expenses	24,706	20,135

Notes to the Financial Statements (continued)

31 January 2010

13. INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARY COMPANIES

Group

	Note	2010 RM'000	2009 RM'000
Investments in joint ventures	(a)	320,678	261,100
Investments in associates	(b)	37,676	42,034
Investments in joint ventures and associates		358,354	303,134
(a) Investments in joint ventures			
At 1 February			
– Net assets		257,644	183,445
– Advances		3,456	14,521
		261,100	197,966
Share of post-tax results for the year		80,642	51,065
Share of exchange reserve		(8,246)	(31,405)
Share of hedging reserve		56,878	(113,323)
Exchange differences		(14,500)	51,992
Repayment from joint ventures		(212)	(230)
Dividends received		(54,984)	(39,043)
Investment made during the year	(i)	–	172,240
Transfer to cost of investment in a subsidiary	(ii)	–	(17,327)
Transfer to intercompany advances	(ii)	–	(10,835)
		320,678	261,100
At 31 January			
– Net assets		317,434	257,644
– Advances		3,244	3,456
		320,678	261,100

(i) Relates to investment by Asia Gulf Power Holding Company Limited in 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.

Notes to the Financial Statements (continued)

31 January 2010

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

Group

(a) Investments in joint ventures (continued)

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

	2010	2009
	RM'000	RM'000
Current assets	126,424	121,770
Long term assets	274,340	250,559
Current liabilities	(27,826)	(46,365)
Long term liabilities	(52,260)	(64,864)
	320,678	261,100
Income	217,140	253,888
Expenses	(136,498)	(201,749)
	80,642	52,139
Taxation	-	(1,074)
Share of post-tax results from joint ventures	80,642	51,065

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 32 (c).

The share of capital commitments relating to joint ventures is disclosed in Note 32 (a).

(b) Investments in associates

	2010	2009
	RM'000	RM'000
At 1 February	42,034	36,468
Share of post-tax results from associates	7,129	8,776
Share of exchange reserve of associates	(281)	(1,942)
Dividend received	(8,770)	(5,549)
Exchange differences	(2,436)	4,104
Fair value adjustments	-	177
At 31 January	37,676	42,034

Notes to the Financial Statements (continued)

31 January 2010

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

Group

(b) Investments in associates (continued)

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

	2010	2009
	RM'000	RM'000
Current assets	14,983	17,249
Long term assets	30,305	32,935
Current liabilities	(7,544)	(8,093)
Long term liabilities	(68)	(57)
	37,676	42,034
Income	33,951	55,720
Expenses	(26,822)	(46,944)
	7,129	8,776
Taxation	-	-
Share of post-tax results from associates	7,129	8,776

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.

Company

(a) Investments in subsidiary companies

	2010	2009
	RM'000	RM'000
At 1 February – investment cost	1,661,378	121,368
Non-cumulative redeemable convertible preference shares		
– Investment	(i) 96,500	1,539,760
– Redemption	(279,380)	-
Subscription of new shares in a subsidiary	-	250
At 31 January	1,478,498	1,661,378

(i) The salient terms of the Non-Cumulative Redeemable Convertible Preference Shares ("NCRCPs") are summarised below:

- The NCRCPs were issued at a nominal value of RM0.01 and a premium of RM9,999.99 for every NCRCPs.
- 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 profits 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 profits or out of proceeds of a 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.

(b) Advances to/(repayment from) subsidiary companies

	2010	2009
	RM'000	RM'000
At 1 February	(217,916)	1,512,142
Net advances to/(repayment from) subsidiaries	423,748	(203,728)
Conversion to NCRCPs	(96,500)	(1,539,760)
Exchange differences	(14,052)	13,430
At 31 January	95,280	(217,916)

Notes to the Financial Statements (continued)

31 January 2010

14. 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 2008	(3,059)	44,073	237,417	(392)	278,039
Credited/(charged) to income statement	9,600	(44,012)	–	–	(34,412)
Exchange differences	2,956	(61)	–	–	2,895
At 31 January 2009	9,497	–	237,417	(392)	246,522
Charged to income statement	14,833	–	(61,461)	–	(46,628)
Exchange differences	(382)	–	–	–	(382)
At 31 January 2010	23,948	–	175,956	(392)	199,512
	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 2008	748,479	189,499	107,459	3,197	1,048,634
Reclassifications	(255,376)	(140,621)	384,784	11,213	–
Charged/(credited) to income statement	210	24,766	–	(30,508)	(5,532)
Arising from subsidiary acquired	7,248	–	–	–	7,248
Arising from an acquired subsidiary in previous year	–	–	(45,301)	–	(45,301)
Exchange differences	–	–	55,710	54	55,764
At 31 January 2009	500,561	73,644	502,652	(16,044)	1,060,813
(Credited)/charged to income statement	(57,900)	5,500	10,452	19,272	(22,676)
Exchange differences	–	–	(31,129)	(42)	(31,171)
At 31 January 2010	442,661	79,144	481,975	3,186	1,006,966

The reclassifications within deferred income tax liability balances are undertaken to appropriately reflect the category of temporary differences.

Deferred income tax assets and liabilities presented on the balance sheet are as follows:

	2010 RM'000	2009 RM'000
Deferred income tax assets (before offsetting)	199,512	246,522
Offsetting	(199,512)	(246,492)
Deferred income tax assets (after offsetting)	–	30
	2010 RM'000	2009 RM'000
Deferred income tax liabilities (before offsetting)	1,006,966	1,060,813
Offsetting	(199,512)	(246,492)
Deferred income tax liabilities (after offsetting)	807,454	814,321

Notes to the Financial Statements (continued)

31 January 2010

14. DEFERRED INCOME TAX (continued)

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.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group

	Note	2010 RM'000	2009 RM'000
At 1 February		117,071	380,242
Additions		104,687	6,766
Disposals		(36,312)	(230,998)
Net valuation gains/(loss) taken to equity		50,220	(40,297)
Exchange differences		(451)	1,358
At 31 January		<u>235,215</u>	<u>117,071</u>
Analysed between:			
Non-current		231,028	116,255
Current		4,187	816
		<u>235,215</u>	<u>117,071</u>
Available-for-sale financial assets comprise the following:			
Quoted equity securities:			
– in Malaysia		91,012	4,721
– outside Malaysia		69,716	49,167
Investments in unit trusts		54,574	51,795
Unquoted investments:			
Private equity fund		11,002	6,675
Venture funds	(a)	4,187	3,627
Money market fund		4,199	–
Fixed income instruments		525	270
Convertible bonds		–	816
		<u>235,215</u>	<u>117,071</u>

(a) 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.

Notes to the Financial Statements (continued)

31 January 2010

16. LEASE RECEIVABLES

Group

	2010 RM'000	2009 RM'000
Gross investment – minimum lease receivables		
Within 1 year	1,021,974	1,056,322
Between 1 and 5 years	3,621,743	3,859,270
5 years or more	6,687,847	8,056,994
	11,331,564	12,972,586
Less: Future finance lease income	(5,440,301)	(6,480,295)
Present value of minimum lease payments	5,891,263	6,492,291
Representing the present value of minimum lease payments		
Within 1 year	424,748	353,410
Between 1 and 5 years	1,493,203	1,455,201
5 years or more	3,973,312	4,683,680
	5,891,263	6,492,291
Analysed between:		
Non-current	5,466,515	6,138,881
Current	424,748	353,410
	5,891,263	6,492,291

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 off-taker, 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 off-takers, 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 2010

17. INVENTORIES

Group

	2010 RM'000	2009 RM'000
Cost		
Spares and consumables	362,037	368,552
Fuel	72,686	124,547
Merchandise	3,455	4,220
Food and beverage	2,906	2,997
Others	238	222
	441,322	500,538
Fair value		
Trading livestock	7,483	10,600
	448,805	511,138

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables	402,564	423,598	–	–
Less: allowance for impairment of trade receivables	(312)	(330)	–	–
Trade receivables – net	402,252	423,268	–	–
Other receivables	90,403	73,418	622	57
Prepayments	26,288	16,507	72	41
Taxation recoverable	10,762	17,927	678	678
	529,705	531,120	1,372	776

As at 31 January 2010, **RM24,337,362** (2009: RM29,402,311) of trade receivables were past due but not impaired as the Group is of the view that these amounts are recoverable. These relate to a number of external parties where there is no expectation of default.

Group

	2010 RM'000	2009 RM'000
Less than 30 days past due	734	5,010
Between 30 and 60 days past due	830	492
Between 61 and 90 days past due	36	39
Between 91 days and 1 year past due	–	198
More than 1 year past due	(a) 22,737	23,663
	24,337	29,402

(a) This relates primarily to the amount withheld by a customer pending the satisfactory resolution of certain matters with that customer.

Notes to the Financial Statements (continued)

31 January 2010

18. TRADE AND OTHER RECEIVABLES (continued)

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

Group	2010	2009
	RM'000	RM'000
At 1 February	330	292
Amounts written-off	(52)	(17)
Charged to income statement	34	55
At 31 January	312	330

19. HELD-FOR-TRADING INVESTMENTS

Group	2010	2009
	RM'000	RM'000
At 1 February	5,519	10,234
Additions	4,325	4,229
Disposals	(1,890)	(6,627)
Net valuation gains taken to income statement	1,822	(2,317)
At 31 January	9,776	5,519

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

20. DERIVATIVE FINANCIAL INSTRUMENT

Group	2010	2009
	RM'000	RM'000
At 1 February	–	19
Disposals	–	(19)
Valuation gains taken to income statement	505	–
At 31 January	505	–

This relates to a warrant quoted outside Malaysia, which was received as a distribution-in-specie.

Notes to the Financial Statements (continued)

31 January 2010

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash at bank and in hand	53,051	195,948	124	87
Short-term deposits in financial institutions*	1,482,817	1,006,908	52,838	39,388
	1,535,868	1,202,856	52,962	39,475

The effective interest rate on short-term deposits was **1.37%** p.a. (2009: 3.27% p.a.) and these deposits have various periods of maturity from overnight to one year.

* Includes **RM153,782,103** (2009: RM111,304,677) placed in finance/debt service reserve accounts to meet the debt servicing requirement of subsidiary companies, and **RM118,601,349** (2009: RM81,744,217) placed in Maintenance Reserve Accounts, which is required pursuant to the PPAs.

22. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables		180,378	193,156	–	–
Other payables	(a)	91,386	101,230	952	45
Accruals		295,169	366,105	150	547
Deferred income – Government grants	(b)	17,013	16,790	–	–
Deferred sales tax		8,512	9,206	–	–
Short-term finance lease liabilities	(c)	1,834	1,976	–	–
		594,292	688,463	1,102	592

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 following 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:
- (i) first grant amounting to EUR17.3 million (approximately RM79 million then)
 - (ii) second grant amounting to EUR350,000 (approximately RM1.7 million)

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 **RM0.7 million** (2009: RM17.2 million) is classified under other non-current liabilities (Note 26) and income for the year amounting to **RM18.5 million** (2009: RM17.7 million) is reflected in the Income Statement (Note 2).

Notes to the Financial Statements (continued)

31 January 2010

22. 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	2010 RM'000	2009 RM'000
Finance lease liabilities – minimum lease payments			
Within 1 year		3,692	3,644
Between 1 and 5 years		12,578	14,575
5 years or more		10,947	12,285
		27,217	30,504
Future finance charges on finance leases		(10,737)	(12,406)
Present value of finance lease liabilities		16,480	18,098
Analysed between:			
Current		1,834	1,976
Non-current	26	14,646	16,122
		16,480	18,098

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 2010

23. BORROWINGS

Group

	Note	2010 RM'000	2009 RM'000
Secured			
Bank loans			
Asian Development Bank loan ("ADB")	23 (a)	330,003	376,148
Transferable loan facilities	23 (b)	275,964	324,218
Private debt securities			
Serial bonds	23 (c)	780,000	830,000
Islamic debt securities	23 (d)	130,000	180,000
Commercial paper	23 (e)	–	33,000
Senior loans	23 (f)	2,772,723	2,768,513
IDCOL subordinated facility	23 (g)	200,794	224,687
International Development Association ("IDA") guaranteed facility	23 (h)	85,174	107,084
Islamic financing facility	23 (i)	67,500	82,500
Infrastructure Development Company Limited ("IDCOL") senior facility	23 (j)	46,897	51,702
Netherlands Development Finance Company ("FMO") subordinated loan	23 (k)	25,443	26,746
FMO loan	23 (l)	22,444	29,891
Partial Risk Insurance ("PRI") facility	23 (m)	9,060	11,392
Unsecured			
Private debt securities			
Term loans – USD	23 (n)	249,317	516,122
Redeemable bonds	23 (o)	125,000	125,000
Term loans – RM	23 (p)	32,580	35,297
Bridging loan	23 (q)	–	56,000
		5,152,899	5,778,300

- (a) 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 was **5.19%** p.a. (2009: 6.83% 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.

Notes to the Financial Statements (continued)

31 January 2010

23. 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 **2.03%** p.a. (2009: 5.5% 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 **2.25%** p.a. (2009: 5.4% 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) Serial bonds of RM830 million nominal value were issued in 2 tranches by Panglima Power Sdn Bhd ("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 **7.47%** p.a. (2009: 7.42% p.a.) with interest payable semi-annually in arrears. The bonds were issued with tenures ranging from 6.5 to 13 years.
- (d) Al-Bai' Bithaman Ajil Islamic Debt Securities ("BalDS") were issued by Pahlawan Power Sdn Bhd ("Pahlawan") at par on 31 January 2002. These BalDS 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 **6.86%** p.a. (2009: 6.80% p.a.) with interest payable semi-annually in arrears. The BalDS have various maturity periods, ranging from 2 to 10 years.
- (e) Commercial paper ("CP") of RM33 million which was issued at a discount by Panglima was fully repaid during the year.
- (f) The senior loans consist of:
- (i) USD245 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 **3.40%** p.a. (2009: 4.84% 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 **2.77%** p.a. (2009: 3.93% 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.
- (g) 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. (2009: 9.07% p.a.). The security mentioned in Note 23 (a) also covers the IDCOL subordinated facility.
- (h) The IDA guaranteed facility is repayable in 26 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **4.38%** p.a. (2009: 6.25% p.a.). The security mentioned in Note 23 (a) also covers the IDA guaranteed facility.
- (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. (2009: 5.40% p.a.) and is repayable over 10 years.

Notes to the Financial Statements (continued)

31 January 2010

23. BORROWINGS (continued)

- (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. (2009: 8.80% p.a.). The security mentioned in Note 23 (a) also covers the IDCOL senior facility.
- (k) 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 **3.38%** p.a. (2009: 4.99% p.a.). The security mentioned in Note 23 (a) also covers the FMO subordinated loan.
- (l) The FMO loan is repayable in 20 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **6.13%** p.a. (2009: 8.00% p.a.). The security mentioned in Note 23 (a) also covers the FMO loan.
- (m) The PRI facility is repayable in 23 semi-annual instalments. Interest is payable semi-annually. The average interest rate was **5.13%** p.a. (2009: 7.00% p.a.). The security mentioned in Note 23 (a) also covers the PRI facility.
- (n) The USD term loans consist of:
 - (i) 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 ("Powertek"). The average interest rate on the loan was **2.05%** p.a. (2009: 3.94% p.a.);
 - (ii) USD23 million term loan drawn down by TEHV (L) Ltd in January 2010. This loan is repayable over 3 years. 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 **1.69%** p.a.; and
 - (iii) USD90 million term loan drawn down by TEH Ventures (L) Ltd in November 2007. This loan is secured by way of a corporate guarantee issued by Tanjong Energy Holdings Sdn Bhd. The loan was fully repaid during the year.
- (o) 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. (2009: 6.80% p.a.) with interest payable semi-annually in arrears. The bonds were issued with tenures ranging from 5 to 10 years.
- (p) 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 **3.58%** p.a. (2009: 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 **4.11%** p.a. (2009: 5.04% p.a.).
- (q) The bridging loan was fully repaid during the year.

Notes to the Financial Statements (continued)

31 January 2010

23. BORROWINGS (continued)

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

Group

	2010 RM'000	2009 RM'000
Maturity of borrowings		
Amount falling due within 1 year	464,308	732,115
Between 1 and 2 years	684,813	461,724
Between 2 and 5 years	1,839,548	1,692,501
5 years or more	2,164,230	2,891,960
Amount falling due after more than 1 year	4,688,591	5,046,185
	5,152,899	5,778,300

24. HEDGING LIABILITY

Group

	2010 RM'000	2009 RM'000
Cash flow hedge analysed between:		
Current	18,900	19,357
Non-current	295,689	464,623
	314,589	483,980

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 **70%** (2009: 72%) of the outstanding loans to which the derivative instruments relate. The fixed rates vary from **4%** to **9.8%** (2009: 4% to 9.77%) and the floating interest rates are pegged to LIBOR. The fair value of the hedging liabilities totalling **RM314.6 million** (2009: RM484.0 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 28) on interest rate swap contracts as of 31 January 2010 will be continuously released to the income statement until the repayment of the borrowings (Note 23).

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

	2010 RM'000	2009 RM'000
Within 1 year	151,061	115,483
Between 2 and 5 years	903,780	809,311
5 years or more	1,398,227	1,788,772
	2,453,068	2,713,566

Notes to the Financial Statements (continued)

31 January 2010

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Group	Provision for transfer cost (a) RM'000	Provision for claims (b) RM'000	Provision for staff costs (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	8,115	14,026
– Unwinding of discount	3,021	–	364	3,385
Exchange differences	(5,636)	1,158	(2,572)	(7,050)
At 31 January 2009	88,453	13,292	14,586	116,331
Charged to income statement				
– Additional provisions	–	3,797	13,935	17,732
– Unwinding of discount	3,278	–	584	3,862
Reclassification to trade and other receivables	–	(12,339)	–	(12,339)
Incurred during the year	–	(1,286)	–	(1,286)
Exchange differences	(5,168)	(762)	(961)	(6,891)
At 31 January 2010	86,563	2,702	28,144	117,409
			2010	2009
			RM'000	RM'000
Analysed between:				
Current			2,702	13,292
Non-current			114,707	103,039
			117,409	116,331

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

- (a) 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 relevant PPAs which expire between financial year 2022 and 2024. 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.
- (b) 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.
- (c) The provision for staff costs represents contracted employee benefits based on years of service when the stipulated eligible terms and conditions are met. The amount is payable should the eligible employees remain in service until the end of the relevant PPA terms which expire between financial year 2022 and 2024.

Notes to the Financial Statements (continued)

31 January 2010

26. OTHER NON-CURRENT LIABILITIES

Group

		2010	2009
	Note	RM'000	RM'000
Amount due to minority interest	(a)	739,065	780,589
Deferred income – Government grants	22(b)	675	17,150
Deferred sales tax		1,399	10,613
Long term finance lease liabilities	(b)	14,646	16,122
Security deposits for office rental		8,478	8,610
		<u>764,263</u>	<u>833,084</u>

(a) Aljomaih Automotive Company Limited (“Aljomaih”) is a 45% shareholder in Pendekar Energy (L) Ltd 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 maturity analysis of long term finance lease liabilities are as follows:

	2010	2009
	RM'000	RM'000
Amounts due:		
Between 1 and 2 years	1,648	1,810
Between 2 and 5 years	3,634	4,254
5 years or more	9,364	10,058
	<u>14,646</u>	<u>16,122</u>

27. PAID UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

Group/Company	Number of shares of 7.5 pence each	£'000	RM'000
Authorised			
At 1 February 2009 and 31 January 2010	<u>450,000,000</u>	<u>33,750</u>	<u>160,390</u>
Allotted and fully paid			
At 1 February 2009 and 31 January 2010	<u>403,256,136</u>	<u>30,244</u>	<u>146,107</u>
Share premium			
At 1 February 2009 and 31 January 2010			<u>240,808</u>

Notes to the Financial Statements (continued)

31 January 2010

28. OTHER RESERVES

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

Group

	Fair Value Reserve RM'000	Translation Reserve RM'000	Hedging Reserve RM'000	Legal Reserve ¹ RM'000	Total RM'000
At 31 January 2008	117,259	(158,494)	(89,675)	10,498	(120,412)
Available-for-sale financial assets:					
Net valuation loss taken to equity	(40,297)	–	–	–	(40,297)
Net valuation gain transferred to income statement	(60,064)	–	–	–	(60,064)
Exchange differences on:					
Net investments	–	218,563	–	–	218,563
Joint ventures & associates	–	(33,347)	–	–	(33,347)
Cash flow hedges:					
Fair value loss	–	–	(242,820)	–	(242,820)
Transferred to finance costs	–	–	64,217	–	64,217
Share of hedging reserve from jointly controlled entity	–	–	(113,321)	–	(113,321)
Share of movement in reserve for minority interests	–	(21,458)	51,953	–	30,495
Total comprehensive income	(100,361)	163,758	(239,971)	–	(176,574)
Transfer from retained earnings	–	–	–	4,478	4,478
At 31 January 2009	16,898	5,264	(329,646)	14,976	(292,508)
Available-for-sale financial assets:					
Net valuation gain taken to equity	50,220	–	–	–	50,220
Net valuation loss transferred to income statement	4,640	–	–	–	4,640
Exchange differences on:					
Net investments	–	(108,764)	–	–	(108,764)
Joint ventures & associates	–	(8,586)	–	–	(8,586)
Cash flow hedges:					
Fair value gain	–	–	27,516	–	27,516
Transferred to finance costs	–	–	112,704	–	112,704
Share of hedging reserve from jointly controlled entity	–	–	56,878	–	56,878
Share of movement in reserve for minority interests	–	22,035	(28,133)	–	(6,098)
Total comprehensive income	54,860	(95,315)	168,965	–	128,510
Transfer from retained earnings					
– Shareholders	–	–	–	14,325	14,325
– Minority interests	–	–	–	461	461
At 31 January 2010	71,758	(90,051)	(160,681)	29,762	(149,212)

¹ Represents reserves which need to be set aside pursuant to local statutory requirements.

Notes to the Financial Statements (continued)

31 January 2010

29. 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. As at 31 January 2010, subject to agreement with the Malaysian Inland Revenue Board, the Company has sufficient Section 108 tax credits and tax exempt income to distribute **RM1,012,084,307** (2009: RM1,096,205,700) and **RM364,525** (2009: RM364,525) of the retained earnings of the Company as franked and exempt dividends respectively.

30. NOTES ON CASH FLOW STATEMENT

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash generated from operations				
Profit for the year	748,539	548,576	415,960	7,346
Adjustments for:				
Finance costs	379,503	533,991	169	–
Depreciation on property, plant and equipment	295,745	299,906	–	–
Taxation	204,713	200,260	5,058	(5,268)
Other items	27,597	(31,006)	–	–
Provision for other liabilities and charges	17,732	14,026	–	–
Share of post-tax results from joint ventures and associates	(87,771)	(59,841)	–	–
Fair value gain on investment property	(22,000)	(99,661)	–	–
Recognition of government grants	(18,496)	(17,699)	–	–
Interest income	(16,752)	(33,374)	(722)	(4,106)
Net investment income	(1,154)	(70,509)	(430,655)	(7,419)
Changes in working capital				
– Inventories	18,275	(93,535)	–	–
– Receivables, deposits and prepayments	210,693	163,348	(588)	21,608
– Payables and accrued expenses	(99,912)	82,232	511	(1,925)
Cash generated from/(used in) operations	1,656,712	1,436,714	(10,267)	10,236

Notes to the Financial Statements (continued)

31 January 2010

31. FINANCIAL INSTRUMENTS

(a) Financial Assets

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

	Book value/Fair value	
	2010	2009
	RM'000	RM'000
Lease receivables	5,891,263	6,492,291
Short-term deposits	1,482,817	1,006,908
Trade and other receivables	529,705	531,120
Marketable securities	170,504	59,407
Investments in unit trusts	54,574	51,795
Cash	53,051	195,948
Investments in private equity fund	11,002	6,675
Money market fund	4,199	–
Venture funds	4,187	3,627
Fixed income instruments	525	270
Derivative financial instrument	505	–
Convertible bonds	–	816
	8,202,332	8,348,857

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

Currency	2010				2009			
	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	–	422,134	505,276	927,410	816	358,551	424,983	784,350
USD	5,891,788	1,029,445	227,393	7,148,626	6,492,561	750,434	223,032	7,466,027
GBP	–	9,991	52	10,043	–	9,177	58	9,235
EURO	–	12,823	49,560	62,383	–	15,939	40,003	55,942
AUD	–	9,732	3,846	13,578	–	9,056	732	9,788
SGD	–	1,043	6	1,049	–	1,030	7	1,037
Peso	–	–	31,447	31,447	–	2,660	16,782	19,442
Others	–	743	7,053	7,796	–	2,124	912	3,036
	5,891,788	1,485,911	824,633	8,202,332	6,493,377	1,148,971	706,509	8,348,857

* This comprises cash, marketable securities, convertible bonds, investments in unit trusts, private equity fund, venture funds and trade and other receivables. See Note 31(a)(i).

The effective weighted average interest rate during the year was **0.9%** p.a. (2009: 3.5% p.a.).

Notes to the Financial Statements (continued)

31 January 2010

31. 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:

	2010		2009	
	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	780,000	630,053	830,000	863,928
Islamic debt securities	130,000	125,979	180,000	189,457
Redeemable bonds	125,000	118,598	125,000	124,585
	1,035,000	874,630	1,135,000	1,177,970
IDCOL subordinated facility	200,794	112,238	224,687	231,717
Islamic financing facility	67,500	68,519	82,500	86,195
IDCOL senior facility	46,897	37,466	51,702	58,435
	1,350,191	1,092,853	1,493,889	1,554,317
<i>Floating Rate</i>				
Senior loans	2,772,723	2,772,723	2,768,513	2,768,513
ADB loan	330,003	330,003	376,148	376,148
Transferable loan facilities	275,964	275,964	324,218	324,218
Term loans – USD	249,317	249,317	516,122	516,122
IDA guaranteed facility	85,174	85,174	107,084	107,084
Term loans – RM	32,580	32,580	35,297	35,297
FMO subordinated loan	25,443	25,443	26,746	26,746
FMO loan	22,444	22,444	29,891	29,891
Finance lease liabilities	16,480	16,480	18,098	18,098
PRI facility	9,060	9,060	11,392	11,392
Bridging loan	–	–	56,000	56,000
Commercial paper	–	–	33,000	33,000
	3,819,188	3,819,188	4,302,509	4,302,509
	5,169,379	4,912,041	5,796,398	5,856,826
<i>No Interest Rate</i>				
Amount due to a minority interest	739,065	739,065	780,589	749,280
Security deposits for office rental	8,478	7,576	8,610	7,360
	747,543	746,641	789,199	756,640
	5,916,922	5,658,682	6,585,597	6,613,466

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.

Notes to the Financial Statements (continued)

31 January 2010

31. FINANCIAL INSTRUMENTS (continued)

(b) Financial Liabilities (continued)

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

	2010		2009	
	RM'000	%	RM'000	%
Within 1 year	467,400	8	794,682	12
Between 1 and 2 years	686,678	12	536,757	8
Between 2 and 5 years	1,850,184	31	1,907,369	29
5 years or more	2,912,660	49	3,346,789	51
	5,916,922	100	6,585,597	100

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	2010 Total RM'000
Senior loans	135,191	159,270	650,093	1,828,169	2,772,723
Serial bonds	100,000	110,000	480,000	90,000	780,000
Transferable loan facilities	52,565	52,565	170,834	–	275,964
Islamic debt securities	50,000	80,000	–	–	130,000
Term loans – USD	32,348	32,348	184,621	–	249,317
ADB loan	26,321	53,050	171,519	79,113	330,003
IDA guaranteed facility	15,752	15,752	47,256	6,414	85,174
Islamic financing facility	15,000	15,000	37,500	–	67,500
IDCOL subordinated facility	12,843	15,795	45,899	126,257	200,794
Term loans – RM	11,121	11,926	9,533	–	32,580
FMO loan	5,716	5,716	11,012	–	22,444
IDCOL senior facility	4,767	6,021	20,369	15,740	46,897
Finance lease liabilities	1,834	1,648	3,634	9,364	16,480
PRI facility	1,676	1,676	5,027	681	9,060
Security deposits for					
office rental	1,258	217	7,003	–	8,478
FMO subordinated loan	1,008	694	5,884	17,857	25,443
Redeemable bonds	–	125,000	–	–	125,000
Amount due to a minority interest	–	–	–	739,065	739,065
	467,400	686,678	1,850,184	2,912,660	5,916,922

Notes to the Financial Statements (continued)

31 January 2010

31. 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	2009 Total RM'000
Term loans – USD	332,304	14,448	169,370	–	516,122
Senior loans	65,885	67,927	339,561	2,295,140	2,768,513
Amount due to a minority interest	59,774	71,092	204,954	444,769	780,589
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
ADB loan	26,233	27,922	175,168	146,825	376,148
IDA guaranteed facility	16,710	16,710	50,128	23,536	107,084
Redeemable bonds	–	–	125,000	–	125,000
Islamic financing facility	15,000	15,000	45,000	7,500	82,500
IDCOL subordinated facility	13,624	13,624	40,874	156,565	224,687
Term loans – RM	7,943	10,250	12,491	4,613	35,297
FMO loan	6,064	6,064	17,763	–	29,891
IDCOL senior facility	4,630	5,057	18,133	23,882	51,702
Finance lease liabilities	1,976	1,810	4,254	10,058	18,098
PRI facility	1,777	1,777	5,333	2,505	11,392
FMO subordinated loan	1,070	1,070	3,210	21,396	26,746
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>

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

	2010	2009
Weighted average interest rate p.a. (%)	7.4	7.2
Weighted average period for which rate is fixed (years)	6.5	6.8

The details of fixed and floating rates of financial liabilities are set out in Note 23.

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

Notes to the Financial Statements (continued)

31 January 2010

32. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

	Group	
	2010 RM'000	2009 RM'000
Authorised and contracted	32,940	17,580
Authorised but not contracted	219,800	125,665
	252,740	143,245
Analysed as follows:		
Fixtures, fittings and equipment	95,467	77,218
Power generating assets	68,367	8,671
Construction of cinemas	61,000	24,131
Investment commitments	12,841	15,527
Others	15,065	17,698
	252,740	143,245
Share of joint ventures		
	2010	2009
	RM'000	RM'000
Authorised and contracted:		
– Property, plant and equipment	–	105
Authorised but not contracted: Property, plant and equipment	2,111	92

(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	
	2010 RM'000	2009 RM'000
Within 1 year	618,028	617,623
Between 2 and 5 years	2,479,465	2,527,352
5 years or more	2,698,427	3,148,566
	5,795,920	6,293,541

The PPAs terminate between financial year 2016 and 2024. However, each PPA gives the Group the right to renew, by mutual consent with the off-taker, 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 RM98.2 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 23 (b) and (i).

Notes to the Financial Statements (continued)

31 January 2010

33. 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 2010 and 2009 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
<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
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
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 (Private) Limited**	Sri Lanka	Ordinary	16%	Carrying out the business of Power Generation

Notes to the Financial Statements (continued)

31 January 2010

33. 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 Sdn Bhd	Malaysia	Ordinary	100%	Provision of operations and maintenance services
Asia Gulf Power Service Company Limited *	Cayman Islands	Ordinary	25%	Provision of operations and maintenance services
National Stud Farm Sdn Bhd	Malaysia	Ordinary	100%	Owning and renting out a piece of land
Wynyarra 1996 Pty Ltd #	Australia	Ordinary	100%	Horse racing/breeding
Energieversorgung Brand GmbH *	Germany	Ordinary	37.5%	Supply of electrical power, natural and liquefied gas, heat and compressed air
Tropical Island Management GmbH	Germany	Ordinary	75%	Operation of leisure park
Tropical Island Asset Management GmbH	Germany	Ordinary	75%	Property ownership
TI Property GmbH ^ø (formerly known as Konda Vermögensverwaltung GmbH)	Germany	Ordinary	75%	Property ownership
TGV Cinemas Sdn Bhd	Malaysia	Ordinary	100%	Film exhibition
Tanjong City Centre Property Management Sdn Bhd	Malaysia	Ordinary	100%	Letting and maintenance of Menara Maxis
Impian Klasik Sdn Bhd	Malaysia	Ordinary	67%	Leasing of investment property
Tanjong Energy Holdings Sdn Bhd	Malaysia	Ordinary	100%	Investment holding
Asia Gulf Power Holding Company Limited *	Cayman Islands	Ordinary	25%	Investment holding
Kuasa Nusajaya (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
Perwira Power (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
Pendekar Ltd	Bermuda	Ordinary	55%	Investment holding
Pendekar Energy (L) Ltd	Labuan, Malaysia	Ordinary	55%	Investment holding
Pendekar Energy Ventures (L) Ltd	Labuan, Malaysia	Ordinary	55%	Investment holding
Tanjong Entertainment (L) Ltd	Labuan, Malaysia	Ordinary	100%	Investment holding
Tropical Island Holding GmbH	Germany	Ordinary	75%	Investment holding
Central Pacific Assets Ltd *	British Virgin Islands	Ordinary	50%	Investment holding

* Joint venture

** Associate

^ø Acquired during the financial year

Companies not audited by PricewaterhouseCoopers LLP

Notes to the Financial Statements (continued)

31 January 2010

34. 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

	2010 RM'000	2009 RM'000
(a) Purchase of services from other related parties		
Consultancy services: <i>UTSB Management Sdn Bhd</i>	18,000	18,000
Gas, heating, electricity, water and safety-related services: <i>Energieversorgung Brand GmbH</i>	10,745	11,006
Closed circuit television broadcasting services: <i>Perkhidmatan Usaha Tegas Sdn Bhd</i>	6,169	5,069
Telecommunication and related services: <i>Communications and Satellite Services Sdn Bhd</i>	2,118	1,998
Sponsorship of events: <i>MEASAT Broadcast Network Systems Sdn Bhd</i>	1,350	1,323
Bloodstock management, service fees, accounting and clerical services: <i>Kia-Ora Stud Australia Pty Ltd, Kia-Ora Estates Pty Ltd</i>	783	1,048
Rental of premises: <i>Pexpac Ltd</i>	401	456
Dining and conference facilities: <i>UT Hospitality Services Sdn Bhd</i>	350	338
Connection and transaction fees: <i>Digital Five Sdn Bhd</i>	301	273
Others	481	259
	40,698	39,770
(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</i>	27,619	27,034
Others	253	226
	27,872	27,260

Notes to the Financial Statements (continued)

31 January 2010

34. RELATED PARTY TRANSACTIONS (continued)

Group (continued)	2010 RM'000	2009 RM'000
(c) Recovery of expenses and shared overhead costs with other related parties		
<i>Maxis Mobile Sdn Bhd, UTSB Management Sdn Bhd, MAI Sdn Bhd</i>	10,867	7,439
(d) Balances with other related parties		
Amounts due to related parties	5,425	2,955
Amounts due from related parties	1,171	2,289
(e) Directors		
Aggregate emoluments	1,561	1,500
(f) Key management personnel		
Salaries and short-term employee benefits	9,407	7,933
Defined contribution plans	841	755
Post-employment benefits	–	4,680
	10,248	13,368

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 Executive Officer of Entertainment Division, 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	2010 RM'000	2009 RM'000
The transactions with subsidiaries during the year are as follows:		
Dividends received	437,311	–
Management services received	4,248	3,266

Notes to the Financial Statements (continued)

31 January 2010

35. COMPARATIVE BALANCES

The following comparative balances have been reclassified to conform with current year presentation which more accurately reflects the nature of the relevant transactions. The Group's prior year result is not affected by these reclassifications.

(i) Group income statement for the year ended 31 January 2009

	As previously stated RM'000	Reclassifications RM'000	As restated RM'000
Other income	–	137,525	137,525
Operating costs	<u>(2,574,752)</u>	<u>(137,525)</u>	<u>(2,712,277)</u>

The other income is now stated as a separate line item on the face of Group income statement.

(ii) Note 3: Operating costs

	As previously stated RM'000	Reclassifications RM'000		As restated RM'000
Cost of sales	2,107,885	241,240	(a)	2,349,125
Administrative expenses	520,428	(277,668)		242,760
Other operating expenses	<u>10,737</u>	<u>36,428</u>	(b)	<u>47,165</u>

These relate to the reclassifications of:

- (a) Depreciation on power plants from administrative expenses to cost of sales.
- (b) Corporate expenses from administrative expenses to other operating expenses.

(iii) Note 13: Investments in joint ventures

	As previously stated RM'000	Reclassifications RM'000	As restated RM'000
Net assets	226,315	31,329	257,644
Advances	<u>34,785</u>	<u>(31,329)</u>	<u>3,456</u>

These relate to the reclassifications of net assets in joint venture companies previously classified under advances.

Notes to the Financial Statements (continued)

31 January 2010

36. ACCOUNTING REQUIREMENTS

Difference 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 IAS 39 – "Financial Instruments: Recognition and Measurement" which has yet to be adopted in Malaysia.

The effects of these differences are as follows:

	2010 RM'000
(i) Revenue	
Revenue per IFRSs	3,898,111
Add: Prize payouts	1,321,745
Revenue per MFRS	<u>5,219,856</u>
(ii) Profit after taxation (Distributable)	
Profit after taxation per IFRSs	748,539
Add: Impairment of Available-for-sale financial assets	4,959
Less: Gain from change in fair value of financial assets	(2,327)
Write back for diminution in value of investments	2,304
Profit after taxation adjusted per MFRS	<u>753,475</u>
(iii) Equity shareholders' funds	
Equity shareholders' funds per IFRSs	3,814,593
Less:	
Gain from change in fair value of financial assets	
– at 1 February 2009	19
– at current year	(2,327)
	<u>(2,308)</u>
Fair value reserve per IFRSs	(71,758)
Impairment of Available-for-sale financial assets	4,959
(Provision)/write back for diminution in value adjusted to income statement	
– at 1 February 2009	(9,941)
– at current year	2,304
	<u>(7,637)</u>
	(76,744)
Add: Hedging reserve under Equity	160,681
Equity shareholders' funds as adjusted per MFRS	<u>3,898,530</u>