



MULTI-PURPOSE

Annual Report **2010** Laporan Tahunan



MULTI-PURPOSE HOLDINGS BERHAD (24217-M)

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Corporate Profile

Multi-Purpose Holdings Berhad (“MPHB”), the holding company for the Multi-Purpose Group of Companies (the “Multi-Purpose Group”), was incorporated in 1975 and listed on the Bursa Malaysia Securities Berhad in 1982. Today, the Multi-Purpose Group is involved in the core businesses of:

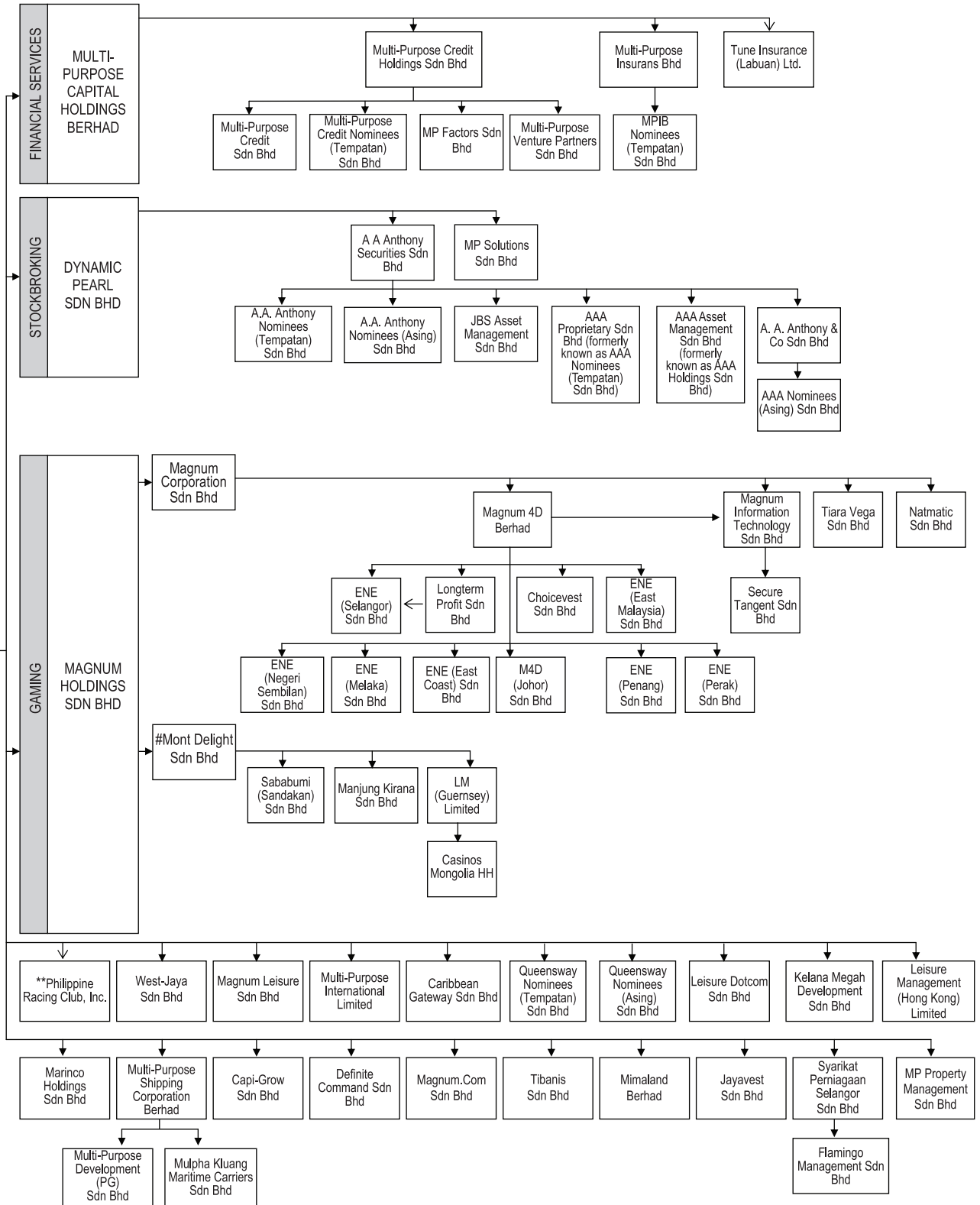
- Gaming,
- Financial Services,
- Stockbroking,
- Hospitality and
- Property Investment

The Multi-Purpose Group’s commitment is towards

- the pursuit of excellence in its core businesses
- striving for value for its shareholders
- being a caring and fair employer and
- a socially responsible and accountable citizen

Corporate Structure

as at 31 March 2011



→ Subsidiary Company
 → Associated Company
 * Listed on Bursa Malaysia Securities Berhad
 ** Listed on the Philippine Stock Exchange
 # In liquidation

Corporate Information

DIRECTORS

Datuk Razman Md. Hashim

Dato' Surin Upatkoon

Mr Ng Kok Cheang

Mr Vijeyaratnam a/l V. Thamotheeram Pillay

Dato' Lim Tiong Chin

Tuan Haji Sahibudeen Abdul Kader

Dato' Wong Puan Wah

Independent Non-Executive Chairman

Non-Independent Managing Director

Non-Independent Executive Director

Non-Independent Non-Executive Director

Non-Independent Non-Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

MANAGEMENT

Dato' Surin Upatkoon

Managing Director

Mr Ng Kok Cheang

Executive Director

Ms Kheoh And Yeng

Chief Operating Officer

SECRETARY

Ng Sook Yee (MAICSA 7020643)

REGISTERED OFFICE

39th Floor, Menara Multi-Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur

Telephone No. : 603-26948333

Fax No. : 603-26946849

SHARE REGISTRAR

Metra Management Sdn Bhd (62169-A)

30.02, 30th Floor, Menara Multi-Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur

Telephone No. : 603-26983232

Fax No. : 603-26948571

BURSA MALAYSIA SECURITIES BERHAD STOCK NUMBER

MPHB 3859

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

MPHB MYL385900005

REUTERS CODE

MLPM.KL

WEBSITE

www.mphb.com.my

E-MAIL

Info@mphb.com.my

AUDITORS

Messrs Ernst & Young

PRINCIPAL BANKER

Malayan Banking Berhad

Financial Highlights

	2010 RM'000	2009 RM'000 (Restated)	2008 RM'000 (Restated)	2007 RM'000 (Restated)	2006 RM'000 (Restated)
GROUP ASSETS EMPLOYED					
Property, plant and equipment	195,489	198,270	205,119	275,342	263,427
Land held for property development	-	-	-	20,000	20,000
Investment properties	643,091	640,750	541,074	622,732	535,954
Long-term investments	327,162	235,986	163,629	701,006	797,369
Non-current assets classified as held for sale	-	-	242,332	-	242,933
Reinsurance assets	352,148	507,292	352,317	-	-
Current assets	1,785,258	1,739,106	1,466,890	1,333,347	1,761,364
Intangible assets	3,004,647	3,012,396	3,026,795	814,060	564,128
	6,307,795	6,333,800	5,998,156	3,766,487	4,185,175
FINANCED BY					
Share capital	1,077,749	1,077,749	962,427	954,586	953,867
Reserves	1,307,363	1,100,460	952,961	874,814	455,490
Treasury shares	(17,657)	(12,117)	(50,871)	-	-
Minority interests	556,628	439,366	518,025	807,805	1,302,191
Total equity	2,924,083	2,605,458	2,382,542	2,637,205	2,711,548
Total liabilities	3,383,712	3,728,342	3,615,614	1,129,282	1,473,627
	6,307,795	6,333,800	5,998,156	3,766,487	4,185,175
GROUP RESULTS					
Profit before taxation	548,109	519,759	346,508	573,742	194,739
Taxation	(102,191)	(76,514)	(63,588)	(82,850)	(25,835)
Profit for the year from operation operations	445,918	443,245	282,920	490,892	168,904
(Loss)/Profit for the year from discontinuing operations	(537)	(38,438)	(83,644)	80,842	-
Profit for the year	445,381	404,807	199,276	571,734	168,904
Minority interests	(145,343)	(76,904)	(40,658)	(186,894)	(8,983)
Profit attributable to shareholders	300,038	327,903	158,618	384,840	159,921
SELECTED RATIOS					
Earnings per share (sen)	27.89	31.20	16.70	40.31	16.77
Net assets per share (RM)	2.22	2.02	2.03	1.92	1.48
Dividend (sen)	9	9	10	11	-
Return on equity (%)	12.67	15.14	8.51	21.04	11.35

Directors' Profile

DATUK RAZMAN MD. HASHIM

Independent Non-Executive Chairman

Datuk Razman Md. Hashim, a Malaysian, aged 72, was appointed Chairman of Multi-Purpose Holdings Berhad ("MPHB") on 7 May 2002. Datuk Razman is the Chairman of the Remuneration Committee of MPHB and a member of the Audit Committee, Nomination Committee and Risk Management Committee of MPHB.

He is currently the Deputy Chairman of the Sunway Group of Companies. He also sits on the Board of Sunway City Berhad, SILK Holdings Berhad, Ranhill Berhad, Malaysian Assurance Alliance Bhd, MAA Holdings Berhad, MAA Takaful Berhad, Berjaya Land Berhad and several private limited companies in Malaysia.

Datuk Razman is a member of the Australian Institute of Bankers. He started his career with Standard Chartered Bank as an Officer Trainee in 1967. In his 32 years with Standard Chartered Bank, Datuk Razman had served in the bank's offices in London, Europe, Hong Kong and Singapore. In Malaysia, he held various positions and was appointed Executive Director of Standard Chartered Bank in 1994 until he retired in June 1999. He was appointed Chairman of MBf Finance Berhad by Bank Negara Malaysia as its nominee from June 1999 to January 2002 when the finance company was sold to the Arab-Malaysian Group.

As at 31 March 2011, Datuk Razman has a direct shareholding of 154,000 ordinary shares of RM1.00 each in MPHB. Datuk Razman does not hold any shares in the subsidiaries of MPHB. He has no family relationship with any other director and/or substantial shareholder of MPHB; neither does he have any conflict of interest with MPHB. He has had no convictions for offences within the past ten years.

He attended all the seven (7) Board Meetings of MPHB held during the financial year ended 31 December 2010.

DATO' SURIN UPATKOON

Non-Independent Managing Director

Dato' Surin Upatkoon, a Thai national, aged 61, was appointed Executive Director of MPHB on 4 August 2000 and subsequently, on 28 August 2002, he was appointed Managing Director of MPHB. He is also a member of the Remuneration Committee of MPHB.

Dato' Surin has vast working experience particularly in the textile manufacturing industry, and has played a key role in the expansion and development of the MWE Group of Companies. He was first appointed the Managing Director of MWE Spinning Mills Sdn Bhd on 30 November 1974, taking care of its daily operations. Subsequently, he was appointed the Managing Director of MWE Weaving Mills Sdn Bhd and a Director of MWE Holdings Berhad.

Currently, he also sits on the Board of Davex Holdings Berhad, Multi-Purpose Capital Holdings Berhad, Mimaland Berhad, Magnum 4D Berhad and several private limited companies in Malaysia. He is also a Trustee of Chang Ming Thien Foundation and Magnum Foundation.

As at 31 March 2011, Dato' Surin has an indirect interest in 366,368,361 ordinary shares of RM1.00 each in MPHB. By virtue of the above deemed interest in the shares of MPHB, Dato' Surin is also deemed to have an interest in the shares of all the subsidiaries of MPHB to the extent of MPHB's interest in these subsidiaries. He has no family relationship with any other director and/or substantial shareholder of MPHB, no conflict of interest with MPHB and has had no convictions for offences within the past ten years.

He attended all the seven (7) Board Meetings of MPHB held during the financial year ended 31 December 2010.

MR NG KOK CHEANG*Non-Independent Executive Director*

Mr Ng Kok Cheang, a Malaysian, aged 54, was appointed as a Director of MPH B on 30 April 2002 and was subsequently appointed Executive Director on 28 August 2002. He does not sit on any Board committee of MPH B.

Mr Ng commenced his career in the Property Valuation/General Practice Surveying profession in 1979 with an established Chartered Valuation firm. He has vast working experience in property valuation and has acted as property and development consultant in various development companies. He also sits on the Board of a subsidiary of MPH B and several private limited companies but he does not have any other directorships in other public companies.

Mr Ng does not hold any shares in MPH B or its subsidiaries, has no family relationship with any other director and/or substantial shareholder of MPH B. He has no conflict of interest with MPH B and has had no convictions for offences within the past ten years.

He attended all the seven (7) Board Meetings of MPH B held during the financial year ended 31 December 2010.

VIJAYARATNAM A/L V. THAMOTHARAM PILLAY*Non-Independent Non-Executive Director*

Mr Vijayaratnam a/l V. Thamotharam Pillay, a Malaysian, aged 59, was appointed to the Board of MPH B on 16 November, 1999. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. Mr Vijayaratnam has considerable experience in the fields of auditing, financial planning, general management and corporate advisory in various business environments. He is currently the Managing Director of his own corporate advisory and consultancy company.

Presently, Mr Vijayaratnam also sits on the Board of Eastern & Oriental Berhad, Bandar Raya Developments Berhad, Fututech Berhad, Mico Chipboard Berhad, A.A. Anthony Securities Sdn Bhd and several other private limited companies in Malaysia.

As at 31 March 2011, Mr Vijayaratnam has a direct shareholding of 90,000 ordinary shares of RM1.00 each in MPH B ("MPH B Shares") and an indirect shareholding of 60,000 MPH B Shares held through his spouse. Save for his direct holdings of 58,252 ordinary shares of RM1.00 each in Magnum Holdings Sdn Bhd ("MHSB") and 141,748 nominal value of Redeemable Convertible Unsecured Loan Stocks Class C of MHSB, Mr Vijayaratnam does not hold any securities in the subsidiaries of MPH B.

He has no family relationship with any other director and/or major shareholder of MPH B. He has no conflict of interest with MPH B and has had no convictions of offences within the past ten years.

He attended all the seven (7) Board Meetings of MPH B held during the financial year ended 31 December 2010.

DATO' LIM TIONG CHIN

Non-Independent Non-Executive Director

Dato' Lim Tiong Chin, a Malaysian, aged 58, was appointed to the Board of MPH B on 30 April 2002. He does not sit on any Board committee of MPH B.

He is a Public Accountant by profession and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also an Associate Member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Dato' Lim is currently the Managing Director of A.A. Anthony Securities Sdn Bhd. He also sits on the Board of Multi-Purpose Insurans Bhd and a few other subsidiaries of MPH B and several private limited companies in Malaysia.

Prior to joining A.A. Anthony Securities Sdn Bhd, he was a Partner of Kiat & Associates from 1977 to 1983, General Manager of A.A. Anthony & Co. Sdn Bhd from 1983 to 1985, Chairman and Managing Director of A.A. Anthony & Co. Sdn Bhd from 1985 to 3 September, 2001.

As at 31 March 2011, Dato' Lim is deemed to have an indirect interest in 339,643,551 ordinary shares of RM1.00 each in MPH B by virtue of Section 6A(4) of the Companies Act, 1965 held through his shareholding interest of 15% in Casi Management Sdn Bhd.

By virtue of his interest in the voting shares of MPH B, Dato' Lim is also deemed to have an interest in the shares of all the subsidiaries of MPH B to the extent of MPH B's interest in these subsidiaries. He has no family relationship with any other director and/or major shareholder of MPH B and has no conflict of interest with MPH B. He has had no convictions for offences within the past ten years.

He attended all the seven (7) Board Meetings of MPH B held during the financial year ended 31 December 2010.

TUAN HAJI SAHIBUDEEN ABDUL KADER

Independent Non-Executive Director

Tuan Haji Sahibudeen Abdul Kader, a Malaysian, aged 57, was appointed to the Board of MPH B on 30 April 2002. He is the Chairman of the Audit Committee and also a member of the Nomination Committee, Remuneration Committee and Risk Management Committee of MPH B.

Tuan Haji Sahibudeen graduated from the University Technology MARA in 1978 with a Diploma in Banking Studies. He has 14 years of experience in banking and stockbroking. Between 1996 and 2005, he provided consultancy services in the management and administration of ASEAN Business Forum, a non-profit organisation dedicated to the promotion and development of business and investment opportunities amongst the business community in the ASEAN region. In 1992, he ventured into his own business in property development and investment activities. He also sits on the Board of Multi-Purpose Capital Holdings Berhad and a few private limited companies in Malaysia.

Tuan Haji Sahibudeen does not hold any shares in MPH B or its subsidiaries. He has no family relationship with any other director and/or substantial shareholder of MPH B and has no conflict of interest with MPH B. He has had no convictions for offences within the past ten years.

He attended six (6) out of seven (7) Board Meetings of MPH B held during the financial year ended 31 December 2010.

DATO' WONG PUAN WAH*Independent Non-Executive Director*

Dato' Wong Puan Wah, a Malaysian, aged 63, was appointed to the Board of MPH B on 25 January 2007. He is the Chairman of the Risk Management Committee and a member of the Audit Committee of MPH B.

Dato' Wong graduated with a Bachelor of Science (honours) degree in Economics from the University of London in 1972. He has over 40 years experience in journalism. He started his career with the Straits Times in 1966 and joined the Australian Broadcasting Corporation, Kuala Lumpur, in 1969. He also worked for the Financial Times of London as its Malaysia correspondent. Between 1989 and 1996, he was the business correspondent for Radio Australia in Sydney. He joined Star Publications (Malaysia) Berhad as its Business Editor in 1996. He was appointed as the Star's Group Chief Editor in January 2004 until his retirement in December 2006.

Currently, Dato' Wong also sits on the Board of Bursa Malaysia Berhad and Assunta Hospital, a private limited company.

As at 31 March 2011, Dato' Wong has a direct shareholding of 11,000 ordinary shares of RM1.00 each in MPH B. He does not hold any shares in the subsidiaries of MPH B. He has no family relationship with any other director and/or substantial shareholder of MPH B and has no conflict of interest with MPH B. He has had no convictions for offences within the past ten years.

He attended all the seven (7) Board Meetings of MPH B held during the financial year ended 31 December 2010.

Chairman's Statement

On behalf of the Board of Directors of Multi-Purpose Holdings Berhad ("Board"), I am delighted to present the Annual Report and Audit Financial Statements of the Group and Company for the financial year ended 31 December 2010.

MAJOR CORPORATE DEVELOPMENT

On 9 February 2011, the Company announced proposals to acquire the remaining 49% equity interest in Magnum Holdings Sdn Bhd ("Magnum") from Asia 4D Company Limited and certain members of the Magnum management through an offer of cash and shares.

The above acquisition is a significant development for the Company as it will enable the Company to own 100% in Magnum, thus making gaming the core business of the Group. It is expected to strengthen the future profitability and cash flow position of the Group via the larger share of the earnings and cash flows of Magnum. This will increase the appeal of the Group to a broader base of investors, including institutional investors who are expected to view favourably the Company's proposal on Magnum. Investors are also expected to view positively the resultant enlarged capital with the issuance of new Company shares which will strengthen its capital base and improve liquidity.

Moving forward, given its enhanced focus on the gaming business, the Group will undertake a review of its asset allocation and will initiate a divestment programme as part of the rationalization of the Group's non-core assets.

PERFORMANCE

In 2010, the Group achieved a record turnover and profit before tax of RM3.6 billion and RM548.1 million respectively compared with a turnover of RM3.3 billion and profit before tax of RM519.8 million posted in 2009. The improved results were largely attributed to the good performance of the 4D Jackpot game launched by the Gaming Division in September 2009 as well the higher contributions from the Financial Services Division.

However, at the Company level, income derived from investments declined which resulted in a drop in the basic earnings per share to 27.9 sen compared with 31.2 sen in 2009.

REVIEW OF OPERATIONS

Gaming Division

Turnover improved substantially to RM3.3 billion in 2010 from RM3.0 billion in 2009 due to extra draws and the favourable full impact of the 4D Jackpot game during the year. This division achieved a profit before tax of RM381.4 million, an increase of 14.2% from the pre-tax profit of RM245.6 million in 2009. The profit improvement was also helped by a lower prizes payout in 2010.

Moving forward, with the impending completion of the acquisition of the remaining 49% of Magnum, gaming will be the core business of the Group.

The Gaming Division will strive to compete and capture a larger market share in the number forecast operator industry. The on-going enhancements of the computerize gaming operations have resulted in improved system bets for the 4D Jackpot game which in turn serves as a platform to increase sales, more efficient and faster mode of ticket sales and to minimize or avoid agency downtime. The 4D Jackpot game has also elevated the Division to a more level playing field with competitors.

The Gaming Division is confident that the strategies in place will translate into a faster and more convenient service for punters and this will result in a steady growth in sales.

Stock Broking Division

In view of market volatility, the Stock Broking Division registered a lower pre-tax profit of RM12.0 million against the profit before tax of RM21.1 million recorded in 2009.

The Division will continue to uphold its operational transparency to ensure good corporate governance and compliance, maintain prudent risk management policies and effective cost controls even as it focuses on the operations with the utilization of the existing resources. It is the intention of the Division to improve the IT system to encourage the usage of online trading by clients.

Financial Services Division

Multi-Purpose Insurans Bhd ("MPIB"), the insurance arm of the Group, achieved a record profit before tax of RM59.07 million in 2010 surpassing the pre-tax profit of RM37.69 million in 2009 by 56.7%.

The record performance was mainly due to an improved underwriting performance resulting from tightening of underwriting policies and greater emphasis on risk management. Investment returns for the year under review were also encouraging with better and stable balance of portfolios.

MPIB achieved another milestone with a gross premium of RM440.8 million which was an increase of 6.11% from RM415.4 million recorded in 2009. The prudent underwriting policy and a well-balanced portfolio mix of 26% motor and 74% non-motor business has been rewarding.

Together with the financial strength and support of the Group, their prudent business and operational strategies, the Division is poised to take on the challenges of market liberalization in the industry.

OUTLOOK AND FUTURE PROSPECTS

The Malaysian economy rebounded in 2010 and registered an annual growth of 7.2% on the back of all-round improvements in the various economic sectors, in particular exports, services and construction. For 2011, Bank Negara Malaysia is forecasting Gross Domestic Product (GDP) to grow by between 5% and 6%. Projects under the Government's Economic Transformation Programme are expected to gain momentum during the later part of this year and this should boost growth and business confidence.

Foreign direct investment inflows are expected to increase given the stable market outlook, while corporate earnings are expected to remain healthy. Nevertheless, we are mindful that the external environment remains challenging.

The Company hopes to leverage on the favourable domestic economic conditions to enhance its competitiveness and earnings. The Company's proposed corporate exercise to having Magnum as a 100% subsidiary and divestment of non-core assets will clearly define the Group as a gaming entity. The successful conclusion of this exercise is expected to result in a re-rating of the Company among the investing public and in the process unlock value for shareholders.

DIVIDEND

The Board has recommended a final gross dividend of 5 sen per share less 25% tax. Together with the interim dividend of 4 sen per share less 25% tax paid on 29 March 2010, the total dividend for the year would be 9 sen per share less 25% tax.

It is the intention of the Company to continue with its policy of paying dividends.

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank our management team and staff of the Group for their dedication, commitment and contribution in achieving a much better performance for the year under review. I am confident that together with the prudent policies and sound business strategies, the Group will continue to progress and enhance shareholders value as well as play our part as a good corporate citizen.

Finally, I would like to thank our Board of Directors for their wisdom, guidance and invaluable support, the management team for their dedication and hard work and to our shareholders, business associates, customers and bankers for their continued support and confidence in the Group.

DATUK RAZMAN MD. HASHIM
CHAIRMAN

Penyata Pengerusi

Bagi pihak Lembaga Pengarah Multi-Purpose Holdings Berhad ("Lembaga"), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan yang telah diaudit bagi Kumpulan dan Syarikat bagi tahun kewangan yang berakhir 31 Disember 2010.

PERKEMBANGAN DAN PRESTASI KORPORAT

Pada 9 Februari 2011, Syarikat telah mengumumkan cadangan untuk memiliki baki 49% saham Magnum Holdings Sdn Bhd ("Magnum") dari Asia 4D Company Limited dan anggota-anggota tertentu daripada pihak pengurusan Magnum melalui tawaran wang tunai dan saham.

Pengambilalihan tersebut merupakan perkembangan yang signifikan kerana Syarikat akan memiliki Magnum sepenuhnya, dengan ini menjadikan perjudian perniagaan utama Kumpulan ini. Pengambilalihan ini dijangka dapat meningkatkan keuntungan dan kedudukan aliran tunai masa depan melalui keuntungan yang lebih tinggi dan aliran tunai dari Magnum. Dengan itu, ia akan mempertingkatkan daya tarikan Kumpulan di mata pelabur, termasuk pelabur institusi yang dijangka akan bersetuju dengan cadangan Syarikat untuk mengambilalih Magnum. Pelabur juga diharapkan dapat menjangka secara positif peningkatan modal yang dihasilkan dari penerbitan saham Syarikat baru yang akan mengukuhkan asas modal dan meningkatkan pengaliran.

Memandangkan Kumpulan akan meningkatkan tumpuan pada perniagaan perjudian di masa depan, Kumpulan akan meninjau semula peruntukan aset dan akan memulakan program pelucutan hak sebagai sebahagian daripada rasionalisasi aset bukan-teras Kumpulan.

PRESTASI

Pada tahun 2010, Kumpulan mencapai rekod pendapatan sebanyak RM3.6 bilion dan keuntungan sebelum cukai sebanyak RM548.1 juta berbanding dengan pendapatan sebanyak RM3.3 bilion dan keuntungan sebelum cukai sebanyak RM519.8 pada tahun 2009. Peningkatan ini adalah hasil prestasi yang baik daripada 4D Jackpot yang telah dilancarkan oleh Bahagian Perjudian pada September 2009, dan juga sumbangan yang lebih tinggi daripada Bahagian Perkhidmatan Kewangan.

Walaupun bagaimanapun, pendapatan dari pelaburan telah merosot di peringkat Syarikat, yang telah mengakibatkan penurunan pendapatan asas sesaham kepada 27.9 sen berbanding 31.2 sen pada tahun 2009.

TINJAUAN OPERASI

Bahagian Perjudian

Pendapatan telah meningkat secara ketara kepada RM3.3 bilion pada tahun 2010 dari RM3.0 bilion pada tahun 2009 disebabkan oleh cabutan tambahan dan kesan penuh keuntungan Jackpot 4D pada tahun tersebut. Bahagian ini meraih keuntungan sebelum cukai sebanyak RM381.4 juta, peningkatan sebanyak 14.2% dari keuntungan sebelum cukai sebanyak RM245.6 juta pada tahun 2009. Peningkatan keuntungan ini juga disebabkan oleh pembayaran hadiah yang lebih rendah pada tahun 2010.

Apabila selesai pengambilalihan saham Magnum yang berjumlah 49% di masa depan, perjudian akan menjadi perniagaan teras kepada Kumpulan.

Bahagian Perjudian akan berusaha untuk bersaing dan meraih syer pasaran yang lebih besar dalam industri nombor ramalan. Proses penambahbaikan yang berterusan dalam operasi perjudian berkomputer telah mempertingkatkan sistem taruhan untuk permainan 4D Jackpot yang juga berfungsi sebagai platform untuk meningkatkan jualan, lebih cekap dan mod penjualan tiket yang lebih cepat dan meminimumkan atau mengelakkan masa rosak agensi. Permainan Jackpot 4D ini juga telah mempertingkatkan Bahagian ini ke tahap yang selari dengan pesaing-pesaing.

Bahagian Perjudian yakin bahawa strategi-strategi yang tepat akan menghasilkan perkhidmatan yang lebih cepat dan mudah untuk para petaruh dan ini akan menghasilkan suatu peningkatan jualan yang stabil.

Bahagian Pembrokeran Saham

Memandangkan suasana pasaran yang volatil, Bahagian Hak Pembrokeran Saham telah mencatat keuntungan sebelum cukai yang lebih rendah iaitu RM12.0 juta berbanding dengan keuntungan sebelum cukai sebanyak RM21.1 juta yang telah direkodkan pada tahun 2009.

Bahagian ini akan terus menyokong ketelusan operasi untuk memastikan tadbir urus dan kepatuhan korporat yang mantap, mempertahankan dasar pengurusan risiko dan kawalan kos yang berkesan sambil menumpukan pada operasi dengan pemanfaatan sumber yang sedia ada. Bahagian ini bercadang memperbaiki sistem IT untuk menggalakkan penggunaan perdagangan secara talian oleh pelanggan-pelanggan.

Bahagian Perkhidmatan Kewangan

Insuran Kumpulan, Multi-Purpose Insurans Bhd ("MPIB") telah mencatatkan keuntungan sebelum cukai sebanyak RM59.07 juta pada tahun 2010, melepasi keuntungan sebelum cukai sebanyak RM37.69 juta pada tahun 2009 sebanyak 56.7%.

Prestasi rekod adalah hasil peningkatan prestasi penajaan jamin yang disebabkan oleh pengencatan dasar penajaan jamin dan penegasan lebih tinggi atas pengurusan risiko. Pulangan pelaburan untuk tahun ini juga menggalakkan dengan keseimbangan portfolio yang lebih baik dan stabil.

MPIB telah mencapai satu lagi tonggak kejayaan dengan premium kasar sebanyak RM440.8 juta yang telah meningkat sebanyak 6.11% dari RM415.4 juta yang telah direkodkan pada tahun 2009. Dasar penajaan jamin yang bijak dan campuran portfolio yang seimbang sebanyak 26% dalam perniagaan permotoran dan 74% dalam perniagaan bukan permotoran telah membawa manfaat.

Bersama dengan kekuatan kewangan dan sokongan daripada Kumpulan, strategi perniagaan dan operasi yang bijak, Bahagian ini bersedia untuk menghadapi cabaran liberalisasi pasaran dalam industri ini.

TINJAUAN DAN PROSPEK MASA DEPAN

Ekonomi Malaysia telah pulih pada tahun 2010 dan mencatatkan pertumbuhan tahunan sebanyak 7.2% serta perbaikan menyeluruh dalam pelbagai sektor ekonomi, khususnya eksport, perkhidmatan dan pembinaan. Bagi tahun 2011, Bank Negara Malaysia meramalkan Keluaran Dalam Negara Kasar ("KDNK") akan tumbuh di antara 5% dan 6%. Projek di bawah Program Transformasi Ekonomi Kerajaan dijangka dapat membina momentum pada akhiran tahun ini dan sepatutnya akan mempertingkatkan pertumbuhan dan keyakinan perniagaan.

Kemasukan secara langsung pelaburan asing dijangka meningkat memandangkan prospek pasaran yang stabil, di samping pendapatan syarikat dijangka terus teguh. Namun demikian, kita harus sedar bahawa persekitaran luaran tetap mencabar.

Syarikat berharap dapat memanfaatkan keadaan ekonomi domestik yang baik untuk meningkatkan daya saing dan pendapatan. Cadangan syarikat untuk memperolehi Magnum sebagai anak syarikat 100% dan pelucutan hak aset bukan-teras, jelas akan menentukan Kumpulan sebagai satu entiti perjudian. Kesimpulan dari perancangan ini dijangka dapat menghasilkan pemeringkatan semula Syarikat di kalangan pelabur awam dan dengan itu, membuka nilai bagi para pemegang saham.

DIVIDEN

Lembaga telah mengesyorkan dividen akhir kasar sebanyak 5 sen sesaham kurang cukai 25%. Bersama dengan dividen interim sebanyak 4 sen sesaham kurang cukai 25% dibayar pada 29 Mac 2010, jumlah dividen tahun ini adalah 9 sen sesaham kurang cukai 25%.

Syarikat berniat untuk meneruskan polisinya dalam pembayaran dividen.

PENGHARGAAN DAN PENGIKTIRAFAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih kepada pihak pengurusan dan kakitangan Kumpulan ini di atas dedikasi, komitmen dan sumbangan mereka dalam mencapai prestasi yang lebih baik untuk tahun yang dilaporkan. Saya yakin bahawa bersama-sama dengan polisi yang bijak dan strategi perniagaan yang mantap, Kumpulan akan terus maju dan meningkatkan nilai para pemegang saham serta memainkan peranan kita sebagai warga syarikat yang baik.

Akhir kata, saya ingin mengucapkan terima kasih kepada Lembaga Pengarah di atas kebijaksanaan, bimbingan dan sokongan mereka yang tidak ternilai, pihak pengurusan yang penuh dedikasi dan bekerja keras dan juga kepada para pemegang saham, rakan perniagaan, pelanggan dan pihak bank di atas sokongan dan kepercayaan mereka kepada Kumpulan ini.

DATUK RAZMAN MD. HASHIM
PENGERUSI

本人谨代表马化控股董事局，呈报本集团和公司截至2010年12月31日为止的年度报告和经审计财务账目。

重要企业发展

在2011年2月9日，本公司建议以现金加股票的献议，向Asia 4D有限公司和万能控股部分管理层献购万能控股私人有限公司(“万能”)的剩余未持有的49%股权。

这项收购建议是本公司的重要企业发展，并将持有万能的100%所有股权，以及让博彩业务成为集团的核心业务。万能的显著盈利贡献和现金流动水平，预计可加强集团未来的获利能力和良好的现金流动账目。这将可提高集团吸引力及增强投资的基础，包括那些看好集团收购万能建议的投资机构。投资者也正面看好公司发售新股和扩大资本的举动，这可巩固集团的资本基础和提高股票流动率。

未来，本集团将更专注博彩业务，重新检讨资产分配，并配合集团整合非核心资产计划，展开脱售非核心资产方案。

业绩表现

在2010年，本集团取得创纪录的营业额和税前盈利，分别增长至36亿令吉和5亿4千810万令吉，2009年的营业额和税前盈利则为33亿令吉和5亿1千980万令吉。集团的业务增长主要来自旗下博彩业务于2009年9月推出的4D积宝游戏表现优异，以及金融服务业务的高收入贡献。

但是，在公司方面，由于投资活动下滑，影响公司收入表现，导致每股盈利从2009年的31.2仙，下滑至2010年的27.9仙。

营运回顾

博彩业务

受到特别开彩和4D积宝游戏的全面性推动下，集团的博彩业务营业额从2009年的30亿令吉，稳健增长至2010年的33亿令吉。2010年的低奖金派发率也协助博彩业务盈利增长，让博彩业务税前盈利从2009年的2亿4千560万令吉，增长14.2%至2010年的3亿8千140万令吉。

展望未来，一旦集团完成收购万能的剩余49%股权后，博彩业务将成为集团的核心业务。

博彩业务将继续在字票业上积极与竞争对手竞争，争取更大的市场份额。正在提升中的电脑化博彩运作，将提升4D积宝游戏的投注系统来增加销量，提供更高效率和快速的售票程序，以及减低或避免停机影响。4D积宝游戏把公司博彩业务推向更公平的竞争环境，与对手较量。

集团有信心博彩业务的营运策略可为博彩客户提供更快速和便利的服务，从中带来稳健销售增长。

证券经纪业务

受到市场激烈波动影响，集团证券经纪业务于2010年的税前盈利下滑至1千200万令吉，相比2009年的2千110万令吉税前盈利。

证券经纪业务将继续坚持透明化运作，确保良好的企业治理、维持谨慎的风险管理政策和成本效率控制，以及继续专注在善用现有资源的营运活动。本业务将更重视提升资讯科技系统，鼓励客户使用网上交易。

金融服务业务

本集团旗下马化保险有限公司，在2010年取得5千907万令吉的税前盈利，较2009年的3千769万令吉，高出56.7%。

这出色的业绩表现，主要受益于严格的承保政策和强调风险管理措施，提高承保业务表现。更均衡与稳定的投资方案也有助于年度投资回酬。

马化保险的总保费表现再创纪录，从2009年的4亿1千540万令吉，增长6.11%至4亿4千零80万令吉。审慎的承保政策和均衡的投资组合，既26%的汽车行业和74%非汽车业务显然提升了回酬。

配合集团的稳固财务和支持，以及谨慎的业务和营运策略下，让金融服务业务准备就绪地面对这领域的市场开放竞争。

未来展望

随着国内各别经济领域均取得增长，尤其是出口、服务业和建筑业，2010年的马来西亚经济增长高达7.2%。马来西亚国家银行预计我国可在2011年取得5%至6%的经济增长。政府经济转型计划下的工程计划料可在今年后期带来增长动力，并刺激经济增长和商业信心。

在稳定的市场前景下，外来直接投资流入料将持续取得增长，并维持健全的企业盈利表现。无论如何，我们关注外围经济环境持续严峻和挑战重重。

本公司期望可从良好的国内经济环境中受惠，并从中提升本身的竞争力和盈利表现。公司收购万能所有权和脱售非核心业务的措施，将让集团转为博彩集团。这项企业活动的成功，将让投资者重新评估本公司，并可释放公司价值予股东。

股息

董事局建议派发每股5仙扣除25%税务的股息。连同2010年3月29日派发的每股4仙扣除25%税务的股息，全年股息为每股9仙扣除25%税务的股息。

未来，公司还会继续执行股息派发政策。

致谢

本人谨代表董事局向集团管理层和全体职员致谢意，感谢大家为这一年集团出色表现所作出的努力、承诺和贡献。在谨慎的政策和良好的经营策略下，我有信心本集团可不断地进步和提升股东价值，以及发挥着良好企业公民的责任。

最后，我要藉此感谢董事局成员的明智指导和无限的支持，管理团队的奉献和辛勤以及向我们的股东、商业伙伴、客户和银行所给予的持续性支持和对集团的信心，致万二分的谢意。

主席：DATUK RAZMAN MD. HASHIM

Corporate Social Responsibility Statement

The Board of Directors believes that as a socially responsible corporate citizen, the Group will continue to create business sustainability and enhance the value for the shareholders and other stakeholders in the Group. The Group is committed to continuously develop and implement corporate social responsibility initiatives.

THE COMMUNITY

• Social/Community Welfare And Charity Programs

During the year 2010, the Group had undertaken initiatives to provide financial assistance to the needy, the underprivileged and the less fortunate through various social/community welfare and charity programs which include donations to social and charitable organizations/bodies such as Little Sisters of the Poor and Persatuan Anak-Anak Yatim Eduwis Selangor. During the Chinese New Year period, the Group had made contributions to 171 charitable and welfare homes nationwide in the form of "ang pows", goodies and cash donations.

Financial support was also extended to non-governmental organizations that provided care and assistance in various areas, including Pure Lotus Hospice of Compassion, Persatuan Sikh Pulau Pinang, Malaysian Red Crescent Society, Pertubuhan Wanita Mutiara, National Stroke Association of Malaysia, Penang Family Health Development Association, Women's Centre for Change and Sarawak Children Cancer Society.

Since 2009, Magnum 4D Berhad and the 4D sales outlets had jointly initiated the "Magnum Cares" Community Support Program to help to raise funds for the needy and less fortunate. This program is a localized charity program and the fund raising projects are organized in the neighbourhoods or districts for the deserving ones identified within their communities. Under this program, fund raising would be organized by placing the donation boxes at the 4D sales outlets. In 2010, the Group had donated to 150 deserving persons consisting of 139 individuals and 11 welfare homes and charitable organizations.

As part of the Group's corporate social responsibility efforts, the employees of the Group have participated in various community services which include visits to old folks' homes, welfare homes, orphanages and organization of charity or fund raising events/programs such as the "We care" Charity & Community Service Program and the Christmas Charity Dip. The proceeds from these fund raising programs were donated to the poor and the needy.

• Education

Every year significant sum of funds is allocated by the Group for educational/motivation campaign. The Group provided financial assistance in the form of scholarships or educational support as well as cash rewards for students who excel in their studies through on-going education/motivation program such as the Magnum Academic Excellence Award.

In the promotion of education, the Group also contributed to the education fund of Penang Han Chiang Associated Chinese School and Jemaah Pengurus SMJK Heng EE.

• Recreational/Sports Programme

In promoting the development of recreational sports, the Group had made contributions to the Olympic Council of Malaysia and the Racketball Match-Penang Sports Club.

THE WORKPLACE

The Group is committed to ensuring that employees are offered fair and equitable employment terms and are given equal opportunities for career advancement based on performance. Employees are provided with continuous learning and development opportunities to equip them with the relevant skills, knowledge and experience. The benefits provided for employees include hospitalization insurance coverage, personal accident insurance coverage and staff retirement scheme.

As part of the staff's welfare programs, the Group had through "staff social, welfare & sports clubs" subsidized overseas trips for staff and promoted sports and interactive activities among employees.

THE ENVIRONMENT

The Group continued its initiatives in preserving the environment, including recycling used paper/toner, printing double-sided and communicating via e-mails to reduce usage of papers. The Company uses environmental friendly and safe products in the management of the Company's properties and assets.

Corporate Governance Statement

The Board of Directors ("the Board") of Multi-Purpose Holdings Berhad ("the Company" or "MPHB") is committed to ensuring that appropriate standards of corporate governance are practised throughout the Group to safeguard the interest of all stakeholders and enhance shareholders value.

The Board is mindful of the need to continuously evaluate the status of the Group's corporate governance practices with the view to improve upon the practices already in place.

This statement describes the practices that the Group has applied with respect to each key Principles and the extent of its compliance with the Best Practices as set out in the Code during the financial year ended 31 December 2010.

1. BOARD OF DIRECTORS

1.1 The Board

During the year under review, the Board has seven (7) members comprising the Non-Executive Chairman, the Managing Director, the Executive Director and four (4) Non-Executive Directors, of whom three (3) are Independent Non-Executive Directors. The Board is satisfied that the number of independent directors which forms at least one-third of the Board, fulfills the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and it is sufficient to fairly reflect the investment of the minority shareholders.

The composition of the Board represents a mix of knowledge, skills and expertise necessary for the effective stewardship of the Company and the Group. The Board comprises individuals of high calibre and integrity, and they possess wide-ranging experiences, skills and expertise in areas of business management, property development, corporate affairs, banking, stockbroking, finance and accounting, corporate communication and journalism. A brief profile of each Director is set out in this Annual Report.

1.2 Board Responsibilities

The Board is principally responsible for formulating and reviewing the Group's strategic plans and key policies, and to chart the course of the Group's business operations, regular review of the Group's financial and operational performance, ensuring the existence of proper internal controls and the adoption of appropriate risk management systems for the Group.

The Board has delegated certain responsibilities to the Board committees, namely, the Nomination Committee, Remuneration Committee, Audit Committee and Risk Management Committee to support and assist the Board in discharging its fiduciary duties and responsibilities.

The Board has identified Datuk Razman Md. Hashim, the Chairman of the Board, to whom any concerns of shareholders/investors may be conveyed.

1.3 Board Balance

There is a clear segregation of responsibilities between the Non-Executive Chairman, the Managing Director and Executive Director to ensure balance of power and authority in the Board. Datuk Razman Md. Hashim, the Non-Executive Chairman, is primarily responsible for the orderly conduct and working of the Board whilst Dato' Surin Upatkoon, the Managing Director and Mr Ng Kok Cheang, the Executive Director are responsible for the day-to-day running of the business and implementation of Board policies and decisions.

The presence of three (3) Independent Non-Executive Directors, namely, Datuk Razman Md. Hashim, Tuan Haji Sahibudeen Abdul Kader and Dato' Wong Puan Wah, brings unbiased and independent views, advices and judgements to the decisions making of the Board as they do not engage in the day-to-day management of the Company and do not participate in any business dealings of the Company.

1.4 Board Meetings

During the financial year 2010, the Board met seven (7) times; whereat it reviewed and deliberated various issues including the performance of the Group, the business plans and strategies of the Group, the Group's quarterly financial results and

the corporate proposals of the Group. The Board also reviewed the adequacy of the Group's internal control system, identified and addressed principal risks in the Group through the powers delegated to the Audit Committee.

The Board also notes the decisions and salient issues deliberated by the Audit Committee through minutes of the Audit Committee Meetings. The Chairman of the Audit Committee would inform the Directors at Board Meetings, of any salient matters noted by the Audit Committee and which require the Board's attention or direction.

The Directors have the duty to declare immediately to the Board should they be directly or indirectly interested in any transaction entered into by the Company. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction.

All Directors have complied with the requirements in respect of Board Meetings' attendance as provided in the Articles of Association of the Company. The details of attendance of each Director at the Board Meetings held during the financial year are set out below:-

Name of Directors	Total number of Board Meetings attended by Directors and held in 2010
Datuk Razman Md. Hashim	7/7
Dato' Surin Upatsoon	7/7
Mr Ng Kok Cheang	7/7
Dato' Lim Tiong Chin	7/7
Mr Vijeyaratnam a/l V. Thamothersam Pillay	7/7
Tuan Haji Sahibudeen Abdul Kader	6/7
Dato' Wong Puan Wah	7/7

1.5 Supply of Information

The agenda for Board Meetings, together with the detailed reports and proposition papers to be tabled at the Board Meetings, are circulated to all the Directors for their perusal and consideration prior to each Board Meeting.

The Board is provided on a timely basis with all relevant information on all aspects of the Group's operations and performance through regular status reports, including monthly and year-to-date performance report of the Group's operations.

The Directors have full access to the Senior Management and the advice and services of the Company Secretary and they may also seek independent professional advice, at the Company's expense, if required.

1.6 Re-appointment and Re-election of Directors

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every Annual General Meeting and may offer themselves for re-appointment to hold office until the next Annual General Meeting.

Datuk Razman Md. Hashim, who is above 70 years of age, will be submitting himself for re-election at the forthcoming Annual General Meeting of the Company.

The Articles of Association of the Company provide that at every Annual General Meeting of the Company, at least one-third of the Directors and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Articles further provide that all Directors shall retire from office once at least in each 3 years and shall be eligible for re-election.

In accordance thereto, Mr Vijeyaratnam a/l V. Thamothersam Pillay and Tuan Haji Sahibudeen Abdul Kader will be retiring by rotation at the forthcoming Annual General Meeting.

The re-election/re-appointment of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board.

1.7 Board Committees

(a) Nomination Committee

The Nomination Committee comprises exclusively Non-Executive Directors, the majority of whom are Independent Directors. The members of the Nomination Committee as at 31 December 2010 are:

Mr Vijeyaratnam a/l V. Thamothearam Pillay (Non-Independent Non-Executive Director)	-	Chairman
Datuk Razman Md. Hashim (Independent Non-Executive Director)	-	Member
Tuan Haji Sahibudeen Abdul Kader (Independent Non-Executive Director)	-	Member

The responsibilities of the Nomination Committee include making recommendations on suitable candidates for appointment to the Board and assessing the effectiveness of the Board and the contributions of each Director towards the effectiveness of the Board's decision-making process.

(b) Remuneration Committee

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and an Executive Director. The members of the Remuneration Committee as at 31 December 2010 are:

Datuk Razman Md. Hashim (Independent Non-Executive Director)	-	Chairman
Dato' Surin Upatkoorn (Non-Independent Managing Director)	-	Member
Tuan Haji Sahibudeen Abdul Kader (Independent Non-Executive Director)	-	Member

The responsibilities of the Remuneration Committee include the formulation of remuneration policy such as rewards and benefits and other terms of employment of the Managing Director and Executive Director as well as for the staff. The Remuneration Committee held one (1) meeting during the year, which was attended by all members.

(c) Audit Committee

The full details of the composition, terms of reference and activities of the Audit Committee during the year are set out in the Audit Committee Report in this Annual Report.

The Audit Committee reviews the Group's financial reporting process, the system of internal control, the audit process and the Group's process for monitoring compliance with laws and regulations, and such other matters which may be delegated by the Board.

(d) Risk Management Committee

The Board had on 28 April 2010 established a Risk Management Committee comprising mainly of Independent Non-Executive Directors:

Dato' Wong Puan Wah (Independent Non-Executive Director)	-	Chairman
Datuk Razman Md. Hashim (Independent Non-Executive Director)	-	Member
Tuan Haji Sahibudeen Abdul Kader (Independent Non-Executive Director)	-	Member

The responsibilities of the Risk Management Committee include the followings:

- (i) Reviewing and assessing the adequacy of the Group's risk management policies and framework for identifying, measuring, monitoring and controlling risks.
- (ii) Ensuring adequate infrastructure, resources and systems are in place in the Group for an effective risk management systems.
- (iii) Reviewing and monitoring the risk management exposure of the Group.
- (iv) Reviewing any significant risks and exposure that exist in the Group and assessing the steps taken by the Management to minimize such risk to the Group.

The Risk Management Committee held one (1) meeting during the year, which was attended by all members.

1.8 Directors' Training

In the year 2010, all Directors have attended the training programme entitled "Forensic Accounting and Fraud". The Directors will continue to undergo other relevant training programmes to upgrade themselves to effectively discharge their duties as Directors.

1.9 Directors' Remuneration

The Board as a whole determines the level of fees of Non-Executive Directors and Executive Directors. The annual Directors' fees payable to Directors are endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting. Directors do not participate in decisions regarding their own remuneration packages.

The aggregate remuneration of Directors of the Company in respect of the financial year ended 31 December 2010 categorised into appropriate components is as follows:-

Range of Remuneration	Number of Directors			
	2009		2010	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	2	-	2
RM100,001 to RM150,000	-	1	-	1
RM250,001 to RM300,000	-	-	-	-
RM300,001 to RM350,000	-	1	-	1
RM550,001 to RM600,000	1	-	-	-
RM700,001 to RM750,000	-	-	1	-
RM2,150,001 to RM2,200,000	-	-	1	-
RM2,250,001 to RM2,300,000	1	-	-	-
RM2,500,001 to RM2,550,000	1	-	-	-
RM2,750,001 to RM2,800,000	-	-	1	-

The remunerations of the Executive Directors are linked to their individual performance while all Directors received a standard fee approved by shareholders at the Annual General Meeting. The quantum of fixed fee takes into consideration the increased fiduciary duties and responsibilities of the Directors under the relevant regulatory requirements.

Additional allowance is paid to the Independent Non-Executive Chairman of the Board while the two other Independent Non-Executive Directors of the Company are paid meeting allowances in accordance with the number of meetings attended during the year.

2. INVESTORS RELATION AND SHAREHOLDERS COMMUNICATION

The Company's Annual General Meetings remain the key avenue for dialogue between the shareholders, the Board and the Management. Shareholders are accorded the opportunity and time to ask questions on the agenda items tabled at the Annual General Meeting and also on matters relating to the affairs, activities and prospects of the Group. The Board members, Senior Management of the Company as well as the Auditors of the Company are in attendance to provide answers and clarifications to shareholders' queries.

The Company also recognises the importance of timely and equal dissemination of information on major developments of the Group to the shareholders and investors, which is carried out by means of various disclosures and announcements to Bursa Securities. The Group's performance is reported quarterly to Bursa Securities and on a yearly basis, the Annual Report is an important channel used by the Company to provide its shareholders and investors with information on its business, financials and other key activities.

The Company maintains a corporate website at www.mphb.com.my which is updated from time to time to provide shareholders and members of the public the current information and new events relating to the Group.

As part of the Group's investor relations programmes, the Management conducted meetings with fund managers and research/investment analysts. In addition, the Company also provides press interviews to the media on significant corporate developments and business initiatives. The press interviews were intended to keep the investing community and shareholders updated on the progress and developments of the business of the Company.

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Group in the interim financial statements and annual financial statements to shareholders. The Board, assisted by the Audit Committee, oversees the financial reporting process of the Group. The Audit Committee reviews and monitors the integrity of the Group's annual and interim financial statements. It also reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as ensures these financial statements comply with the accounting and regulatory requirements.

3.2 Internal Controls

The Company has in place an adequately resourced internal audit department to assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets. Formal procedures are in place for the internal auditors to report independently on their findings and make appropriate recommendations to the Management and the Audit Committee.

The Statement of Internal Control, which provides an overview of the state of internal control within the Group, is set out in the Annual Report.

3.3 Relationship with the Auditors

The Audit Committee has established a formal and transparent relationship with external auditors. The Audit Committee meets at least twice a year with the external auditors to discuss the Company's annual financial statements and the audit findings. The Audit Committee also meets with the external auditors whenever it deems necessary. In 2010, the Independent Directors had met with the external auditors twice (2) without the presence of any Executive and Non-Independent Board members.

The above Statement on Corporate Governance has been reviewed and approved by the Board of Directors.

Additional Corporate Disclosures

1. UTILISATION OF PROCEEDS

During the financial year ended 31 December 2010, there were no corporate exercises in which proceeds had been raised.

2. SHARE BUY-BACK

During the financial year ended 31 December 2010, the Company had bought back a total of 2,890,600 MPH B shares from the open market and these shares were retained as treasury shares.

The details of MPH B shares bought back and retained as treasury shares during the year 2010 are as follows:-

Monthly Breakdown 2010	No. of Shares Purchased & Retained as Treasury Shares	Purchase price Per Share		Average Price Per Share (RM)	Total Consideration Paid (RM)
		Lowest (RM)	Highest (RM)		
January	500,000	1.84	1.85	1.85	922,886
February	740,000	1.79	1.86	1.83	1,352,450
March	896,600	1.88	1.88	1.88	1,682,375
April	-	-	-	-	-
May	-	-	-	-	-
June	-	-	-	-	-
July	-	-	-	-	-
August	274,000	2.10	2.11	2.11	576,826
September	480,000	2.08	2.11	2.09	1,005,241
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
Total	2,890,600	-	-	1.92	5,539,778

There were no treasury shares cancelled or resold during the financial year 2010.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options and convertible securities during the financial year ended 31 December 2010.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt programme during the financial year ended 31 December 2010.

5. SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory authorities.

6. NON-AUDIT FEES

During the financial year ended 31 December 2010, the following non-audit fees were paid to the Group's external auditors, Messrs Ernst & Young ("EY"):-

Non-audit services rendered by EY	Subsidiaries RM	Company RM
a) Review of Statement of Internal Control	-	10,400
b) Advisory services rendered in connection with the New Financial Reporting Standards (FRS) (updates) training	26,250	21,000
c) Advisory services rendered in connection with the implementation of FRS 139 and FRS 7	80,325	53,025
d) Advisory services rendered in connection with the special review on 4D Jackpot	80,000	-
Total	186,575	84,425

7. VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2010 and the unaudited results previously announced.

8. PROFIT GUARANTEE

There were no profit guarantee received by the Company during the financial year ended 31 December 2010.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the Audited Financial Statements of the Group and the Company for the year ended 31 December 2010, none of the Directors and major shareholders have any material contracts with the Company and/or its subsidiaries.

10. REVALUATION POLICY ON LANDED PROPERTIES

The Group's landed properties classified under Property, Plant and Equipment are not subject to periodic revaluation, but are reviewed at balance sheet date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation and impairment.

Statement on Directors' Responsibilities

RESPONSIBILITIES OF DIRECTORS IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required under the Companies Act, 1965 ("the Act") to prepare the financial statements which give a fair presentation of the financial statements of the Company and the Group at the end of each financial year and the results of the cash flows for that year.

In preparing the financial statements for the year ended 31 December 2010, the Directors have:-

- considered the appropriate accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that approved financial reporting standards in Malaysia have been followed; and
- confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring the maintenance of adequate accounting records to enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors have a general responsibility to take necessary and reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following Directors:

- (a) Tuan Haji Sahibudeen Abdul Kader
(Chairman of Audit Committee/Independent Non-Executive Director)
- (b) Datuk Razman Md. Hashim
(Independent Non-Executive Director)
- (c) Mr Vijeyaratnam a/l V. Thamotheeram Pillay
(Non-Independent Non-Executive Director)
- (d) Dato' Wong Puan Wah
(Independent Non-Executive Director)

TERMS OF REFERENCE

The Audit Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out on pages 25 to 28 of the Annual Report.

AUDIT COMMITTEE MEETINGS HELD IN 2010

During the financial year ended 31 December 2010, the Audit Committee convened five (5) meetings and the details of the attendance of Audit Committee members are as follows:

Name of Audit Committee	No. of Meeting Attended by Audit Committee Members and No. of Meetings Held
Datuk Razman Md. Hashim	5/5
Mr Vijeyaratnam a/l V. Thamotheeram Pillay	5/5
Tuan Haji Sahibudeen Abdul Kader	4/5
Dato' Wong Puan Wah (Appointed on 28 April 2010)	4/4 *

* Number of meetings held during his tenure of service as Audit Committee member

The Audit Committee Meetings were appropriately structured through the use of agenda. In addition, the Independent Non-Executive Directors met with the external auditors twice during the financial year without the presence of any Executive/Non-Independent Board member.

The Managing Director, the Chief Operating Officer, the Senior Finance Manager, the Head of Group Internal Audit and the Company Secretary were present by invitation at all the meetings. Representatives of the external auditors, Messrs Ernst & Young also attended the Audit Committee Meetings upon invitation.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2010

The Audit Committee carried out its duties in accordance with its Terms of Reference. The activities undertaken by the Committee were as follows:

- (a) Reviewed with the external auditors the evaluation of the system of internal controls of the Group.
- (b) Reviewed with external auditors on the Statement of Internal Control and the Audited Financial Statements of the Group for the year ended 31 December 2009 prior to submission to the Board for its consideration and approval. The review was to ensure that the said Audited Financial Statements were drawn up in accordance with provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). Any significant issues resulting from the audit of the Financial Statements by the external auditors were deliberated at the Audit Committee Meeting.

- (c) Met with the external auditors twice (2) during the financial year without the presence of any Executive and Non-Independent Board members, to discuss problems and reservations arising from the final audits, or any other matters the auditors may wish to discuss, including the level of assistance provided by the Group's employees to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- (d) Reviewed the Annual Audit Plan of the Group Internal Audit Department ("GIAD") to ensure adequate scope and coverage of activities for the Group.
- (e) Reviewed the resource requirements of the GIAD to ensure it can perform effectively and efficiently.
- (f) Reviewed the performance and competency of the members of the GIAD, and that it has the necessary authority to carry out its work.
- (g) Reviewed the GIAD's progress of audit activities and the internal audit reports of the Company and its subsidiaries, which highlighted issues, recommendations and Management's responses to ensure appropriate actions were taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- (h) Reviewed the quarterly unaudited financial results announcements of the Group, prior to recommending them to the Board for its consideration and approval. The review and discussions were conducted with the Head of Finance and any significant issues were highlighted to the Board.
- (i) Reviewed the Audit Planning Memorandum of the external auditors in respect of the audit of the Financial Statements of the Group for the year ended 31.12.2010.
- (j) Reviewed the independence, objectivity and effectiveness of the external auditors.

INTERNAL AUDIT FUNCTION

In the discharge of its duties and responsibilities, the Audit Committee is assisted by the GIAD, whose primary responsibility is to undertake regular and systematic reviews to ensure there are adequate and effective controls in responding to risks within the Group's governance, operations and information systems.

On an annual basis, GIAD presents its Audit Plan to the respective Audit Committee for review and approval. In discharging the independent audits, GIAD places emphasis on risk-based auditing approach, which forms an integral part of the audit plans. All high risk activities in each auditable area are audited annually.

GIAD provides periodic reports to the respective Audit Committee, reporting on the outcome of audits conducted, highlighting observations, recommendations, corrective actions and deadlines to implement remedial actions. On an ad-hoc basis, GIAD receives requests from the Management or Audit Committee to perform special reviews or investigations as a result of change in business risks.

The Audit Committee reviews and evaluates the key concerns and issues raised by the GIAD and ensures that appropriate and prompt remedial actions are taken by the Management. Where the result of an audit is unsatisfactory, a follow-up audit is conducted and reported to the Audit Committee.

The total costs incurred for the internal audit function of the Group for financial year ended 31 December 2010 was approximately RM1.03 million.

TERMS OF REFERENCE

POLICY

In compliance with Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), it is the policy of Multi-Purpose Holdings Berhad ("MPHB" or "the Company") to establish an Audit Committee as an integral part of its corporate framework and play a crucial role in the concept of corporate accountability and sound governance process within the Group.

OBJECTIVES

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following the oversight objectives on the activities of the Group:-

- (a) assess the risk and control environment;
- (b) oversee financial reporting;
- (c) evaluate the internal and external audit processes, including issues relating the system of internal control, risk management and governance; and
- (d) review conflict of interest situations and related party transactions.

COMPOSITION OF AUDIT COMMITTEE

Members

The Audit Committee shall be appointed by the Directors from amongst their members (pursuant to a resolution of the Board of Directors) which fulfills the following requirements:

- (a) the Audit Committee shall comprise no fewer than three (3) members;
- (b) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;
- (c) at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
 - (aa) must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or
 - (bb) must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - (iii) have either one of the following qualifications and at least three (3) years' post-qualification experience in accounting or finance:
 - (aa) has a degree/masters/doctorate in accounting or finance; or
 - (bb) is a member of any professional accountancy organization which has been admitted as a full member of the international Federation of Accountants; or
 - (iv) must have at least seven (7) years' experience being a chief financial officer of a corporation or having function of being primarily responsible for the management of the financial affairs of a corporation; or
 - (v) fulfills such other requirements as prescribed or approved by Bursa Securities.
- (d) no alternate director shall be appointed as a member of the Audit Committee;
- (e) any vacancy, which affects the composition, must be filled within three (3) months.

Chairman

The members of the Audit Committee shall elect a Chairman, from among their members, who shall be an Independent Non-Executive Director.

Secretary

The Company Secretary of MPH B shall serve as Secretary of the Audit Committee ("Secretary").

Review of Composition of Audit Committee

The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members no less than once in every three (3) years to determine whether the Audit Committee members have carried out their duties in accordance with the Terms of Reference.

MEETINGS AND REPORTING PROCEDURES

- (a) The Audit Committee shall meet as often as the Chairman deems necessary but not less than four (4) times a year, with each meeting planned to coincide with the key dates in the Company's financial reporting cycle.
- (b) The Audit Committee shall meet at least twice a year with the external auditors to discuss any matters with the Committee without the presence of Executive Board members and employees of the Company.
- (c) The Chairman of the Audit Committee shall engage continuously with the Senior Management, such as the Chairman, the Managing Director, the Chief Operating Officer, the Head of Finance, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group.
- (d) To form a quorum in respect of a meeting of the Audit Committee, the majority of its members present at the meeting must be Independent Non-Executive Directors.
- (e) The Secretary is responsible for:-
 - (i) drawing up the agenda together with the Chairman, and circulating it, supported by explanatory documentation, to the committee members prior to each meeting;
 - (ii) recording attendance of all members and invitees;
 - (iii) recording all proceedings, and preparing and keeping minutes of all meetings; and
 - (iv) circulation of the minutes to all Board members at each Board Meeting.
- (f) The Audit Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.
- (g) The Head of Finance and the Head of Group Internal Audit should normally attend meetings upon invitation of the Committee. Other directors, employees and representatives of the external auditors shall attend any particular Audit Committee Meeting only at the committee's invitation, specific to the relevant meeting.
- (h) The Audit Committee shall prepare annual report to the Board that provides a summary of the committee's activities for inclusion in the Company's annual report.

AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee shall have the authority to:

- (a) investigate any matter within its terms of reference and all employees are directed to cooperate with any request made by the Committee;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) obtain, at the expense of the Company, outside legal or other independent professional or other advice it considers necessary;
- (f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
- (g) report promptly any breaches of the Listing Requirements, which have not been satisfactorily resolved by the Board, to the Bursa Securities; and
- (h) to convene a meeting, upon request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

FUNCTIONS OF THE AUDIT COMMITTEE

In fulfilling its primary objectives, the Audit Committee shall undertake the following responsibilities and duties and report to the Board of Directors:

- (a) Review the quarterly results and year-end financial statements, prior to the approval of the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policies and practices;
 - (ii) significant and unusual events;
 - (iii) going concern assumptions; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
- (b) Review/recommend the nomination, appointment, re-appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendation to the Board; and evaluate if there is reason (supported by facts) to believe that the Company's external auditors are not suitable for re-appointment.
- (c) Review/discuss with the external auditors:
 - (i) the audit scope and plan, including any changes to the planned scope of the audit plan, and ensure co-ordination where more than one audit firm is involved;
 - (ii) its evaluations of the system of internal control;
 - (iii) the results of the interim (if any) and final audits and the Management's response thereto, including the status of previous audit recommendations;
 - (iv) problems and reservations arising from the interim (if any) and final audits, and any matter the auditors may wish to discuss (in the absence of the management, where necessary);
 - (v) the assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- (d) Establish an internal audit function which is independent of the activities it audits and oversee its function as follows:
 - (i) the Head of Internal Audit shall report directly to the Audit Committee;
 - (ii) review the adequacy of the internal audit scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (iii) review the internal audit department's progress of audit activities, the results of the internal audit activities or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function, including management's response;
 - (iv) determine the remit of the internal audit function;
 - (v) review any appraisal or assessment of the performance of members of the internal audit function;
 - (vi) approve any appointment, transfer or termination of senior staff members of the internal audit function and take cognizance of resignation and providing the resigning members an opportunity to submit reasons for resigning.
- (e) Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raise questions of management integrity.
- (f) Direct, and where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- (g) Carry out any such other functions as authorised.

Statement on Internal Control

INTRODUCTION

The Board of Directors ("the Board"), in compliance with the requirement of Paragraph 15.27(b) of the Bursa Malaysia Listing Requirements and in adopting the Malaysian Code of Corporate Governance's best practices, is pleased to set out below its Statement on Internal Control ("the Statement). Preparation of the Statement, which outlines the nature and state of internal controls of the Group during the year, is guided by The Institute of Internal Auditors Malaysia's "Statement of Internal Control : Guidance for Directors of Public Listed Companies".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound system of internal control which includes the establishment of an appropriate control environment framework as well as reviewing its adequacy and integrity. The system of internal control addresses the need for effective and efficient business operations, sound financial reporting and control procedures, and compliance with relevant laws and regulations.

To promote corporate governance, transparency and accountability, the Board has set up Board and Management Committees to manage all aspects of the Group's business and to oversee the implementation of the approved long-term and short-term business plans.

The Board also recognises that reviewing the Group's system of internal control is a concerted and continuing process, designed to manage and appropriately mitigate the risk of failure in achieving business objectives. It is imperative to note that any system of internal control can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

RISK MANAGEMENT

Risk management is firmly embedded in the Group's management system and is every employee's responsibility as the Group firmly believes that risk management is critical for the Group's sustainability and the enhancement of shareholders' values.

A formal risk management framework is in place to ensure that structured and consistent approaches and methods are practised in the on-going process of identifying, assessing, managing and monitoring principal risks that affect the attainment of the Group's business objectives and goals across all its operating units. The Board is supported by the Group Risk Management Committee in overseeing the overall management of the Group's principal areas of risk.

The Board also recognises that the Audit Committee ("AC") forms an integral part of the Group's internal control and risk management framework and in promoting good corporate governance. With the assistance of the Group Internal Audit ("GIAD"), the Board, through the AC, continually reviews the adequacy and integrity of the risk management process in place within the various operating businesses.

With the ongoing implementation of risk management framework, Management is able to make conscious and informed decisions by formulating and implementing necessary action plans and monitoring its outcome through the financial period under review.

KEY INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and integrity of the Group's system of internal control include the following:

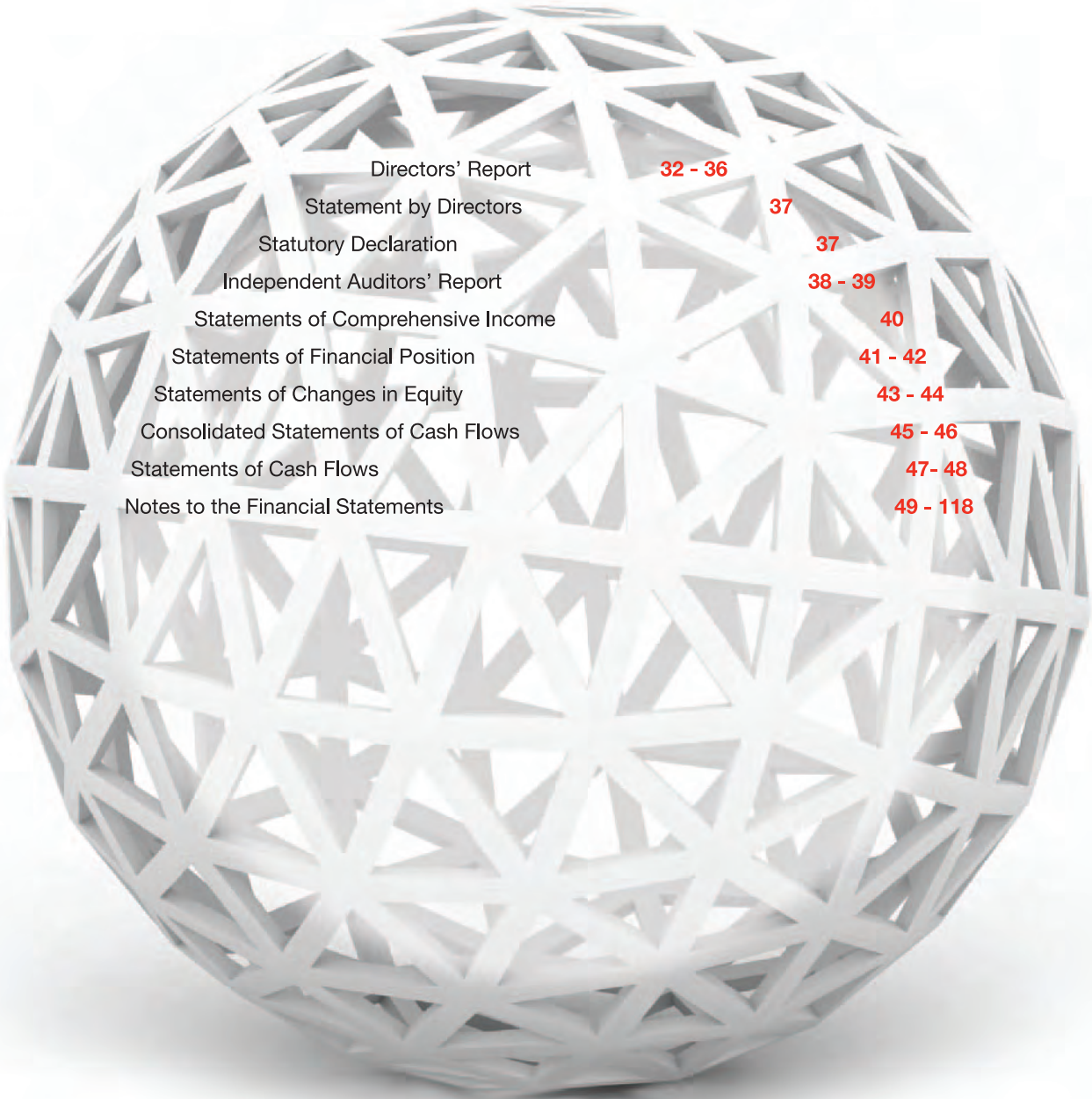
- A formal organisation structure for the Group and subsidiaries have been established with defined reporting lines of authority, responsibility and accountability. Authority limits are also imposed on Executive Directors and Management within the Group in respect of the day-to-day operations.
- Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals and guidelines. Regular reviews and updates are performed to reflect changing risks or processes and internal control improvements while ensuring documentation remains current.

- The Group's Management team receives and reviews regular reports from respective business units on key financial and operating statistics as well as legal and regulatory matters. The performance of each business unit is assessed against the approved budgets and business objectives whilst explanation is provided for significant variances. The Group's Management teams communicate regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern.
- The Group has also in place a Whistle Blowing Policy which has been approved by the Board. The policy encourages employees to report any wrongdoing by any persons in the Group to the proper authorities so that appropriate action can be taken immediately. The policy outlines the principles, procedures and actions to guide staff in directing their information to the appropriate designated officers and includes provisions to safeguard the confidentiality of the complainant and measures to avoid abuse of the policy for purposes of making false or malicious allegations.
- An ongoing training and educational program for Directors and staff relevant in assessing the adequacy and integrity of the Group's risks and control processes.
- Regular visits to the business units by the members of the Board and Management.
- Adequate insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.
- GIA independently reviews for the adequacy of risk management, internal controls and governance systems and provides the respective AC with sufficient assurance that the systems of internal controls are effective in addressing the risks identified. All audit findings, having been discussed at Management level and affirmative actions agreed in response to the audit recommendations are duly documented in audit reports and tabled to the respective AC.

CONCLUSION

For the financial year under review and up to the date of issuance of the Financial Statements, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies and uncertainties have arisen from any inadequacy or failure of the Group's system of internal control. The Board is committed in ensuring continuous review of the internal control system to effectively safeguard the shareholders' investments and Group's assets.

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Directors' Report

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of:

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

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

There have been no significant changes in the nature of the principal activities during the financial year except for discontinuance of designing and construction of railway activities as disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	445,381	40,388
Attributable to:		
Owners of the parent	300,038	40,388
Minority interests	145,343	-
	445,381	40,388

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS139 Financial Instruments: Recognition and Measurement which has resulted in an increase in the Group's and the Company's profit by RM5,489,000 and RMnil respectively as disclosed in Note 2.2 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2009 were as follows:

RM'000

In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:

Final dividend of 5 sen per share less income tax at 25%, on 1,068,074,623 ordinary shares paid on 15 July 2010.	40,053
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In respect of the financial year ended 31 December 2010:

Interim dividend of 4 sen per share less income tax at 25%, on 1,068,074,623 ordinary shares paid on 29 March 2010.	32,042
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72,095

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010, of 5 sen dividend less 25% income tax, on 1,067,320,623 ordinary shares (excluding treasury shares of 10,428,031), amounting to a dividend payable of RM40,024,523 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2011.

DIRECTORS

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

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

In accordance with Article 81 of the Company's Articles of Association, Mr Vijeyaratnam a/l V. Thamothearam Pillay and Encik Sahibudeen bin Abdul Kader retire at the forthcoming Annual General Meeting and, being eligible, they offer themselves for re-election.

Datuk Razman Md. Hashim bin Che Din Md. Hashim, who is over 70 years of age, will be seeking for re-appointment as Director of the Company pursuant to Section 129 of the Companies Act, 1965.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 5(a) to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	1.1.2010	Acquired	Sold	31.12.2010
Shares in the Company				
Direct Interest:				
Datuk Razman Md. Hashim bin Che Din Md. Hashim	154,000	-	-	154,000
Dato' Wong Puan Wah	11,000	-	-	11,000
Mr Vijeyaratnam a/l V.Thamotharam Pillay	-	60,000	-	60,000
Indirect Interest:				
Mr Vijeyaratnam a/l V. Thamotharam Pillay	-	60,000 ^	-	60,000
Deemed Interest:				
Dato' Surin Upatkoon #	362,872,361	2,500,000	-	365,372,361
Dato' Lim Tiong Chin *	339,643,551	-	-	339,643,551

Shares in a subsidiary, Magnum Holdings Sdn Bhd

Direct Interest:				
Mr Vijeyaratnam a/l V. Thamotharam Pillay	-	58,252	-	58,252

	Nominal value of Redeemable Convertible Unsecured Loan Stock C ("RCULS-C")			
	1.1.2010	Acquired	Sold	31.12.2010
Direct Interest:				
Mr Vijeyaratnam a/l V. Thamotharam Pillay	-	141,748	-	141,748

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

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

^ Indirect interest held through his spouse.

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

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

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 2,890,600 of its issued ordinary shares from the open market at an average price of RM1.91 per share. The total consideration paid for the repurchase including transaction costs was RM5,539,778 comprising consideration paid amounting to RM5,519,353 and transaction costs of RM20,425. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2010, the Company held as treasury shares a total of 10,428,031 of its 1,077,748,654 issued ordinary shares. Such treasury shares are held at a carrying amount of RM17,656,331 and further relevant details are disclosed in Note 20 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 35 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2011.

Dato' Surin Upatkoon

Ng Kok Cheang

Statement by Directors

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

We, Dato' Surin Upatkoon and Ng Kok Cheang, being two of the Directors of Multi-Purpose Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 40 to 118 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2011.

Dato' Surin Upatkoon

Ng Kok Cheang

Statutory Declaration

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

I, Dato' Surin Upatkoon, being the Director primarily responsible for the financial management of Multi-Purpose Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 118 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Surin Upatkoon
at Kuala Lumpur in the Federal Territory
on 31 March 2011.

Dato' Surin Upatkoon

Before me,

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

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Multi-Purpose Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 118.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 39 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 40 on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
31 March 2011

Statements of Comprehensive Income

For the year ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
Revenue	3	3,616,389	3,322,126	27,676	307,013
Cost of sales		(2,831,087)	(2,633,050)	-	-
Gross profit		785,302	689,076	27,676	307,013
Other income	4	107,456	222,884	51,243	87,314
Administrative expenses		(67,246)	(71,943)	(7,314)	(6,717)
Other expenses		(158,092)	(160,232)	(27,129)	(21,227)
Operating profit	5	667,420	679,785	44,476	366,383
Finance costs	6	(123,821)	(163,040)	-	-
Share of profits of associates		4,510	3,014	-	-
Profit before tax		548,109	519,759	44,476	366,383
Income tax expense	7	(102,191)	(76,514)	(4,088)	(31,958)
Profit for the year from continuing operations, net of tax		445,918	443,245	40,388	334,425
Discontinued operations					
Loss for the year from discontinued operations, net of tax	8	(537)	(38,438)	-	-
Profit net of tax		445,381	404,807	40,388	334,425
Profit attributable to:					
Owners of the parent		300,038	327,903	40,388	334,425
Minority interests		145,343	76,904	-	-
Profit for the year		445,381	404,807	40,388	334,425
Other comprehensive income					
Foreign currency translation		2	-	-	-
Change in fair value of available-for-sale assets		2,496	-	-	-
		2,498	-	-	-
Attributable to:					
Owners of the parent		302,619	327,903	40,388	334,425
Minority interests		145,260	76,904	-	-
Total comprehensive income for the year		447,879	404,807	40,388	334,425
Earnings per share attributable to owners of the parent (sen per share)					
Basic, for profit from continuing operations	9	27.9	34.8		
Basic, for profit/(loss) from discontinued operations	9	-	(3.6)		
Basic, for profit of the year		27.9	31.2		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2010

	Note	2010 RM'000	Group 2009 RM'000 (Restated)	1.1.2009 RM'000 (Restated)	2010 RM'000	Company 2009 RM'000 (Restated)	1.1.2009 RM'000 (Restated)
Assets							
Non-current assets							
Property, plant and equipment	10	195,489	198,270	205,119	31,936	32,242	41,919
Investment properties	11	643,091	640,750	541,074	180,807	182,386	173,139
Subsidiary companies	12	-	-	-	780,695	780,215	970,256
Associated companies	13	106,621	106,343	104,509	86,603	86,603	86,603
Investment securities	14	205,575	95,810	19,154	186,456	76,716	-
Receivables	15	14,966	33,833	39,966	-	-	-
Intangible assets	16	2,892,964	2,891,863	2,890,463	-	-	-
Reinsurance assets	17	352,148	507,292	352,317	-	-	-
Deferred tax assets	26	111,683	120,533	136,332	-	-	-
		4,522,537	4,594,694	4,288,934	1,266,497	1,158,162	1,271,917
Current assets							
Inventories	18	5,189	5,344	6,297	-	-	-
Receivables	15	432,425	443,236	458,566	1,509,553	1,646,013	1,564,994
Tax recoverable		164,603	103,835	72,128	-	-	3,862
Investment securities	14	520,446	380,962	414,141	202,193	181,161	232,488
Short term deposits	19	541,256	754,030	456,745	15,488	92,020	3,100
Cash and bank balances		121,339	51,699	59,013	21,237	3,145	5,940
		1,785,258	1,739,106	1,466,890	1,748,471	1,922,339	1,810,384
Assets held for sale		-	-	242,332	-	-	-
Total assets		6,307,795	6,333,800	5,998,156	3,014,968	3,080,501	3,082,301
Equity and liabilities							
Equity attributable to owners of the parent							
Share capital	20	1,077,749	1,077,749	962,427	1,077,749	1,077,749	962,427
Share premium		681,390	681,390	803,211	681,390	681,390	803,211
Treasury shares	20	(17,657)	(12,117)	(50,871)	(17,657)	(12,117)	(50,871)
Other reserves	21	48,102	45,521	44,652	-	-	-
Retained profits	22	577,871	373,549	105,098	1,076,108	1,111,315	844,475
		2,367,455	2,166,092	1,864,517	2,817,590	2,858,337	2,559,242
Minority interests		556,628	439,366	518,025	-	-	-
Total equity		2,924,083	2,605,458	2,382,542	2,817,590	2,858,337	2,559,242

	Note	2010 RM'000	Group 2009 RM'000 (Restated)	1.1.2009 RM'000 (Restated)	2010 RM'000	Company 2009 RM'000 (Restated)	1.1.2009 RM'000 (Restated)
Non-current liabilities							
Borrowings	24	1,715,453	1,991,299	2,095,381	-	-	-
Redeemable Convertible							
Unsecured Loan Stocks	25	437,276	482,274	524,607	-	-	-
Deferred tax liabilities	26	22,962	22,498	24,468	-	-	-
Provision for retirement benefits	27	679	659	653	-	-	-
Derivative financial instruments	28	16,885	-	-	-	-	-
Insurance contract liabilities	17	619,948	742,736	553,617	-	-	-
		2,813,203	3,239,466	3,198,726	-	-	-
Current liabilities							
Amounts due to subsidiaries	23	-	-	-	177,431	203,971	509,393
Payables	29	542,387	481,308	381,277	19,660	17,623	13,666
Borrowings	24	5,773	314	28,136	-	-	-
Provision for retirement benefits		-	-	478	-	-	-
Tax payable		22,349	7,254	315	287	570	-
		570,509	488,876	410,206	197,378	222,164	523,059
Liabilities associated with assets held for sale		-	-	6,682	-	-	-
Total liabilities		3,383,712	3,728,342	3,615,614	197,378	222,164	523,059
Total equity and liabilities		6,307,795	6,333,800	5,998,156	3,014,968	3,080,501	3,082,301

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2010

Group	----- Attributable to owners of the parent -----							
	----- Non-distributable -----					Total RM'000	Minority interests RM'000	Total equity RM'000
Share capital (Note 20) RM'000	Share premium RM'000	Treasury shares (Note 20) RM'000	Other reserves (Note 21) RM'000	Retained earnings (Note 22) RM'000				
At 1 January 2009	962,427	803,211	(50,871)	44,652	105,098	1,864,517	518,025	2,382,542
Issue of ordinary shares arising from conversion of warrants	115,322	-	-	-	-	115,322	-	115,322
Purchase of treasury shares	-	-	(83,067)	-	-	(83,067)	-	(83,067)
Total comprehensive income for the year	-	-	-	-	327,903	327,903	76,904	404,807
Dividends paid	-	-	-	-	(67,585)	(67,585)	(53,922)	(121,507)
Distribution of treasury shares	-	(121,821)	121,821	-	-	-	-	-
Acquisition of additional shares in subsidiaries	-	-	-	-	-	-	(60,850)	(60,850)
Dissolution of subsidiary	-	-	-	-	-	-	(6)	(6)
Changes of fair value of securities available-for-sale ("AFS")	-	-	-	869	-	869	-	869
Accretion of interest in subsidiaries	-	-	-	-	6,622	6,622	(6,622)	-
Minority interests of subsidiaries	-	-	-	-	-	-	(35,024)	(35,024)
Effect of adopting Risk-Based Capital Framework ("RBC")	-	-	-	-	1,511	1,511	861	2,372
At 31 December 2009	1,077,749	681,390	(12,117)	45,521	373,549	2,166,092	439,366	2,605,458
At 1 January 2010	1,077,749	681,390	(12,117)	45,521	373,549	2,166,092	439,366	2,605,458
Effect arising from adoption of FRS 139	-	-	-	-	(23,621)	(23,621)	(19,331)	(42,952)
Total comprehensive income for the year	-	-	-	2,581	300,038	302,619	145,260	447,879
Dividends paid	-	-	-	-	(72,095)	(72,095)	(7,669)	(79,764)
Purchase of treasury shares	-	-	(5,540)	-	-	(5,540)	-	(5,540)
Acquisition of additional shares in a subsidiary	-	-	-	-	-	-	(138)	(138)
Disposal of a subsidiary	-	-	-	-	-	-	(860)	(860)
At 31 December 2010	1,077,749	681,390	(17,657)	48,102	577,871	2,367,455	556,628	2,924,083

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company	----- Non-distributable-----				Total RM'000
	Share capital (Note 20) RM'000	Share premium RM'000	Treasury shares (Note 20) RM'000	Retained earnings (Note 22) RM'000	
At 1 January 2009	962,427	803,211	(50,871)	844,475	2,559,242
Total comprehensive income for the year	-	-	-	334,425	334,425
Issue of ordinary shares arising from conversion of warrants	115,322	-	-	-	115,322
Purchase of treasury shares	-	-	(83,067)	-	(83,067)
Distribution of treasury shares	-	(121,821)	121,821	-	-
Dividends paid	-	-	-	(67,585)	(67,585)
At 31 December 2009	1,077,749	681,390	(12,117)	1,111,315	2,858,337
At 1 January 2010	1,077,749	681,390	(12,117)	1,111,315	2,858,337
Effect arising from adoption of FRS 139	-	-	-	(3,500)	(3,500)
Total comprehensive income for the year	-	-	-	40,388	40,388
Purchase of treasury shares	-	-	(5,540)	-	(5,540)
Dividends paid	-	-	-	(72,095)	(72,095)
At 31 December 2010	1,077,749	681,390	(17,657)	1,076,108	2,817,590

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statements of Cash Flows

For the year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000 (Restated)
Operating activities			
Profit before tax from:			
Continuing operations		548,109	519,759
Discontinued operations		(537)	(38,365)
Adjustments for:			
Depreciation of property, plant and equipment		19,241	28,098
Depreciation of investment properties		5,252	5,428
Interest expense		123,821	163,040
Accretion of discounts less amortisation of premiums		12	114
Amortisation of:			
- intangible assets		14	-
- investment securities		-	59
- facility fees		9,154	-
Increase in reserves for unexpired risks		13,379	9,120
Provision for bad and doubtful debts		2,423	3,841
Share of profits of associated companies and jointly controlled entities		(4,510)	(3,014)
(Gain)/loss on disposal :			
- property, plant and equipment		(267)	(503)
- investment properties		220	(690)
- investment securities		(25,803)	(67,491)
- subsidiary		(1,857)	-
- jointly controlled entities		-	(10,502)
Loss on deconsolidation of subsidiaries		-	15,043
Unrealised loss on foreign exchange		44	1,299
Interest income		(33,041)	(25,045)
Dividend income on quoted shares and unit trusts		(5,843)	(58,247)
Gain on acquisition of additional shares in a subsidiary		-	(14,050)
Inventories written off		-	333
Property, plant and equipment written off		19	756
Impairment losses on property, plant and equipment		-	28,818
Impairment losses on investment securities		1,707	-
Provision for retirement benefits		705	737
Write back of provision for doubtful debts		(7,932)	(3,782)
Write back of provision for impairment losses:			
- investment securities		-	(51,570)
Bad debts written off		388	3,519
Bad debts recovered		(548)	(412)
Changes in fair value of derivative liabilities		(5,489)	-
Changes in fair value of investment securities		(10,484)	-
Operating cash flows before working capital changes		628,177	506,293
Changes in working capital:			
Inventories		155	620
Development costs incurred		(7)	(650)
Receivables		33,324	189,342
Payables		32,853	82,722
Monies held in trust		1,192	2,824
Cash flows generated from operations		695,694	781,151
Income tax paid		(138,549)	(87,181)
Retirement benefits paid		(685)	(1,209)
Net cash flows generated from operating activities		556,460	692,761

	Note	2010 RM'000	2009 RM'000 (Restated)
Investing activities			
Net proceeds from disposal of:			
- property, plant and equipment		571	936
- investment properties		3,394	3,960
- investment securities		413,749	417,641
- subsidiary		(16,214)	-
Net cash outflow on deconsolidation of subsidiaries		-	(21,448)
Purchase of:			
- additional shares in subsidiary companies		(138)	(55,934)
- shares in associated companies		-	(100)
- property, plant and equipment		(19,358)	(30,530)
- investment properties		(9,268)	(98,750)
- investment securities		(625,838)	(359,748)
Movement in cash deposits pledged		(7,826)	6,542
Withdrawal of management fund/money market fund		-	12,173
Net dividend received from:			
- associated companies		4,232	1,280
- quoted shares and unit trusts		5,843	58,247
Interest received		33,041	25,045
Interest paid		(123,821)	(163,040)
Net cash flows used in investing activities		(341,633)	(203,726)
Financing activities			
Issuance of ordinary shares		-	115,322
Net repayment of borrowings		(281,500)	(136,000)
Purchase of treasury shares		(5,540)	(83,066)
Dividend paid		(79,764)	(121,507)
Net cash flows used in financing activities		(366,804)	(225,251)
Effect of exchange rate changes on cash and cash equivalents		250	(56)
Net (decrease)/increase in cash and cash equivalents		(151,977)	263,784
Cash and cash equivalents at beginning of year		732,668	468,940
Cash and cash equivalents at end of year		580,941	732,668
Cash and cash equivalents comprise the following:			
Cash and bank balances		121,339	51,699
Deposits with licensed banks	19	541,256	754,030
Bank overdrafts	24	(2,273)	(314)
Less: Cash deposits pledged		660,322	805,415
Client's monies held in trust		(33,067)	(25,241)
Remisiers' deposits held in trust		(41,152)	(42,741)
		(5,162)	(4,765)
		580,941	732,668

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000 (Restated)
Operating activities			
Profit before tax		44,476	366,383
Adjustments for:			
Bad debts written off		198	-
Changes in fair value of investment securities		(10,191)	-
Depreciation of property, plant and equipment		1,965	1,871
Depreciation of investment properties		3,714	3,483
Dividend income		(3,421)	(281,200)
Gain on disposal of property, plant and equipment		(77)	-
Gain on disposal of investment securities		(19,718)	(35,892)
Impairment of subsidiary		-	7,470
Impairment on investment securities		568	-
Interest income		(2,633)	(14,944)
Loss on disposal of investment in a subsidiary		6,403	-
Provision for doubtful debts		59	1,698
Reversal of impairment of investment securities		-	(36,524)
Write back of provision for diminution of subsidiary		(10,403)	-
Write back of provision for doubtful debts		(1,250)	(6,090)
Operating cash flows before working capital changes		9,690	6,255
Changes in working capital:			
Receivables		60,158	(41,371)
Payables		(1,294)	4,662
Subsidiary companies indebtedness		50,755	(340,680)
Cash flows generated from/(used in) operations		119,309	(371,134)
Tax paid	(4,371)	(75)	
Net cash flows generated from/(used in) operating activities		114,938	(371,209)
Investing activities			
Purchase of property, plant and equipment		(1,662)	(2,612)
Purchase of investment properties		(2,135)	(2,313)
Purchase of investment securities		(225,219)	(164,724)
Proceeds from disposal of:			
- property, plant and equipment		80	-
- investment in a subsidiary		4,000	-
- investments securities		123,619	211,048
Purchase of additional shares in subsidiaries		(480)	(139,428)
Proceeds from redemption of Redeemable Unsecured Loan Stock-A by a subsidiary		-	322,000
Dividends received		3,421	253,749
Interest received		2,633	14,944
Net cash flows (used in)/generated from investing activities		(95,743)	492,664

	Note	2010 RM'000	2009 RM'000 (Restated)
Financing activities			
Proceeds from issuance of ordinary shares		-	115,322
Purchase of treasury shares		(5,540)	(83,066)
Dividends paid		(72,095)	(67,586)
Net cash flows used in financing activities		(77,635)	(35,330)
Net (decrease)/increase in cash and cash equivalent		(58,440)	86,125
Cash and cash equivalents at beginning of year		95,165	9,040
Cash and cash equivalents at end of year		36,725	95,165
Cash and cash equivalents comprise the following:			
Cash and bank balances		21,237	3,145
Deposits with licensed banks	19	15,488	92,020
		36,725	95,165

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 March 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and

FRS 127: Consolidated and Separate Financial Statements: Cost of an

Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement,

FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment

of Embedded Derivatives

Amendments to FRSs "Improvements to FRSs (2009)"

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 37).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 4 Insurance Contracts

On adoption of FRS 4, expanded disclosures are required and reclassification of certain items in the statement of financial position (including comparatives) previously reported on net basis to gross basis is required.

Bank Negara Malaysia ("BNM") has in July 2010 issued Guidelines on Financial Reporting for Insurers in order to bring financial reporting for insurers in line with the requirements of FRSs issued by MASB. For the purpose of complying with paragraph 58 of FRS 139 and paragraph 20(a) of FRS 4, objective evidence of impairment is deemed exist where the principal or interest/profit or both for loans/receivables that are individually assessed for impairment, is past due for more than 90 days or 3 months. Previously, BNM required Insurers to make full provision for outstanding premiums including agents, brokers and reinsurers balances in arrears for more than 30 days for motor class and 6 months for other classes of insurance from the date on which they become receivable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 4 Insurance Contracts (cont'd)

The following are effects to the consolidated statement of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	Group 2010 RM'000
Increase/(decrease) in:	
Non-current assets	
Reinsurance assets	352,148
Non-current liabilities	
Reserves for unexpired risks	(94,951)
Insurance contract liabilities	619,948
Current liabilities	
Provisions for liabilities	(172,849)

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if titles is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are effects to the consolidated statement of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	Group 2010 RM'000
Increase/(decrease) in:	
Property, plant and equipment	3,857
Prepaid lease payments	(3,857)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

Consolidated statements of financial position	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 December 2009			
Property, plant and equipment	194,364	3,906	198,270
Prepaid lease payments	3,906	(3,906)	-
As at 1 January 2009			
Property, plant and equipment	201,164	3,955	205,119
Prepaid lease payments	3,955	(3,955)	-

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

i Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM29,888,000. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010. Investments in equity instruments whose fair value cannot be reliably measured amounting to RM76,226,000 at 1 January 2010 continued to be carried at cost less impairment losses.

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for trading purposes as marketable securities. Such investments were carried at the lower of cost and market value, determined on an aggregate basis. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as financial assets at fair value through profit or loss and accordingly are stated at their fair values as at that date amounting to RM118,286,000.

ii Debt securities

Prior to 1 January 2010, investments in debt securities were stated at amortised cost using the effective interest rate method. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as held-to-maturity investments, available-for sale and fair value through profit or loss. The carrying values of held-to-maturity, available-for sale and fair value through profit or loss debt securities as at 1 January 2010 amounted to RM5,000,000, RM131,354,000 and RM116,018,000 respectively.

iii Non-hedging derivatives

Prior to 1 January 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group and the Company as at 1 January 2010 are recognised at their fair values totalling RM42,952,000 and RM3,500,000 respectively are classified as derivative liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

iv Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original interest rate. As at 1 January 2010, the Group and the Company has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 but no adjustments is required to be made to the opening balance of retained earnings as at that date due to the short term nature and insignificant impact of accounting.

v Financial guarantee contracts

During the financial year, the Company provided financial guarantee to bank in connection with bank loans and other banking facilities granted to its subsidiary. Prior to 1 January 2010, the Group did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Following adoption of FRS 139, the Company did not recognised the unexpired financial guarantees issued by the Company as financial liabilities as the financial guarantee granted is the pre-condition for getting credit facilities by the subsidiary companies rather than in exchange for reducing interest rate.

vi Inter company loans

During the current and prior years, the Company granted interest-free advances to its subsidiaries companies. Prior to 1 January 2010, these advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest free advances are recorded initially at a fair value. The difference between the fair value and cost of the loan or advance is recognised as an additional investment in the subsidiary companies. Subsequent to initial recognition, the advances are measured at amortised cost. As at 1 January 2010, the Company has remeasured such advances at their amortised cost and has determined that no adjustments is required to their previous carrying amounts as the Company will convert the inter company loans to preference shares as settlement.

The following are effects arising from the changes of accounting policies:-

Statements of financial position	Increase/decrease	
	As at 31.12.2010 RM '000	As at 01.01.2010 RM '000
Group		
Investment in securities (non-current)	24	193
Derivatives liabilities	16,885	48,218
Deferred tax assets	4,221	5,073
Fair value adjustment reserve	(169)	-
Retained earnings	(12,664)	(42,952)
Company		
Derivative liability	-	3,500
Retained earnings	-	(3,500)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd)

	Increase/decrease Group 2010 RM'000
Statements of comprehensive income	
Other income	5,489
Other comprehensive income for the year, net of tax	(169)
	<hr/>
	Group 2010 Sen per share
Increase in basic earnings per share	0.51
	<hr/>

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Right Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 3 Business Combination (Revised)

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 138 Intangible Assets

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 7 Improving Disclosures about Financial Instruments

Amendments to FRS 2 Group cash-settled Share-based Payment Transactions

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15 Agreements for the Construction of Real Estate

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15 are described below:

(a) Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes that accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

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

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

2.4 Summary of significant accounting policies

(a) **Subsidiaries and basis of consolidation**

(i) **Subsidiaries**

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

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

(ii) **Basis of consolidation**

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

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

(ii) Basis of consolidation (cont'd)

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

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

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

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

(b) Associates

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(b) Associates (cont'd)

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

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

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

(c) Jointly controlled entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.4(b).

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

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

(d) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(d) Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

Research and development costs

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

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

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

(e) Property, plant and equipment and depreciation

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

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

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

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

Leasehold land is depreciated over the residual lease period.

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

	%
Buildings	2.0 - 5.0
Leasehold improvement	12.5
Leasehold land and buildings	1.0 - 2.0
Plant and machinery, etc.	10.0 - 33.3
Fixtures and fittings	5.0 - 20.0
Motor vehicles	20.0
Computer equipment	12.5 - 33.3

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

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

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

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

(f) Investment properties

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

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

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

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

(g) Leases

(i) Classification

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

(ii) Operating leases - the Group as lessee

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(g) Leases (cont'd)

(iii) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.4 (n)(v)).

(h) Impairment of non-financial assets

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

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

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

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

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

(i) Inventories

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(j) Cash and cash equivalents

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

(k) Provision for claims

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

(l) Income tax

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

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

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

(m) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(m) Employee benefits (cont'd)

(ii) Defined contribution plans (cont'd)

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

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

(iii) Defined benefit plans

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

Contributions made are charged to the statement of comprehensive income.

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

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

(n) Revenue recognition

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

(i) Dividend income

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

(ii) Interest income

Interest income is recognised on an accrual basis.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(n) Revenue recognition (cont'd)

(ii) Interest income (cont'd)

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

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

(iii) Brokerage income

Brokerage income is recognised upon execution of contracts.

(iv) Insurance premium income

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

(v) Rental income

Rental income is recognised on an accrual basis.

(vi) Loan arrangement fees and commissions

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

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

(vii) Revenue from gaming activities

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

(viii) Sale of goods

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(n) Revenue recognition (cont'd)

(ix) Revenue from services

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

(x) Commission on securities

Commissions on securities dealings are recognised on trade date basis.

(xi) Construction contracts

Revenue from construction contracts is accounted for by stage of completion method as describe in Note 2.4(t).

(xii) General insurance underwriting results

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

(o) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(o) Foreign currencies (cont'd)

(iii) Foreign operations

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

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

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

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

	2010 RM	2009 RM
1 US Dollar	3.0905	3.4295
100 Hong Kong Dollar	39.7150	44.2250
100 Philippines Peso	7.0300	7.4350
100 Yuan Renminbi	46.7432	50.2000
100 Indonesia Rupiah	0.0344	0.0355
1 Singapore Dollar	2.3908	2.4408
1 Australian Dollar	3.1515	3.0700

(p) Assets on lease

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(q) General insurance underwriting results, reserves for unexpired risks and provision for claims (cont'd)

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

(r) Financial instruments

Financial instruments are recognised in the statement when the Group and the Company has become a party to the contractual provisions of the instrument.

Financial assets are recognised initially at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company determine the classification of the financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Financial liabilities are classified as payables, derivatives liabilities and interest bearing loans and borrowings.

Distributions to holders of financial instruments classified as equity are recognised directly in equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial assets

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Prior to the adoption of FRS 139, these assets were carried at the lower of cost and market value. With the adoption of FRS 139, financial assets at fair value through profit or loss are measured at fair value subsequent to initial recognition. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

(ii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Prior to adoption of FRS 139, held-to-maturity investments are measured at cost less impairment losses. With the adoption of FRS 139, held-to-maturity investments were accounted for at fair value and subsequently at amortised cost using the effective interest rate method, less any impairment loss. Gains or losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation or accretion process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(r) Financial instruments (cont'd)

Financial assets (cont'd)

(iii) Available-for-sale

Prior to adoption of FRS 139, available-for-sale assets were accounted for at cost adjusted for amortisation of premium and accretion of discount less impairment or at the lower of cost and market value, determined on an aggregate basis. Upon adoption of FRS 139, available for sale assets are measured at fair value initially and subsequently with amortisation of premium with accretion of discount and other accrual of income recognised in the profit or loss and with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit or loss or determined to be impaired, at which time the cumulative loss is recognised in the profit or loss and removed from the available-for-sale reserve.

Malaysian Government Securities are stated at cost adjusted for the amortisation of premiums or accretion of discounts calculated on an effective yield basis, from the date of purchase to maturity dates. The amortisation of premiums and accretion of discounts are charged or credited to available-for-sale reserve.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iv) Loans and receivables

Prior to the adoption of FRS 139, receivables were stated at cost less provision for doubtful debts. With the adoption of FRS, loan and receivables are initially measured at fair value and subsequently at amortised costs using effective interest rate method. The amortisation of effective interest rate is recognised in the statement of comprehensive income.

(v) Payables

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

(vi) Interest bearing loans and borrowings

Prior to adoption of FRS 139, loans and borrowings were stated at the proceeds received less direct attributable transaction costs. Upon adoption of FRS 139, loans and borrowings are initially measured at fair value including direct attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised or through the amortisation process.

(vii) Derivative financial instruments

Prior to adoption of FRS 139, derivatives were not recognised in the financial statements. Upon adoption of FRS 139, derivatives are required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at fair value at each reporting date. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Derivatives that do not qualify for hedge accounting are classified at fair value through profit and loss with any gains or losses arising from changes in fair value on these derivatives being recognised in the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(r) Financial instruments (cont'd)

Financial assets (cont'd)

(viii) Redeemable convertible unsecured loan stocks

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

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

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

(ix) Equity instruments

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

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

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

(s) Impairment of financial assets

(i) Unquoted equity securities carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(ii) Available-for-sale investments

If an available-for-sale investments is impaired, the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (cont'd)

(s) Impairment of financial assets (cont'd)

(ii) Available-for-sale investments (cont'd)

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised as other comprehensive income in available-for-sale reserve.

(t) Construction contracts

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

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

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

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

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

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

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

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

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

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

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

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

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

(ii) Classification of inventories

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

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

(iii) Ownership of properties

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

(b) Key sources of estimation uncertainty

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

(i) Impairment of goodwill

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

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. The carrying amounts of goodwill and gaming rights as at 31 December 2010 were RM2,892,964,000 (2009: RM2,891,863,000). Further details are as disclosed in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

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

(ii) Deferred tax assets and tax recoverable

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

The directors of a subsidiary of the Company, are of the opinion that total tax recoverable of the subsidiary amounting to RM159,984,000 (2009: RM100,821,000) is recoverable, subject to the agreement of the Inland Revenue Board.

3. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Gross premium	440,782	415,401	-	-
Less: Reinsurance	(207,665)	(216,427)	-	-
Less: Increase in unearned premium reserves	(13,379)	(9,120)	-	-
Earned premium	219,738	189,854	-	-
Brokerage income	13,499	18,530	-	-
Interest, contra service charges and rollover fees	15,619	14,031	-	-
Interest income on loans and advances	4,032	255	-	-
Investment income in respect of gross dividends from:				
- subsidiary unquoted in Malaysia	-	-	-	276,830
- associate	4,232	-	-	-
- investment securities				
- quoted in Malaysia	3,229	4,374	3,229	4,370
- unquoted in Malaysia	-	493	-	-
- quoted outside Malaysia	192	-	192	-
Rental income	260,541	227,537	3,421	281,200
Sale of four digit forecast tickets	17,378	20,379	21,718	22,738
Sale of four digit forecast tickets	3,301,767	3,020,608	-	-
Revenue from sale and rental of properties	3,142	3,585	-	-
Hotel services	27,919	16,107	-	-
IT consulting	1,458	1,104	-	-
Construction contract	-	32,003	-	-
Others	4,184	803	2,537	3,075
	3,616,389	3,322,126	27,676	307,013

4. OTHER INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Gain on disposal of				
- investment securities	25,858	66,217	19,718	35,890
- property, plant and equipment	267	508	77	-
- investment properties	220	923	-	-
Write back of provision for doubtful debts	7,932	3,782	1,191	6,090
Write back of provision for impairment losses on subsidiary disposed	-	-	10,403	-
Write back of provision for impairment losses on other and short term investments	-	51,086	-	29,054
Interest income (Note 4(a))	33,041	23,864	2,633	14,980
Rental income	435	183	47	-
Dividend Income (Note 4(b))	2,422	51,972	-	-
Fair value adjustments on investment securities	10,484	-	10,191	-
Fair value adjustments on derivatives liability	5,489	-	-	-
Profit on acquisition of subsidiary from minority shareholders	-	14,050	-	-
Underwriting commission	92	3,576	-	-
Others	21,216	6,723	6,983	1,300
	107,456	222,884	51,243	87,314
(a) Interest income				
Interest income on:				
- loan to subsidiary companies	-	-	12	560
- short term deposits	10,695	12,525	919	250
- Redeemable unsecured loan stocks	-	-	-	10,127
- Malaysian Government Securities	527	1,146	-	-
- quoted shares	2,357	-	-	-
- others	19,462	10,193	1,702	4,043
	33,041	23,864	2,633	14,980
(b) Dividend income				
Dividend income on:				
- quoted shares	2,295	395	-	-
- investment securities	127	51,577	-	-
	2,422	51,972	-	-

5. OPERATING PROFIT

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

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000 (Restated)
Depreciation of property, plant and equipment	19,212	26,908	1,965	1,871
Depreciation of investment properties (Note 11)	5,252	5,428	3,714	3,483
Key management personnel (Note 5 (a))	6,296	6,027	3,249	2,660
Auditors' remuneration (Note 5 (b))	1,541	1,076	196	167
Amortisation of:				
- intangible assets	14	-	-	-
- other investments	-	59	-	-
Rental of land and buildings	2,374	946	25	28
Hire of plant and machinery	117	112	-	-
Increase in reserves for unexpired risks	13,379	9,120	-	-
Impairment losses on:				
- investment securities	1,707	41	568	41
- investment in subsidiaries	-	-	-	7,470
Realised gain on foreign exchange	(710)	(840)	-	-
Unrealised loss/(gain) on foreign exchange	294	(166)	-	-
(Gain)/loss on disposal of				
- investment securities	(25,803)	(66,202)	(19,718)	(35,892)
- property, plant and equipment	(267)	(504)	(77)	-
- investment properties	220	(903)	-	-
Provision for doubtful debts:				
- other debtors	2,364	558	-	-
- trade debtors	59	3,283	59	2,439
- subsidiary companies	-	-	-	1
(Gain)/loss on disposal of investment in subsidiaries (Note 12)	(1,857)	-	6,403	-
Loss on deconsolidation of investment in subsidiaries (Note 12)	-	15,043	-	-
Provision for retirement benefit	705	737	-	-
Employee benefits expense (Note 5 (c))	77,284	68,872	7,314	6,718
Inventories written off	-	333	-	-
Bad debts written off	388	(94)	198	-
Property, plant and equipment written off	19	645	-	-
Fund management charges	738	1,076	-	-
Accretion of discounts less amortisation of premiums	12	114	-	-
Income from rent of land and buildings	(1,110)	(424)	(47)	(41)
Gain on redemption of loan stock	-	(1,077)	-	-
Bad debts recovered	(548)	(173)	-	-
Write back of provision for doubtful debts for:				
- trade debtors	(1,250)	(741)	(1,250)	(741)
- loan debtors	(6)	(2,734)	-	-
- other debtors	(6,676)	(307)	-	-
- subsidiary companies	-	-	-	(6,090)
Write back of provision for impairment losses for:				
- investment securities	-	(51,086)	-	(29,054)
- subsidiary	-	-	(10,403)	-
Changes in fair value of derivatives liabilities	(5,489)	-	-	-
Changes in fair value of investment securities	(10,484)	-	(10,191)	-

5. OPERATING PROFIT (CONT'D)

(a) Key management personnel

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive directors' remuneration:				
- fees	240	240	240	240
- bonus	1,952	1,794	852	424
- emoluments	3,430	3,315	1,584	1,426
- benefits-in-kind	41	46	16	13
	5,663	5,395	2,692	2,103
Non-executive directors' remuneration:				
- fees	392	392	320	320
- emoluments	218	219	214	216
- benefits-in-kind	23	21	23	21
	633	632	557	557
Total directors' remuneration	6,232	5,960	3,210	2,626
Estimated money value of benefits-in-kind	64	67	39	34
Total directors' remuneration including benefits-in-kind	6,296	6,027	3,249	2,660

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

	Number of Directors	
	2010	2009
Executive Directors:		
RM550,001 - RM600,000	-	1
RM700,001 - RM750,000	1	-
RM2,150,001 - RM2,200,000	1	-
RM2,250,001-RM2,300,000	-	1
RM2,500,001-RM2,550,000	-	1
RM2,750,001-RM2,800,000	1	-
Non-executive Directors:		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1
RM300,001 - RM350,000	1	1

5. OPERATING PROFIT (CONT'D)

(b) Auditors' remuneration

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Auditors of the Company:				
- statutory audit	1,058	786	88	80
- under provision in prior year	212	-	24	-
- other services	271	290	84	87
	1,541	1,076	196	167

(c) Employee benefits expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	64,553	58,550	6,201	5,632
Contributions to defined contribution plan	7,684	6,483	618	566
Other staff related expenses	5,047	3,839	495	520
	77,284	68,872	7,314	6,718

6. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expenses on:				
- term loans and overdrafts	89,814	126,407	-	-
- Redeemable Convertible Unsecured Loan Stock-C (Note 25)	29,215	31,603	-	-
- others	4,792	5,030	-	-
	123,821	163,040	-	-

7. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Statement of comprehensive income				
Continuing operations				
Current income tax:				
Malaysian income tax	90,233	56,857	2,470	31,958
(Over)/under provision in prior years:				
Malaysian income tax	(2,429)	5,458	1,618	-
	87,804	62,315	4,088	31,958
Deferred income tax (Note 26):				
Relating to origination and reversal of temporary differences	22,292	14,683	-	-
Over provision in prior years	(7,905)	(484)	-	-
	14,387	14,199	-	-

7. INCOME TAX EXPENSE (CONT'D)

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Income tax expense attributable to continuing operations	102,191	76,514	4,088	31,958
Discontinued operations				
Current income tax:				
Malaysian income tax	-	444	-	-
Foreign tax	-	5	-	-
Overprovision in prior years:				
Malaysian income tax	-	(351)	-	-
	-	98	-	-
Deferred income tax:				
Relating to origination and reversal of temporary differences	-	(25)	-	-
	-	(25)	-	-
Income tax expense attributable to discontinued operations (Note 8)	-	73	-	-
Income tax expense recognised in profit or loss	102,191	76,587	4,088	31,958

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	2010 RM'000	2009 RM'000
Group		
Profit before tax from:		
Continuing operations	548,109	519,759
Discontinued operations	(537)	(38,365)
Accounting profit before tax	547,572	481,394
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	136,893	120,349
Effect of different tax rate for qualified small and medium enterprises	-	(25)
Effect of income not subject to tax	(17,380)	(29,441)
Effect of expenses not deductible for tax purposes	21,877	21,778
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(30,956)	(41,389)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,622	1,446
(Over)/under provision of tax expenses in prior years	(2,429)	5,107
Over provision of deferred tax in prior years	(7,905)	(484)
Effects of share of results of associates	469	(754)
Income tax expense recognised in profit or loss	102,191	76,587

7. INCOME TAX EXPENSE (CONT'D)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

Company	2010 RM'000	2009 RM'000
Profit before tax	44,476	366,383
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	11,119	91,596
Effect of income not subject to tax	(11,953)	(63,470)
Effect of expenses not deductible for tax purposes	3,271	3,594
Deferred tax assets not recognised	33	238
Under provision of tax expense in prior years	1,618	-
Income tax expense recognised in profit or loss	4,088	31,958

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Income tax for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8. DISCONTINUED OPERATIONS

Group - 2010

The Group disposed of its 51% equity interest in a subsidiary, MKR Consortium Sdn. Bhd. on 4 June 2010 for a total cash consideration of RM4 million. The subsidiary was previously reported as part of the others segment. The effects on the financial position of the Group as at the end of the year is as disclosed in Note 12.

Group - 2009

The following subsidiaries/associates of Mont Delight Sdn. Bhd. ("MDSB"), a wholly owned subsidiary of Magnum Holdings Sdn. Bhd., have been disposed of pursuant to a reorganisation plan effected in the prior year.

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

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

8. DISCONTINUED OPERATIONS (CONT'D)**(b) Offshore non-liquid non-gaming associates**

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

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

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

In the previous year, the Group had deconsolidated MDSB and its subsidiaries/ associates/jointly controlled entities as disclosed in Note 12 to the financial statements. The results from these subsidiaries/associates/jointly controlled entities during the financial year are presented separately on the consolidated statement of comprehensive income as discontinued operations in previous year.

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

	Group	
	2010 RM'000	2009 RM'000
Revenue	841	1,162
Other income	12	20,528
Expenses	(1,390)	(60,658)
Share of profit of jointly controlled operations	-	603
Loss before tax of discontinued operations	(537)	(38,365)
Income tax expense (Note 7)	-	(73)
Loss for the year from discontinued operations	(537)	(38,438)

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

	Group	
	2010 RM'000	2009 RM'000
Depreciation of property, plant and equipment	29	1,190
Auditors' remuneration		
- statutory audits	4	51
- overprovision in prior years	-	(2)
Director's remuneration:		
- other directors'	-	33
Provision for impairment losses of property, plant and equipment	-	28,818
Unrealised loss on foreign exchange	-	1,465
Loss on disposal of:		
- property, plant and equipment	-	1
- investment properties	-	213
Loss on deconsolidation subsidiaries (Note 8)	-	15,043
Bad debts written off	-	3,425
Property, plant and equipment written off	-	111
Rental income from land and building	-	(375)
Dividend income on quoted shares	-	(1,408)
Gain on disposal of jointly controlled entities	-	(10,502)
Gain on disposal of investments in investment securities	-	(1,289)
Interest income on short term deposits	-	(1,181)
Bad debts recovered	-	(239)
Write back of provision for impairment losses for investment securities	-	(525)

8. DISCONTINUED OPERATIONS (CONT'D)

	Group	
	2010 RM'000	2009 RM'000
The cash flow attributable to the discontinued operations are as follows:		
Operating cash flows	(2,628)	(10,573)
Investing cash flows	-	(45,908)
Financing cash flows	-	(653)
Total cash flows	(2,628)	(57,134)

9. EARNINGS PER SHARE**Basic earnings per share**

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

	2010 RM'000	2009 RM'000
Profit from continuing operations attributable to owners of the parent	300,575	366,341
Loss from discontinued operations attributable to owners of the parent	(537)	(38,438)
Profit attributable to owners of the parent	300,038	327,903

	2010 '000	2009 '000
Weighted average number of ordinary shares in issue	1,075,633	1,052,079

	2010 cent	2009 cent
Basic earnings per share for:		
Profit from continuing operations	27.9	34.8
Loss from discontinued operations	-	(3.6)
Profit for the year	27.9	31.2

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings on leasehold and freehold		Plant and equipment RM'000	Computer equipment RM'000	Work-in- progress RM'000	Total RM'000
			freehold land RM'000	land RM'000				
At 31 December 2010								
Cost								
At 1 January 2010								
As previously stated	28,007	-	157,933	140,781	64,133	4,278	395,132	
Effect of adopting FRS 117	-	3,707	297	-	-	-	4,004	
At 1 January 2010, restated	28,007	3,707	158,230	140,781	64,133	4,278	399,136	
Additions	-	-	9,232	6,445	2,147	1,534	19,358	
Disposals/write offs	-	-	-	(2,443)	(91)	-	(2,534)	
Disposal of a subsidiary	-	-	-	(226)	-	-	(226)	
Reclassified to intangible asset	-	-	-	(2,613)	-	-	(2,613)	
Reclassified to investment properties	-	-	-	-	-	(1,939)	(1,939)	
Reclassification	781	-	(781)	32	-	(32)	-	
At 31 December 2010	28,788	3,707	166,681	141,976	66,189	3,841	411,182	
Accumulated depreciation and impairment losses								
At 1 January 2010								
As previously stated	3,171	-	51,425	111,243	34,929	-	200,768	
Effect of adopting FRS 117	-	90	8	-	-	-	98	
At 1 January 2010, restated	3,171	90	51,433	111,243	34,929	-	200,866	
Depreciation charge for the year	-	45	4,914	7,207	7,075	-	19,241	
Disposals/write offs	-	-	-	(2,124)	(87)	-	(2,211)	
Disposal of a subsidiary	-	-	-	(189)	-	-	(189)	
Reclassified to intangible asset	-	-	-	(2,014)	-	-	(2,014)	
At 31 December 2010	3,171	135	56,347	114,123	41,917	-	215,693	
Net carrying amount								
At 31 December 2010	25,617	3,572	110,334	27,853	24,272	3,841	195,489	

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings on leasehold and						Total RM'000
	Freehold land RM'000	Leasehold land RM'000	freehold land RM'000	Plant and equipment RM'000	Computer equipment RM'000	Work-in- progress RM'000	
At 31 December 2009							
Cost							
At 1 January 2009							
As previously stated	29,244	-	156,181	135,040	61,208	838	382,511
Effect of adopting FRS 117	-	3,707	297	-	-	-	4,004
At 1 January 2009, restated	29,244	3,707	156,478	135,040	61,208	838	386,515
Additions	-	-	10,586	12,331	4,136	3,477	30,530
Disposals/write offs	-	-	-	(3,907)	(1,211)	(37)	(5,155)
Reclassified to investment properties	(1,237)	-	(11,517)	-	-	-	(12,754)
Reclassification	-	-	2,683	(2,683)	-	-	-
At 31 December 2009	28,007	3,707	158,230	140,781	64,133	4,278	399,136
Accumulated depreciation and impairment losses							
At 1 January 2009							
As previously stated	3,171	-	49,524	107,482	21,170	-	181,347
Effect of adopting FRS 117	-	45	4	-	-	-	49
At 1 January 2009, restated	3,171	45	49,528	107,482	21,170	-	181,396
Depreciation charge for the year	-	45	5,249	7,253	14,361	-	26,908
Disposals/write offs	-	-	-	(3,492)	(602)	-	(4,094)
Reclassified to investment properties	-	-	(3,344)	-	-	-	(3,344)
At 31 December 2009	3,171	90	51,433	111,243	34,929	-	200,866
Net carrying amount							
At 31 December 2009	24,836	3,617	106,797	29,538	29,204	4,278	198,270

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Building on freehold land RM'000	Plant and equipment RM'000	Computer equipment RM'000	Total RM'000
At 31 December 2010					
Cost					
At 1 January 2010	3,679	34,272	69,886	589	108,426
Additions	-	-	1,290	372	1,662
Disposals	-	-	(269)	(4)	(273)
At 31 December 2010	3,679	34,272	70,907	957	109,815
Accumulated depreciation					
At 1 January 2010	-	9,942	65,710	532	76,184
Depreciation charge for the year	-	686	1,139	140	1,965
Disposals	-	-	(269)	(1)	(270)
At 31 December 2010	-	10,628	66,580	671	77,879
Net carrying amount					
At 31 December 2010	3,679	23,644	4,327	286	31,936
At 31 December 2009					
Cost					
At 1 January 2009	4,916	45,789	68,346	525	119,576
Additions	-	-	1,543	64	1,607
Written off	-	-	(3)	-	(3)
Transfer to investment properties	(1,237)	(11,517)	-	-	(12,754)
At 31 December 2009	3,679	34,272	69,886	589	108,426
Accumulated depreciation					
At 1 January 2009	-	12,367	64,800	490	77,657
Depreciation charge for the year	-	917	912	42	1,871
Written off	-	(3,342)	(2)	-	(3,344)
At 31 December 2009	-	9,942	65,710	532	76,184
Net carrying amount					
At 31 December 2009	3,679	24,330	4,176	57	32,242

11. INVESTMENT PROPERTIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost				
At 1 January	705,040	596,618	236,268	220,194
Additions	9,268	98,750	2,135	3,320
Transfer from property, plant and equipment	1,939	12,754	-	12,754
Disposal	(3,614)	(3,082)	-	-
At 31 December	712,633	705,040	238,403	236,268
Accumulated depreciation and impairment				
At 1 January	64,290	55,544	53,882	47,055
Depreciation charge for the year	5,252	5,428	3,714	3,483
Transfer from property, plant and equipment	-	3,344	-	3,344
Disposal	-	(26)	-	-
At 31 December	69,542	64,290	57,596	53,882
Net carrying amount	643,091	640,750	180,807	182,386

The following investment properties are held under lease terms:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Leasehold land	52,298	52,588	-	-
Buildings	33,860	34,653	-	-
	86,158	87,241	-	-

The valuation of the investment properties of the Group and of the Company were performed by independent registered valuers, using open market basis to determine fair value in the years 2010 and 2009. The aggregate valuation amount of the investment properties of the Group and of the Company is RM1.257 billion (2009: RM1.057 billion) and RM435 million (2009: RM330 million) respectively.

12. SUBSIDIARY COMPANIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	1,057,240	1,067,163
Less: Accumulated impairment losses	(276,545)	(286,948)
	780,695	780,215

- (a) The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2010, to enable them to meet their obligations as and when they fall due during this period.

12. SUBSIDIARY COMPANIES (CONT'D)

- (b) Certain unquoted shares of subsidiaries are pledged to banks as securities for term loan facilities granted to subsidiaries, as disclosed in Note 24 to the financial statements.

Details of the subsidiaries are disclosed in Note 39 to the financial statements.

Acquisition of subsidiaries

On 17 May 2010, A.A.Anthony Securities Sdn Bhd, a 95.7% owned subsidiary of the Company had acquired 2 ordinary shares of RM1.00 each representing 100% equity interest in AAA Asset Management Sdn Bhd for a cash consideration of RM2.00. On 30 June 2010, the Company acquired 2 ordinary shares of RM1.00 each representing 100% equity interest in MP Property Management Sdn Bhd for a cash consideration of RM2.00.

The acquisitions of new subsidiaries are not expected to have any material effect on the earnings or net assets of the Group for the financial year ended 31 December 2010.

Disposal/Deconsolidation of subsidiaries

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

A wholly-owned subsidiary of the Company, Dynamic Pearl Sdn Bhd, had on 4 June 2010 entered into a Sale and Purchase of Shares Agreement with Dato' Ling Keak Ming for the disposal of 51% equity interest in MKR Consortium Sdn Bhd ("MKR") comprising 5,814,000 ordinary shares of RM1.00 each in MKR to Dato' Ling Keak Ming at a total cash consideration of RM4 million.

The deconsolidation and disposal had the following effects on the financial position of the Group as at the end of the year:

	2010 RM'000	2009 RM'000
Property, plant and equipment	(37)	(10,213)
Investment properties	-	(472)
Inventories	-	(85)
Receivables	(8,573)	(67,145)
Deposits, cash and bank balances	(20,214)	(21,455)
Payables	29,789	51,188
Tax payable	-	2,471
Bank overdraft	-	7
Deferred tax liabilities	-	2
Net assets disposed/deconsolidated	965	(45,702)
Attributable goodwill	32	-
Transfer from reserve	-	575
Minority interest	997	(45,127)
	860	30,084
Profit/(loss) on disposal/deconsolidation to the Group	1,857	(15,043)
Cash inflow/outflow arising on disposal/deconsolidation:		
Cash consideration	4,000	-
Cash and cash equivalents of subsidiaries disposed/deconsolidated	(20,214)	(21,448)
Net cash inflow on disposal	(16,214)	(21,448)

13. ASSOCIATED COMPANIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Shares quoted outside Malaysia, at cost	194,863	194,863	86,603	86,603
Unquoted shares inside Malaysia, at cost	100	100	-	-
Share of post-acquisition reserves	13,461	13,183	-	-
Less: Accumulated impairment losses	(101,803)	(101,803)	-	-
	106,621	106,343	86,603	86,603
Market value of quoted shares outside Malaysia	54,443	35,648	54,443	35,648

(i) The Directors are of the opinion that the accumulated impairment loss of RM101,803,000 (2009: RM101,803,000) has adequately taken into account the extent of any impairment in value of the investments which may have arisen.

(ii) The summarised financial information of the associates are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	25,630	22,237
Non-current assets	132,332	145,378
Total assets	157,962	167,615
Current liabilities	23,226	25,270
Non-current liabilities	31,778	37,221
Total liabilities	55,004	62,491
Results		
Revenue	50,065	52,673
Profit for the year	22,909	16,552

Details of the associated companies are disclosed in Note 39 of the financial statements.

14. INVESTMENT SECURITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current				
Available-for-sale investments				
Quoted corporations in Malaysia	34,076	24,852	-	-
Quoted corporations outside Malaysia	3,628	5,036	-	-
Malaysian Government Securities	-	19,901	-	-
Government Investments Issue	-	3,086	-	-
Corporate bonds	4,887	93,783	-	-
Wholesale fund/unit trust	226,599	-	-	-
	269,190	146,658	-	-

14. INVESTMENT SECURITIES (CONT'D)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fair-value-through-profit and loss				
Shares quoted in Malaysia	75,623	77,447	55,367	53,150
Shares quoted outside malaysia	102,853	40,839	102,853	40,839
Unit trusts	43,973	87,172	43,973	87,172
Corporate bonds	1,470	2,941	-	-
Irredeemable convertible loan stocks	27,337	25,905	-	-
	251,256	234,304	202,193	181,161
Total current investment securities	520,446	380,962	202,193	181,161
Non-Current				
Available-for-sale investments				
Unquoted shares in Malaysia	186,442	76,226	185,441	75,226
Investment Management Funds	1,015	1,490	1,015	1,490
Malaysian Government Securities	13,118	13,094	-	-
	200,575	90,810	186,456	76,716
Held-to-maturity				
Corporate bond	5,000	5,000	-	-
Total non-current investment securities	205,575	95,810	186,456	76,716
Total investment securities	726,021	476,772	388,649	257,877

The following table provides information on the interest rate range at the reporting date and the maturity or repricing periods, whichever is earlier.

	31.12.2010			Total amount RM'000	Interest rate per annum %
	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000		
Malaysian Government Securities	13,118	-	-	13,118	3.83
Corporate bonds	793	9,094	1,470	11,357	6.29
	31.12.2009			Total amount RM'000	Interest rate per annum %
	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000		
Malaysian Government Securities	-	28,012	4,983	32,995	2.81
Government Investment Issues	-	3,086	-	3,086	4.36
Corporate bonds	17,387	55,705	28,632	101,724	6.27

15. RECEIVABLES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current					
Other receivables	(a)	14,966	33,833	-	-
		14,966	33,833	-	-
Current					
Loans and advances		270,800	184,855	-	-
Less: Interest-in-suspense		(189,585)	(146,052)	-	-
Provision for doubtful debts		(33,726)	(32,565)	-	-
Security deposit		(1,664)	(1,673)	-	-
		45,825	4,565	-	-
Amounts due from clients	(b)	191,185	170,575	-	-
Less: Interest and rollover fee in suspense		(4,996)	(4,206)	-	-
Provision for doubtful debts		(10,264)	(10,922)	-	-
		175,925	155,447	-	-
Amounts due from dealers/brokers		4,666	3,025	-	-
Outstanding premium including agents/ brokers balance		55,753	58,095	-	-
Less: Provision for doubtful debts		(3,088)	(2,637)	-	-
		52,665	55,458	-	-
Amounts due from reinsurers/ceding companies and co-insurers		19,293	24,949	-	-
Less: Provision for doubtful debts		(778)	(2,796)	-	-
		18,515	22,153	-	-
Amount due from customers on contract					
Aggregate costs incurred to date		-	77,599	-	-
Add: Attributable profits		-	6,880	-	-
		-	84,479	-	-
Less: Progress billings		-	(104,498)	-	-
		-	(20,019)	-	-
Reclassified to other payables (Note 29)		-	20,019	-	-
		-	-	-	-
Trade receivables		11,362	10,234	1,280	2,890
Less: Provision for doubtful debts		(697)	(1,888)	(697)	(1,888)
		10,665	8,346	583	1,002

15. RECEIVABLES (CONT'D)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Other receivables	(c)	152,804	225,867	9,079	61,953
Staff loans		130	-	13	9
Amounts due from subsidiary companies	(d)	-	-	1,677,390	1,760,561
Less: Provision for doubtful debts					
- third parties		(10,944)	(14,506)	(36)	(36)
- subsidiary companies		-	-	(177,476)	(177,476)
Less: Interest in suspense		(17,826)	(17,119)	-	-
		124,164	194,242	1,508,970	1,645,011
		432,425	443,236	1,509,553	1,646,013
Total loans and receivables		447,391	477,069	1,509,553	1,646,013

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

- (a) The non-current receivable represent present value of future cash flows repayable from a single debtor of a subsidiary, commencing year 2010. The present value of future cash flows repayable is based on a discount rate which approximates the weighted average cost of capital of the subsidiary.
- (b) The amounts due from clients represent amounts receivable from margin and non-margin clients, and outstanding purchase contracts entered into by the stockbroking subsidiary on behalf of these clients.

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

- (c) Included in other receivables are amounts due from remisers of RM30,028,074 (2009: RM29,340,794), which are unsecured, have no fixed terms of repayment and bear interest at 9.5% (2009: 9.0%) per annum.
- (d) The amounts due from subsidiary companies are unsecured and repayable on demand.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2010 RM'000	2009 RM'000
Neither past due nor impaired	-	-
1 to 30 days past due not impaired	8,105	6,214
31 to 60 days past due not impaired	514	833
61 to 90 days past due not impaired	232	524
91 to 120 days past due not impaired	159	360
More than 121 days past due not impaired	1,505	264
	10,515	8,195
Impaired	2,039	
	11,362	10,234

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

15. RECEIVABLES (CONT'D)Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM10,515,000 (2009: RM8,195,000) that are past due at the reporting date but not impaired.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2010 RM'000	2009 RM'000
Group		
Trade receivables - nominal amounts	847	2,039
Less: Provision for doubtful debts	(697)	(1,888)
	150	151

Movement in provision accounts:

	Group and Company	
	2010 RM'000	2009 RM'000
At 1 January	1,888	190
Charge for the year (Note 5)	59	2,439
Write back of provision for doubtful debts	(1,250)	(741)
At 31 December	697	1,888

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. INTANGIBLE ASSETS

	Goodwill RM'000	Four digit gaming rights RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2009	1,126,624	1,836,199	-	2,962,823
Increase in shareholding of subsidiary	750	-	-	750
Development cost	-	650	-	650
At 31 December 2009 and 1 January 2010	1,127,374	1,836,849	-	2,964,223
Increase in shareholding of subsidiary	541	-	-	541
Disposal of a subsidiary	(32)	-	-	(32)
Development cost	-	7	-	7
Reclassified from property, plant and equipment (Note 10)	-	-	2,613	2,613
At 31 December 2010	1,127,883	1,836,856	2,613	2,967,352

16. INTANGIBLE ASSETS (CONT'D)

Group	Goodwill RM'000	Four digit gaming rights RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation and impairment				
At 1 January 2009/31 December 2009/ 1 January 2010				
	72,360	-	-	72,360
Amortisation for the year	-	14	-	14
Reclassified from property, plant and equipment (Note 10)	-	-	2,014	2,014
At 31 December 2010	72,360	14	2,014	74,388
Net carrying amount				
At 31 December 2009	1,055,014	1,836,849	-	2,891,863
At 31 December 2010	1,055,523	1,836,842	599	2,892,964

Key assumptions used in value-in-use calculations

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

	2010 %	2009 %
Gross margin	22.54	20.50
Growth rate	3.25	4.50
Discount rate	9.83	11.57

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

(i) Budgeted gross margin

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

(ii) Growth rate

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

(iii) Discount rate

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

Sensitivity to changes in assumptions

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

17. REINSURANCE ASSETS / INSURANCE CONTRACT LIABILITIES

Group	2010			2009		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
General insurance	619,948	(352,148)	267,800	742,736	(507,292)	235,444
The movements are further analysed as follow:						
Provision for claims reported by policy holders	381,184	(242,588)	138,596	411,533	(280,147)	131,386
Provision for IBNR	99,663	(65,410)	34,253	148,618	(126,132)	22,486
Provision for outstanding claims	480,847	(307,998)	172,849	560,151	(406,279)	153,872
Provision for unearned premium	139,101	(44,150)	94,951	182,585	(101,013)	81,572
	619,948	(352,148)	267,800	742,736	(507,292)	235,444
(a) Provision for outstanding claims						
At 1 January	560,151	(406,279)	153,872	438,526	(309,677)	128,849
Claims incurred in current accident year	236,945	(129,870)	107,075	296,782	(183,496)	113,286
Claims incurred in prior accident year	35,933	(18,254)	17,679	89,838	(71,243)	18,595
Movement in PRAD of claim liabilities at 75% confidence level	(9,165)	11,070	1,905	11,779	(11,464)	315
Movement in claims handling expenses	700	-	700	1,219	-	1,219
Adjustment in IBNR	(40,490)	49,652	9,162	27,729	(23,608)	4,121
Other movement in claims incurred during the year	(92,515)	83,663	(8,852)	7,577	(22,427)	(14,850)
Claims paid during the year	(210,712)	102,020	(108,692)	(313,299)	215,636	(97,663)
At 31 December	480,847	(307,998)	172,849	560,151	(406,279)	153,872
(b) Provision for Unearned Premiums						
At 1 January	182,585	(101,013)	81,572	115,091	(42,640)	72,451
Premiums written in the year	440,782	(207,665)	233,117	415,401	(216,426)	198,975
Premiums earned during the year	(484,266)	264,528	(219,738)	(347,907)	158,053	(189,854)
At 31 December	139,101	(44,150)	94,951	182,585	(101,013)	81,572

18. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At cost:		
Finished goods	4,723	4,972
Consumables and spares	157	27
	<hr/>	<hr/>
	4,880	4,999
At net realisable value:		
Finished goods	309	45
Consumables and spares	-	300
	<hr/>	<hr/>
	309	345
	<hr/>	<hr/>
Total inventories	5,189	5,344

19. SHORT TERM DEPOSITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term deposits with licensed banks	541,256	754,030	15,488	92,020

Included in deposits placed with licensed banks of the Group is an amount of RM33,067,000 (2009: RM25,241,059) which is pledged to banks as security for long term borrowings and banking facilities granted to subsidiaries as disclosed in Note 24 to the financial statements.

The effective interest rates of deposits at the reporting date were 1.5% to 3.53% (2009: 2.56% to 3.7%).

20. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2009	962,427	(44,584)	962,427	(50,871)
Ordinary shares issued during the year arising from conversion of warrants	115,322	-	115,322	-
Distribute of treasury shares	-	97,683	-	121,821
Purchase of treasury shares	-	(60,637)	-	(83,067)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009 and 1 January 2010	1,077,749	(7,538)	1,077,749	(12,117)
Purchase of treasury shares	-	(2,890)	-	(5,540)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,077,749	(10,428)	1,077,749	(17,657)

20. SHARE CAPITAL (CONT'D)

	Number of ordinary shares of RM1 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised share capital At 1 January/ 31 December	10,000,000	10,000,000	10,000,000	10,000,000

(a) Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

(b) Treasury Shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 22 June 2010, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 2,890,600 of its issued ordinary shares from the open market at an average price of RM1.91 per share. The total consideration paid for the repurchase was RM5,539,778 comprising of consideration paid amounting to RM5,519,353 and transaction costs of RM20,425. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 1,077,748,654 (2009: 1,077,748,654) issued and fully paid ordinary shares as at 31 December 2010, 10,428,031 (2009: 7,537,431) are held as treasury shares by the Company.

21. OTHER RESERVES

	Group	
	2010 RM'000	2009 RM'000
Capital reserve (Note (a))	44,744	44,744
Available-for-sale reserve (Note (b))	3,448	869
Foreign exchange reserve	(90)	(92)
	48,102	45,521

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

(b) Available-for-sale reserves represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

22. RETAINED PROFITS

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

22. RETAINED PROFITS (CONT'D)

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2010, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM677,609,234 (2009: RM552,100,683) out of its retained profits. As at 31 December 2010, the Company has tax exempt profits available for distribution of approximately RM182,519,207 (2009: RM179,760,533), subject to the agreement of the Inland Revenue Board. If the balance of the retained profits of RM398,498,766 (2009: RM379,453,764) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

23. AMOUNT DUE TO SUBSIDIARIES

Amount due to subsidiaries are unsecured and repayable on demand.

24. BORROWINGS

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term borrowings					
Secured:					
Bank overdrafts	(a)	-	265	-	-
Revolving credits	(b)	3,500	-	-	-
		3,500	265	-	-
Unsecured:					
Bank overdrafts	(a)	2,273	49	-	-
		2,273	49	-	-
		5,773	314	-	-
Long term borrowings					
Secured:					
Term loans	(c)	1,715,453	1,991,299	-	-
Total loans and borrowings					
Bank overdrafts		2,273	314	-	-
Revolving credits		3,500	-	-	-
Term loans		1,715,453	1,991,299	-	-
		1,721,226	1,991,613	-	-

The term loan shall be repaid by instalments in the following years:

Later than 1 year and not later than 2 years	351,845	72,456	-	-
Later than 2 years and not later than 3 years	855,708	175,594	-	-
Later than 3 years and not later than 4 years	541,361	428,450	-	-
Later than 4 years	4,583	1,358,500	-	-
	1,753,497	2,035,000	-	-

24. BORROWINGS (CONT'D)

- (a) The secured and unsecured bank overdrafts bore interest rate at 6.80% - 7.05% (2009: 6.30% - 7.50%) and 6.05% - 6.80% (2009: 6.05%) per annum respectively.
- (b) The revolving credit bore interest at 4.75% (2009: nil%) per annum.
- (c) The term loans bore interest at 3.82% - 5.31% (2009: 4.61% - 6.15%) per annum.

The term loans are secured by the following:

- (i) the entire issued and paid-up share capital of Magnum Corporation Sdn. Bhd. ("MCSB");
- (ii) all the shares directly or indirectly, legally and beneficially owned by MCSB in Magnum 4D Berhad;
- (iii) all the shares held or to be held by Magnum 4D Berhad in certain gaming subsidiaries; and
- (iv) all monies deposited or held in Cash Deposit Account (Note 19).

25. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

In year 2008, a subsidiary of the Company, Magnum Holdings Sdn. Bhd. ("MH") issued 10-year 1,414,554,219 of redeemable convertible unsecured loan stocks C ("RCULS-C") at a nominal amount of RM1 each, of which 674,657,671 of the RCULS-C is owned by third party.

The terms of RCULS-C are as follows:

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

The amounts recognised in statements of financial position of the Group is as follows:

	2010 RM'000	2009 RM'000
At 1 January	482,274	524,607
Interest expense recognised in income statement (Note 6)	29,215	31,603
Interest payable during the year	(74,213)	(73,198)
Reclassified from liability component to minority interests	-	(738)
At 31 December	437,276	482,274

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

26. DEFERRED TAX ASSETS/LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
At 1 January	98,035	111,864
Recognised in statements of comprehensive income (Note 7)	(14,387)	(14,174)
Recognised in opening retained profits	5,073	-
Recognised in equity	-	(1,665)
Effect of adopting RBC Frameworks	-	2,010
At 31 December	88,721	98,035
Presented after appropriate offsetting as follows:		
Deferred tax assets (a)	111,683	120,533
Deferred tax liabilities (b)	(22,962)	(22,498)
	88,721	98,035

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

Deferred tax assets of the Group

	Unearned premium reserves RM'000	Allowance for impairment in value of investment RM'000	Allowance for provision for doubtful debts RM'000	Unused tax losses and unabsorbed capital allowances RM'000	RCULS RM'000	Others RM'000	Total RM'000
At 1 January 2010	30	-	2,372	6,793	111,792	(454)	120,533
(Under)/over provided in prior year	-	-	-	(1,201)	9,106	-	7,905
Recognised in opening retained profits	-	-	-	-	-	5,073	5,073
Recognised in statements of comprehensive income	-	-	146	(2,999)	(11,249)	(7,726)	(21,828)
At 31 December 2010	30	-	2,518	2,593	109,649	(3,107)	111,683
At 1 January 2009	146	57	3,881	11,148	122,045	(945)	136,332
Effect of adopting RBC	-	-	-	-	-	635	635
Recognised in statements of comprehensive income	(116)	(57)	(1,509)	(4,355)	(10,253)	(144)	(16,434)
At 31 December 2009	30	-	2,372	6,793	111,792	(454)	120,533

26. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

Deferred tax liabilities of the Group

	Investment property and property, plant and equipment RM'000	Receivables RM'000	Total RM'000
At 1 January 2010	(22,382)	(116)	(22,498)
Recognised in statement of comprehensive income	(463)	(1)	(464)
At 31 December 2010	(22,845)	(117)	(22,962)
At 1 January 2009	(23,493)	(975)	(24,468)
Effect of adopting RBC	1,375	-	1,375
Recognised in equity	(1,665)	-	(1,665)
Recognised in statement of comprehensive income	1,401	859	2,260
At 31 December 2009	(22,382)	(116)	(22,498)

27. PROVISION FOR RETIREMENT BENEFITS

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

The amounts recognised in the statements of financial position are determined as follows:

	Group	
	2010 RM'000	2009 RM'000
Present value of funded defined benefit obligations, representing net liability	679	659
Analysed as:		
Within one year	-	-
More than 1 year and less than 2 years	679	659
	679	659

The amounts recognised in the statements of comprehensive income are as follows:

	Group	
	2010 RM'000	2009 RM'000
Current service cost	705	677

27. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

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

	Group	
	2010 RM'000	2009 RM'000
At 1 January	659	1,131
Recognised in statements of comprehensive income	705	677
Contributions paid	(685)	(1,149)
At 31 December	679	659
Principal actuarial assumptions used:		
	2010 %	2009 %
Discount rate	4.30	4.30
Expected return on plan assets	7.00	7.00
Expected rate of salary increases	7.00	7.00

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

28. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2010		2009	
	Notional amount RM'000	Liabilities RM'000	Notional amount RM'000	Liabilities RM'000
Non-hedging derivatives:				
Interest rate swaps	1,451,000	16,885	1,790,200	-

A subsidiary of the Company, Magnum Holdings Sdn Bhd uses interest rate swaps to manage the term loans exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure. Such derivatives do not qualify for hedge accounting.

The interest rate swaps are used to hedge cash flow interest rate risk arising from a floating rate term loan as disclosed in Note 24.

Period at 31 December 2009/2010

	Group
Floating interest received by swaps	KLIBOR + 2.4%
Fixed rate interest	3.4% - 4.64%
Maturity	May 2012

During the year, the Group recognised a gain of RM5,489,000 (2009: RMnil) arising from fair value changes of derivative liabilities. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 36.

29. PAYABLES

Note	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
Trade payables and bills payable	(a) 174,094	172,446	260	1,098
Amount due to reinsurers/ ceding companies	44,055	39,675	-	-
Amount due to agents/brokers and insureds	22,466	20,028	-	-
Other payables and accruals	102,586	104,167	19,400	16,525
Amount due to customers (Note 15)	-	20,019	-	-
Interest payable to Redeemable Convertible Unsecured Loan Stock holders (Note 25)	188,573	114,360	-	-
Amounts due to shareholders	(b) 10,613	10,613	-	-
Total financial liabilities carried at amortised cost	542,387	481,308	19,660	17,623

- (a) Included in trade payables is an amount of RM49,958,979 (2009: RM48,512,160) representing amount payable to margin and non-margin clients, and outstanding sales contracts entered into by the stockbroking subsidiary on behalf of these clients.

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

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

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

30. OPERATING LEASE ARRANGEMENTS

	Group	
	2010 RM'000	2009 RM'000
Non-cancellable operating lease commitments		
- Group as lessee		
Future minimum rentals payable:		
Not later than 1 year	2,196	1,473
Later than 1 year and not later than 5 years	2,446	2,067
	4,642	3,540

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

31. CAPITAL COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Approved and contracted for:				
Computer hardware and software	1,906	-	-	-
Land held for development	-	2,701	-	-
Investment properties	11,094	-	11,094	-
Put option to acquire shares (a)	-	280,000	-	280,000
	13,000	282,701	11,094	280,000
Approved but not contracted for:				
Property, plant and equipment	-	116	-	-

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

On 29 April 2010, the Company received a confirmation from the financial institution that the Put Option Agreement was terminated and that the Company has been released and discharged from all agreements, undertakings and obligations whatsoever as contained in the Put Option Agreement.

32. CONTINGENT LIABILITIES

Note	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Guarantees to financial institutions in respect of bank borrowings granted to subsidiary companies - secured (a)	-	-	127,050	127,050
Litigation claim for alleged mismanagement of the client's accounts	656	713	-	-
	656	713	127,050	127,050

- (a) These are contingent liabilities in respect of the Company relating to corporate guarantee issued to financial institutions in respect of banking facilities granted to certain subsidiary companies in the normal course of business.
- (b) In the normal course of business, the insurance and securities broking and dealing subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.
- (c) Kuala Lumpur High Court Suit No. S1-22-946-2008

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

32. CONTINGENT LIABILITIES (CONT'D)

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

On 31 May 2010, the Kuala Lumpur High Court allowed the Injunction Application to restrain GSB, among others, from dealing with the Property, with costs in the cause ("Decision"). On 21 June 2010, GSB's solicitors filed an appeal to the Court of Appeal against the Decision. Currently the hearing date for the appeal has yet to be fixed. Meantime, the Kuala Lumpur High Court has fixed 3 May 2011 for pre-trial case management.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Subsidiary companies:				
Brokerage payable	-	-	365	483
Interest receivable on loans	-	-	12	10,170
Office rental income	-	-	2,277	1,715
Management fees receivable	-	-	2,514	2,987
Gross insurance premium payable	-	-	265	224
Affiliated companies:				
Gross insurance premium receivable	929	458	-	-
Insurance commission payable	135	49	-	-
Office rental income	243	217	231	202
Office rental payable	597	597	-	-
Professional fees payable	965	3,727	966	822

- (i) The above transactions are entered into in the normal course of business based on negotiated and mutual terms.
- (ii) Affiliated companies during the financial year refer to the following:
- Metra Management Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
 - Ganda Pesona Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
 - MWE Properties Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
 - Heng Guan Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.
 - Wejay Consult Sdn. Bhd., incorporated in Malaysia, which is a corporation in which a Director has a substantial financial interest.

34. SIGNIFICANT EVENTS

(a) Share buy-back

At the Annual General Meeting held on 22 June 2010, the shareholders of the Company renewed their approval granted at the Annual General Meeting held on 25 June 2009, authorising the Company to purchase and/or hold ordinary shares of RM1.00 each in the Company as treasury shares provided that the maximum number of shares which may be purchased and/held by the Company at any point in time shall not exceed 10% of the total issued and paid-up share capital of the Company and that the maximum amount of funds to be allocated by the Company for the proposed share buy-back shall not exceed the share premium of the Company. As at 31 December 2010, the share premium of the Company amounted to RM681,389,758 (2009: RM681,389,758).

During the financial year, the Company bought back 2,890,600 (2009: 60,636,700) ordinary shares of RM1.00 each ("MPHB Shares") from the open market and all MPHB Shares bought back by the Company were retained as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

(b) Termination of Put Option Agreement

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

On 29 April 2010, the Company received a confirmation from the financial institution that the Put Option Agreement was terminated and that the Company has been released and discharged from all agreements, undertakings and obligations whatsoever as contained in the Put Option Agreement.

(c) Disposal of a subsidiary

A wholly-owned subsidiary of the Company, Dynamic Pearl Sdn Bhd, had on 4 June 2010 entered into a Sale and Purchase of Shares Agreement with Dato' Ling Keak Ming for the disposal of 51% equity interest in MKR Consortium Sdn Bhd ("MKR") comprising 5,814,000 ordinary shares of RM1.00 each in MKR to Dato' Ling Keak Ming at a total cash consideration of RM4 million.

(d) Memorandums of Understanding between the Company and Bandar Raya Developments Berhad ("BRDB")

The Company had on 13 July 2010 signed three separate Memorandums of Understandings ("MOUs") with BRDB to record the Parties' mutual intention of combining their resources and expertise to undertake development of several parcels of land in Pulau Pinang (measuring approximately 80 acres), Rawang (measuring approximately 266.7 acres) and Gombak (measuring approximately 324 acres) legally and/or beneficially owned by the Group. The Company and BRDB have mutually agreed to further extend the duration of the three MOUs to 30 April 2011 to enable the parties to finalise and conclude the terms of the joint venture.

35. SUBSEQUENT EVENTS

Proposed acquisition by the Company of the remaining 49% equity interest in Magnum Holdings Sdn Bhd ("Magnum") not already held by the Company and other securities in Magnum

"The Company had on 9 February 2011 entered into a Memorandum of Understanding ("MOU") with Asia 4D Holdings Limited and Asia 4D Company Limited and another MOU with certain members of the management of Magnum with respect to the proposed acquisition by the Company of the remaining 49% equity interest in Magnum not already owned by the Company and RM674,657,671 nominal value redeemable convertible loan stock class C of Magnum for a total purchase consideration of RM1,637,198,928 to be satisfied via the issuance of 360,000,000 new ordinary shares of RM1.00 each at RM2.30 per share and cash of RM809,198,928.

35. SUBSEQUENT EVENTS (CONT'D)

Proposed acquisition by the Company of the remaining 49% equity interest in Magnum Holdings Sdn Bhd ("Magnum") not already held by the Company and other securities in Magnum (cont'd)

On 11 March 2011, the Company proposed the following:

- (i) Proposed acquisition by the Company of 47% equity interest in Magnum Holdings Sdn Bhd ("MH") from Asia 4D Holdings Limited ("Asia 4D Holdings") for a total consideration of RM724,829,998 to be satisfied through the issuance of 315,143,477 new ordinary shares of RM1.00 each in the Company at an issue price of RM2.30 per share ("Proposed Acquisition from Asia 4D Holdings");
- (ii) Proposed subscription by the Company of new irredeemable convertible preference shares ("ICPS") in Asia 4D Company Limited ("Asia 4D Company") for a total consideration of RM857,170,002 to be satisfied by a combination of cash payment of RM809,198,928 and the issuance of 28,683,076 new Company's share at an issue price of RM2.30 per Company's share ("Proposed Subscription");
- (iii) Proposed acquisition by the Company of 2% equity interest in MH from certain members of the management of MH ("Management") for a total consideration of RM30,839,976 to be satisfied through the issuance of 13,408,685 new Company's shares at an issue price of RM2.30 per Company's share ("Proposed Acquisition from Management"); and
- (iv) Proposed redemption by MH of RM4,866,676 nominal value 10-year 11% redeemable convertible unsecured loan stocks class C ("RCULS-C") from the Management and settlement of interest accrued on the RCULS-C amounting to RM1,492,276 to be satisfied through the issuance of 2,764,762 new Company's shares by the Company to the Management at an issue price of RM2.30 per Company's share ("Proposed Redemption").

The Company had on the same day entered into the following agreements:

- (i) a share sale agreement with Asia 4D Holdings in relation to the Proposed Acquisition from Asia 4D Holdings;
- (ii) a subscription agreement with Asia 4D Company, a wholly-owned subsidiary of Asia 4D Holdings, in relation to the Proposed Subscription;
- (iii) a share sale agreement with the Management in relation to the Proposed Acquisition from Management; and
- (iv) a subscription agreement between MH, the Management and the Company in relation to the Proposed Redemption.

36. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Interest rate risk

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk (cont'd)

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

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

	2010 RM'000	Group 2009 RM'000
Within 1 year	1,204,800 - 1,451,000	1,451,000 - 1,750,000
1 - 2 years	942,000 - 1,204,800	1,123,000 - 1,451,000
2 - 3 years	-	942,000 - 1,123,000

The fixed interest rates relating to interest rate swaps at the balance sheet vary from 3.40% to 4.64% (2009: 3.40% to 4.64%).

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit net of tax.

	2010	Effect on profit net of tax RM'000
	Increase/ decrease in basis points	
Group	+25	(3,065)
	- 25	3,065

(c) Foreign exchange risk

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign exchange risk (cont'd)

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

Group	Cash, deposit and bank balances RM'000	MH Group Receivables RM'000
At 31 December 2010		
Philliphine Peso	4,756	-
Australian Dollar	15	-
United States Dollar	768	-
Hong Kong Dollar	350	373
Singapore Dollar	1,087	-
<hr/>		
At 31 December 2009		
United States Dollar	2,311	-
Renminbi	867	189
Singapore Dollar	2,773	-
<hr/>		

(d) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2010					Total RM'000
	On demand or within one year RM'000	One to two years RM'000	Two to three years RM'000	Three to four years RM'000	More than four years RM'000	
Financial liabilities:						
Group						
Trade and other payables	542,387	-	-	-	-	542,387
Loans and borrowings	81,844	89,820	428,001	911,960	537,202	2,048,827
Derivatives liability						
- settled net	-	17,240	-	-	-	17,240
Loan stocks	88,521	88,521	88,521	88,521	1,122,832	1,476,916
<hr/>						
Total undiscounted financial liabilities	712,752	195,581	516,522	1,000,481	1,660,034	4,085,370
<hr/>						
Company						
Payables	19,660	-	-	-	-	19,660
<hr/>						

36. FINANCIAL INSTRUMENTS (CONT'D)

(e) Credit risk

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

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

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments are listed on the Bursa Malaysia and the quoted debt instruments relate to Malaysian Government Bonds. These instruments are classified as available-for-sale and fair value through profit and loss financial assets. The Group does not have exposure to commodity price risk.

As at 31 December 2010, the Group is exposed to equity price arising from its investment in quoted equity instruments.

(g) Fair values

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

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

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

(ii) Quoted investments

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

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

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

(iv) Term loans

The carrying amounts of term loans is approximated to the fair values based on current lending rates for similar types of lending and borrowing arrangements.

(v) Derivative financial instruments

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap model, using present value calculations. The model incorporate various inputs including the credit quality of counterparties and interest rate curves.

36. FINANCIAL INSTRUMENTS (CONT'D)

(g) Fair values (cont'd)

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

(vi) Unquoted investments

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

(vii) Amount due from/to subsidiary companies

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

The notional amounts and fair values of financial instruments of the Group and of the Company as at the end of the financial year are as follows:

	Group		Company	
	Notional Amount RM'000	Fair Value RM'000	Notional Amount RM'000	Fair Value RM'000
Financial liabilities				
At 31 December 2010:				
Contingent liabilities	656	^	127,050	*
At 31 December 2009:				
Contingent liabilities	713	^	127,050	*

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

* The Company did not recognise the unexpired financial guarantees issued by the Company as financial liabilities as the financial guarantees granted is the pre-condition for getting credit facilities by the subsidiary companies rather than in exchange for reducing interest rate.

(h) Put and call option agreement

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

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

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

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

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

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

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is the net debt divided by total equity plus net debt. The Group includes within its net debt, term loans, payables, less cash and bank balances and short term deposits. Capital of the Group represents total equity.

The debt to equity ratio as at 31 December 2010 and 31 December 2009 are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Payables	542,387	481,308	19,660	17,623
Borrowings	1,721,226	1,991,613	-	-
Less: Cash and bank balances	(121,339)	(51,699)	(21,237)	(3,145)
Less: Short term deposits	(541,256)	(754,030)	(15,488)	(92,020)
Net debt	1,601,018	1,667,192	(17,065)	(77,542)
Total equity	2,367,455	2,166,092	2,817,590	2,858,337
Capital and net debt	3,968,473	3,833,284	2,800,525	2,780,795
Gearing ratio	40%	43%	(1%)	(3%)

38. SEGMENT INFORMATION**(a) Business segment:**

The Group is organised into four major business segments:

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

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

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

38. SEGMENT INFORMATION (CONT'D)**(a) Business segment (cont'd.)**

2010	Continuing operations							Total operations RM'000
	Gaming RM'000	Financial services RM'000	Securities dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Discontinued operations RM'000	
Revenue								
External	3,303,225	225,271	29,652	54,796	3,445	-	841	3,617,230
Inter-segment	-	-	-	2,051	5,549	(7,600)	-	-
Total revenue	3,303,225	225,271	29,652	56,847	8,994	(7,600)	841	3,617,230
Results								
Segment results	550,186	53,762	12,038	23,174	142,025	(113,765)	(537)	666,883
Finance costs								(123,821)
Share of profit of associates and jointly controlled entities							4,510	4,510
Segment profit before tax							(537)	547,572
Income tax expense							-	(102,191)
Segment profit							(537)	445,381

38. SEGMENT INFORMATION (CONT'D)

(a) Business segment (cont'd.)

	Continuing operations								
	Gaming RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Discontinued operations RM'000	Total operations RM'000
2010 (cont'd)									
Assets and liabilities									
Segment assets	4,302,734	1,035,948	428,330	913,875	454,810	(1,239,633)	5,896,064	28,824	5,924,888
Investment in associates							106,621	-	106,621
Unallocated corporate assets							276,286	-	276,286
Total assets							<u>6,278,971</u>	<u>28,824</u>	<u>6,307,795</u>
Segment liabilities	1,450,293	706,106	72,799	35,315	10,822	(687,949)	1,587,386	29,789	1,617,175
Unallocated corporate liabilities							1,766,537	-	1,766,537
Total liabilities							<u>3,353,923</u>	<u>29,789</u>	<u>3,383,712</u>
Other information									
Capital expenditure	4,234	4,131	135	9,640	10,486	-	28,626	-	28,626
Depreciation	8,336	1,220	1,315	6,734	5,358	1,503	24,466	29	24,495
Amortisation	14	-	-	-	-	-	14	-	14
Impairment losses	-	1,139	-	-	568	-	1,707	-	1,707
Non-cash expenses other than depreciation, amortisation and impairment losses	(5,361)	(5,703)	(1,653)	(6,146)	(23,583)	(22,071)	(64,517)	-	(64,517)

38. SEGMENT INFORMATION (CONT'D)**(a) Business segment (cont'd.)**

2009	Continuing operations							Total operations RM'000
	Gaming RM'000	Financial services RM'000	Securities dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Discontinued operations RM'000	
Revenue								
External	3,021,712	190,677	32,593	39,481	37,663	-	3,322,126	1,162
Inter-segment	-	-	-	3,154	281,481	(284,635)	-	-
Total revenue	3,021,712	190,677	32,593	42,635	319,144	(284,635)	3,322,126	1,162
Results								
Segment results	466,143	41,302	21,141	4,724	684,555	(538,080)	679,785	(38,365)
Finance costs	(220,521)	-	-	-	(560)	58,041	(163,040)	-
Share of profit of associates and jointly controlled entities	-	3,608	-	-	(594)	-	3,014	-
Segment profit before tax							519,759	(38,365)
Income tax expense							(76,514)	(73)
Segment profit							443,245	(38,438)
								404,807

38. SEGMENT INFORMATION (CONT'D)**(a) Business segment (cont'd.)**

	Continuing operations						
	Gaming RM'000	Financial services RM'000	Securities broking and dealing RM'000	Property investment and leisure RM'000	Others RM'000	Eliminations RM'000	Total operations RM'000
2009 (cont'd)							
Assets and liabilities							
Segment assets	4,337,228	1,059,064	411,119	788,885	548,680	(1,173,275)	5,971,701
Investment in associates							106,343
Unallocated corporate assets							255,756
Total assets							6,333,800
Segment liabilities	1,650,547	815,948	69,346	600,025	1,426,709	(2,886,985)	1,675,590
Unallocated corporate liabilities							2,052,752
Total liabilities							3,728,342
Other information							
Capital expenditure	4,870	3,876	509	115,399	4,626	-	129,280
Depreciation	13,272	1,086	1,704	9,318	6,905	-	32,285
Amortisation	63	-	-	45	-	-	108
Impairment losses	-	-	-	7,511	-	(7,470)	41
Reversal of impairment losses	-	-	-	(295)	(36,524)	-	(45,605)
Non-cash expenses other than depreciation, amortisation and impairment losses	955	1,644	25	585	1,971	136	5,316
							18,793
							24,109
							28,859
							(46,130)
							1,190
							33,475
							28,818
							6,333,800
							1,675,590
							2,052,752
							3,728,342
							3,728,342

38. SEGMENT INFORMATION (CONT'D)**(b) Geographical segments**

	Revenue by geographical segments					
	Continuing operations		Discontinuing operations		Total	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	3,616,389	3,322,126	841	1,162	3,617,230	3,323,288

	Group		Company	
	2010 RM'000	2009 RM'000 (Restated)	2010 RM'000	2009 RM'000
Malaysia	6,213,843	6,242,306	28,626	129,280
Hong Kong	-	-	-	-
People's Republic of China	-	-	-	-
Philippines	91,359	91,494	-	-
British Virgin Islands	-	-	-	-
Channel Islands	-	-	-	-
Indonesia	-	-	-	-
Others	2,593	-	-	-
Total	6,307,795	6,333,800	28,626	129,280

39. PRINCIPAL SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES**Subsidiary companies**

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2010	2009	
Direct subsidiary companies of the Company				
Multi-Purpose Capital Holdings Berhad	Malaysia	100.00	100.00	Investment holding
Multi-Purpose Shipping Corporation Berhad	Malaysia	100.00	100.00	Investment holding and property investment
Capi-Grow Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Marinco Holdings Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
West-Jaya Sdn. Bhd.	Malaysia	70.00	70.00	Investment holding and property investment
Dynamic Pearl Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding

39. PRINCIPAL SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES (CONT'D)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2010	2009	
Direct subsidiary companies of the Company (cont'd)				
Definite Command Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Queensway Nominees (Tempatan) Sdn. Bhd.	Malaysia	70.00	70.00	Nominee services and property investment
Queensway Nominees (Asing) Sdn. Bhd.	Malaysia	70.00	70.00	Nominee services and property investment
MKR Consortium Sdn. Bhd.	Malaysia	-	51.00	Designing and construction of railway and related activities
Magnum Holdings Sdn. Bhd.	Malaysia	51.00	51.00	Investment holding
Caribbean Gateway Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Multi-Purpose International Ltd.	Malaysia	100.00	100.00	Investment holding
Jayavest Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Leisure Dotcom Sdn. Bhd.	Malaysia	70.00	70.00	Property investment
Magnum.Com Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
Magnum Leisure Sdn. Bhd.	Malaysia	100.00	100.00	Operation of a hotel
Mimaland Bhd.	Malaysia	94.51	94.51	Dormant
Syarikat Perniagaan Selangor Sdn. Bhd.	Malaysia	100.00	100.00	Property investment & management and operation of hotel
Tibanis Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
Kelana Megah Development Sdn. Bhd.	Malaysia	100.00	100.00	Plantation and property holding
Leisure Management (Hong Kong) Limited	Hong Kong	100.00	100.00	Investment holding and trading operations
MP Property Management Sdn Bhd	Malaysia	100.00	-	Property management
Subsidiary companies of Multi-Purpose Capital Holdings Berhad				
Multi-Purpose Insurans Bhd.	Malaysia	100.00	100.00	General insurance
Multi-Purpose Credit Holdings Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding
Subsidiary companies of Multi-Purpose Credit Holdings Sdn. Bhd.				
Multi-Purpose Credit Sdn. Bhd.	Malaysia	100.00	100.00	Leasing, hire purchase and general loan financing
MP Factors Sdn. Bhd.	Malaysia	100.00	100.00	Business of factoring and property investment
Multi-Purpose Venture Partners Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Multi-Purpose Credit Nominees (Tempatan) Sdn. Bhd.	Malaysia	100.00	100.00	Nominees services

39. PRINCIPAL SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES (CONT'D)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2010	2009	
Subsidiary company of Multi-Purpose Insurans Bhd.				
MPIB Nominees (Tempatan) Sdn. Bhd.	Malaysia	100.00	100.00	Dormant
Subsidiary companies of Multi-Purpose Shipping Corporation Berhad				
Mulpha Kluang Maritime Carriers Sdn. Bhd.	Malaysia	100.00	100.00	Property investment
Multi-Purpose Development (PG) Sdn. Bhd.	Malaysia	100.00	100.00	Property development
Subsidiary companies of Dynamic Pearl Sdn. Bhd.				
A.A. Anthony Securities Sdn. Bhd.	Malaysia	95.70	95.70	Securities broking and dealing
MP Solutions Sdn. Bhd.	Malaysia	100.00	100.00	Sales of financial products and services
Subsidiary companies of A.A. Anthony Securities Sdn. Bhd.				
AA. Anthony Nominees (Tempatan) Sdn. Bhd.	Malaysia	95.70	95.70	Nominees services
AA. Anthony Nominees (Asing) Sdn. Bhd.	Malaysia	95.70	95.70	Nominees services
JBS Asset Management Sdn. Bhd. <i>(in voluntary liquidation)</i>	Malaysia	95.70	95.70	Dormant
A.A. Anthony & Company Sdn. Bhd.	Malaysia	95.70	95.70	Dormant
A.A.A. Nominees (Tempatan) Sdn. Bhd.	Malaysia	95.70	95.70	Dormant
A.A.A. Nominees (Asing) Sdn. Bhd.	Malaysia	95.70	95.70	Dormant
A.A.A. Assets Management Sdn. Bhd.	Malaysia	95.70	-	Asset management
Subsidiary company of Definite Command Sdn. Bhd.				
Balik Pulau Water Village Sdn Bhd <i>(liquidated)</i>	Malaysia	-	50.50	Dormant

39. PRINCIPAL SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES (CONT'D)

Subsidiary companies (cont'd)

Name of subsidiary company	Country of incorporation	Group's effective interest held (%)		Principal activities
		2010	2009	
Subsidiary company of Syarikat Perniagaan Selangor Sdn. Bhd.				
Flamingo Management Sdn. Bhd.	Malaysia	100.00	100.00	Hotel management
Subsidiary companies of Magnum Holdings Sdn. Bhd.				
Magnum Corporation Sdn. Bhd.	Malaysia	51.00	51.00	Investment holding, operation of four digit numbers forecast betting game and management services
Magnum 4D Berhad	Malaysia	50.72	50.70	Investment holding and management services
ENE (Selangor) Sdn. Bhd.	Malaysia	46.81	46.79	Forecast betting
ENE (Perak) Sdn. Bhd.	Malaysia	49.09	49.08	Forecast betting
ENE (Penang) Sdn. Bhd.	Malaysia	48.90	48.88	Forecast betting
ENE (Negeri Sembilan) Sdn. Bhd.	Malaysia	46.25	46.23	Forecast betting
ENE (Melaka) Sdn. Bhd.	Malaysia	45.67	45.66	Forecast betting
M4D (Johor) Sdn. Bhd.	Malaysia	43.16	43.15	Forecast betting
ENE (East Coast) Sdn. Bhd.	Malaysia	45.54	45.52	Forecast betting
ENE (East Malaysia) Sdn. Bhd.	Malaysia	50.56	50.54	Forecast betting
Longterm Profit Sdn. Bhd.	Malaysia	50.72	50.70	Investment holding and four digit agency management
Magnum Information Technology Sdn. Bhd.	Malaysia	50.83	50.82	Providing information technology services
Choicevest Sdn. Bhd.	Malaysia	50.72	50.70	Investment holding
Natmatic Sdn. Bhd.	Malaysia	51.00	51.00	Dormant
Secure Tangent Sdn. Bhd.	Malaysia	50.83	50.82	Providing information technology security consulting services
Tiara Vegas Sdn. Bhd.	Malaysia	51.00	51.00	Dormant
Name of associated company				
Country of incorporation				
Group's effective interest held (%)				
2010				
2009				
Principal activities				
Philippines Racing Club, Inc. ^{**,#1}	Philippines	33.01	33.01	Operation of a horse racing club and off-track betting
Tune Insurance (Labuan) Ltd. ^{**}	Malaysia	20.00	20.00	Reinsurance

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

^{#1} Listed on the Philippines Stock Exchange.

40. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits of the Group and Company		
- realised	1,775,012	1,086,299
- unrealised	(14,974)	(10,191)
Total share of retained profits from associated companies:-		
- realised	4,551	-
- unrealised	(41)	-
Less: Consolidation adjustments	(1,186,677)	-
Retained profits as per financial statements	577,871	1,076,108

Top 10 List of Properties Owned by Multi-Purpose Group

as at 31 December 2010

	LOCATION	TENURE	RESIDUAL LEASE (YEARS)	EXPIRY DATE	APPROX AREA	DESCRIPTION	AGE OF BUILDINGS (YEARS)	NBV (RM'000)	LAST REVALUATION DATE
1	Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah 50100 Kuala Lumpur	Freehold	-	-	8.44 acres	Commercial 40 - Storey Office Building	17	175,381	28.03.2011
2	Lot 74, 109, 201, 364, 375, 437, 519, 520, 672, 836, 837, 919, 980 & 1104, Mukim Pengerang, District of Kota Tinggi, Johor	Freehold	-	-	3,871.88 acres	Agriculture	-	79,000	28.03.2011
	Lot 992, 993 & 994, Mukim Pengerang, District of Kota Tinggi, Johor	Leasehold	920	2930	769.41 acres	Agriculture	-		
3	Lot 2947, Geran 18307, Mukim Setapak, District of Gombak, Selangor	Freehold	-	-	104.13 acres	Recreational	-	70,000	10.03.2011
	Lot 3003, CT 15467, Mukim Setapak, District of Gombak, Selangor	Freehold	-	-	20.28 acres	Recreational	-		10.03.2011
	Lot PT.A, HS(D) 1767 & Lot PT.B, HS(D) 14977, & Lot PT 7546, HS(D) 14978, Mukim Setapak, District of Gombak, Selangor	Leasehold	59	2069	197 acres	Recreational	-		10.03.2011
	Lot PT 5300, HS(M) 1726 & Lot PT 5301, HS(M) 1727, Mukim Setapak, District of Gombak, Selangor	Leasehold	81	2091	2.60 acres	Recreational	-		10.03.2011
4	115-121, Jalan Imbi, 55100 Kuala Lumpur Geran 12089, Lot 200, Section 67, Bandar & Daerah Kuala Lumpur	Freehold	-	-	1.50 acres	Vacant land	-	68,067	27.04.2009
5	Geran 47410 Lot 1282 Geran 42982, Lot 1283 Seksyen 67, Bandar & Daerah Kuala Lumpur	Freehold	-	-	1.36 acres	Vacant land	-	61,790	27.04.2009
6	Lot 18056, Geran 54445 & Lot 18057, Geran 54446, Mukim Rawang, District of Gombak, Selangor	Freehold	-	-	264.50 acres	Vacant land	-	55,000	10.03.2011
	Lot 1048, PM 854, Bandar Kundang, District of Gombak	Leasehold	81	2091	2.22 acres	Vacant land	-		10.03.2011

	LOCATION	TENURE	RESIDUAL LEASE (YEARS)	EXPIRY DATE	APPROX AREA	DESCRIPTION	AGE OF BUILDINGS (YEARS)	NBV (RM'000)	LAST REVALUATION DATE
7	Lot 4071 (Geran 60996) Town of Tanjung Bungah, District of North East, Pulau Pinang	Freehold	-	-	2.33 acres	Hotel & Restaurant	-	49,577	29.03.2011
8	Lot 296, 302, 306, 1278, 1283, 1288, 1460-1465, 1675, 1677, 1688, 1713, 1714, 2343, 2346 and 14895 Mukim 12, Daerah Barat Daya, Pulau Pinang	Freehold	-	-	80.95 acres	Vacant land	-	42,000	10.03.2011
9	PT14851 PT 13499, PM343, PT 13500, PM344, PT 13501, PM345, Mukim Hulu Kelang, District of Gombak, Selangor	Leasehold	81	2091	12.90 acres	Hotel, Recreation, Guard House & Restaurant	14-15	37,984	28.03.2011
10	GM 101 Lot No 199, GM 102 Lot 200 GM 147 Lot 348, GM 268 Lot 304 Geran 10519, Lot 362, Geran 26597 Lot 332, Geran 45123 Lot 364, Mukim B, Tempat Sg Rusa, Daerah Barat Daya, Pulau Pinang	Freehold	-	-	207.58 acres	Vacant land	-	31,465	31.12.2010

Analysis of Equity and Convertible Securities

as at 31 March 2011

Class of Security	:	Ordinary Shares of RM1.00 each
Authorised Share Capital	:	RM10,000,000,000
Total Issued and Paid-Up Capital	:	RM 1,077,748,654
Voting Right	:	1 vote per share

	No. of Holders	% of Holders	No. of Shares	% of Shares
Largest Shareholders	30	0.09	659,997,399	61.24
Size of Holdings				
less than 100	2,219	6.52	87,068	0.01
100 - 1,000	5,443	15.99	2,883,019	0.27
1,001 - 10,000	20,758	60.99	73,237,125	6.80
10,001 - 100,000	5,042	14.81	131,168,841	12.17
100,001 - less than 5% of issued shares	574	1.69	530,729,050	49.24
5% and above of issued shares	1	0.00	339,643,551	31.51
Total	34,037	100.00	1,077,748,654	100.00

THIRTY (30) MAJOR SHAREHOLDERS AS AT 31 MARCH 2011

	Name	Shareholdings	%
1.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Casi Management Sdn Bhd</i>	339,643,551	31.51
2.	ABB NOMINEE (TEMPATAN) SDN BHD <i>Pledged Securities Account For Caizhi Development Sdn Bhd</i>	49,943,290	4.63
3.	HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For Credit Suisse</i>	30,966,549	2.87
4.	HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For RBS Coutts Bank Ltd (Sg Branch)</i>	27,847,960	2.58
5.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>Pledged Securities Account For MWE Holdings Berhad</i>	24,500,000	2.27
6.	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD <i>Kingston Ventures Corp.</i>	19,180,000	1.78
7.	CRUICKSAND FINANCE LIMITED	17,600,000	1.63
8.	HDM NOMINEES (ASING) SDN BHD <i>Exempt An For UOB Kay Hian Pte Ltd</i>	15,838,736	1.47
9.	HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For ABN AMRO Bank (Switzerland)</i>	12,432,530	1.15
10.	A.A. ANTHONY NOMINEES (ASING) SDN BHD <i>Pledged Securities Account For Mr Sakarin Uppatthangkul</i>	11,447,000	1.06
11.	MULTI-PURPOSE HOLDINGS BERHAD <i>Share Buy Back Account</i>	10,428,031	0.97
12.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB Bank Berhad</i>	10,426,900	0.97

THIRTY (30) MAJOR SHAREHOLDERS AS AT 31 MARCH 2011 (CONT'D)

Name	Shareholdings	%
13. HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For JP Morgan Chase Bank, National Association</i>	9,393,700	0.87
14. ECM LIBRA INVESTMENT BANK BERHAD <i>For ECM Libra Investment Bank Berhad</i>	9,000,000	0.84
15. CARTABAN NOMINEES (ASING) SDN BHD <i>State Street London Fund MATF For Marathon New Global Fund PLC</i>	6,967,780	0.65
16. CITIGROUP NOMINEES (ASING) SDN BHD <i>Exempt An For UBS AG Singapore</i>	6,660,349	0.62
17. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>Maybank Trustees Berhad For Saham Amanah Sabah</i>	6,000,000	0.56
18. A.A. ANTHONY NOMINEES (ASING) SDN BHD <i>Pledged Securities Account For Mrs Suthera Uppaputthangkul</i>	5,781,000	0.54
19. KRISHNAN A/L PERIYASAMY	5,138,000	0.48
20. CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB Bank For Kuah Hun Liang</i>	5,037,010	0.47
21. CARTABAN NOMINEES (ASING) SDN BHD <i>Exempt An For Caceis Bank Luxembourg</i>	4,155,400	0.39
22. HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For JPMorgan Chase Bank, National Association (Australia)</i>	4,034,310	0.37
23. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account – Ambank (M) Berhad For Tan Chee Sing</i>	4,000,000	0.37
24. CITIGROUP NOMINEES (ASING) SDN BHD <i>Exempt An For OCBC Securities Private Limited</i>	3,870,676	0.36
25. MONTVIEW INVESTMENT LTD	3,609,500	0.33
26. HSBC NOMINEES (ASING) SDN BHD <i>Exempt An For The Bank of New York Mellon</i>	3,406,459	0.32
27. HSBC NOMINEES (ASING) SDN BHD <i>TNTC For LSV Emerging Markets Equity Fund L.P.</i>	3,318,600	0.31
28. CIMSEC NOMINEES (ASING) SDN BHD <i>Exempt An For CIMB Securities (Singapore) Pte Ltd</i>	3,220,068	0.30
29. CHINCHOO INVESTMENT SDN BERHAD	3,100,000	0.29
30. LEE ENG HOCK & CO. SENDIRIAN BERHAD	3,050,000	0.28
Total	659,997,399	61.24

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2011

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
1. Casi Management Sdn Bhd	339,643,551	31.82		
2. Dato' Surin Upatkoon			366,368,361 ^(a)	34.33
3. Dato' Lim Tiong Chin			339,643,551 ^(b)	31.82

Notes:-

- (a) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd and Pinjaya Sdn Bhd and indirect interest held through his daughter.
- (b) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through his 15% shareholding in Casi Management Sdn Bhd.

DIRECTORS' INTEREST AS SHOWN IN THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2011**(A) Interest In Shares In Multi-Purpose Holdings Berhad ("MPHB")**

Name	No. of ordinary shares of RM1.00 each			
	Direct	%	Indirect	%
Datuk Razman Md. Hashim	154,000	0.01	-	-
Dato' Surin Upatkoon	-	-	366,368,361 ^(a)	34.33
Mr Ng Kok Cheang	-	-	-	-
Dato' Lim Tiong Chin	-	-	339,643,551 ^(b)	31.82
Mr Vijeyaratnam a/l V. Thamothearam Pillay	90,000	0.01	60,000 ^(c)	0.01
Tuan Haji Sahibudeen Abdul Kader	-	-	-	-
Dato' Wong Puan Wah	11,000	0.00	-	-

Notes:-

- (a) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd and Pinjaya Sdn Bhd and indirect interest held through his daughter.
- (b) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through his 15% shareholding in Casi Management Sdn Bhd.
- (c) Indirect interest held through his spouse.

(B) Interest In Shares In Related Corporations

By virtue of their interests in the shares of MPHB, Dato' Surin Upatkoon and Dato' Lim Tiong Chin are also deemed to have an interest in the shares of all MPHB's subsidiaries to the extent that MPHB has an interest.

Save as disclosed above, none of the other Directors of MPHB had any interest in shares in MPHB or its related corporations as at 31 March 2011.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fifth Annual General Meeting of Multi-Purpose Holdings Berhad ("the Company" or "MPHB") will be held at the Multi-Purpose Hall, 25th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur on Friday, 20 May 2011 at 9.30 a.m.

AGENDA

1. To receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2010 together with the Report of the Auditors thereon. (Please refer to Note A.)
2. To declare a final dividend consisting of 5 sen gross per share less income tax of 25%, in respect of the year ended 31 December 2010. **(Resolution 1)**
3. To approve the payment of Directors' fees of RM560,000 in respect of the year ended 31 December 2010 (Year 2009: RM560,000). **(Resolution 2)**
4. To re-elect the following Directors who retire in accordance with Article 81 of the Company's Articles of Association:-
 - (a) Mr Vijeyaratnam a/l V. Thamothers Pillay **(Resolution 3)**
 - (b) Tuan Haji Sahibudeen Abdul Kader **(Resolution 4)**
5. To consider and, if thought fit, pass the following Ordinary Resolution pursuant to Section 129 of the Companies Act, 1965:

"THAT Datuk Razman Md. Hashim be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

(Resolution 5)
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix the remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following Ordinary Resolution:-

Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965 **(Resolution 7)**

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
8. To transact any other business for which due notice shall have been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Annual General Meeting, a final dividend consisting of 5 sen gross per share, less income tax of 25%, in respect of the year ended 31 December 2010, will be paid on 15 August 2011 to shareholders registered on the Record of Depositors at the close of business on 25 July 2011.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 25 July 2011 (in respect of ordinary transfers);
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

NG SOOK YEE (MAICSA 7020643)

Secretary

28 April 2011

NOTES:

Directors' Report And The Audited Financial Statements

- A. This Agenda item is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

Proxy

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid the form of proxy duly completed and signed before a witness, must be deposited at the registered office of the Company at 39th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. A member who is an authorised nominee may appoint one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
7. Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into effect on 1 November 1998, all shares not deposited with Bursa Malaysia Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the meeting in respect of such undeposited shares.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Proposed Resolution 7 (Ordinary) – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Resolution 7, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued and paid-up share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

No new shares in the Company were allotted or issued by the Directors pursuant to the same mandate granted last year. The renewal of the general mandate is sought to provide flexibility to the Company of any possible fund raising exercise and to avoid any delays and further cost involved in convening such general meeting. At this juncture, there is no decision to issue new shares pursuant to the mandate granted last year. Should there be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue of shares.

Statement Accompanying Notice of Annual General Meeting

Directors Who Are Standing For Re-Election/Re-appointment At The Thirty-Fifth Annual General Meeting

1. Datuk Razman Md. Hashim
2. Mr Vijeyaratnam a/l V. Thamotharam Pillay
3. Tuan Haji Sahibudeen Abdul Kader

Datuk Razman Md. Hashim, who is over seventy years of age, will be seeking for re-appointment under Section 129 of the Companies Act, 1965.

The details of the above Directors who are standing for re-election/re-appointment are set out in Directors' Profile in the Annual Report.



Form of Proxy

MULTI-PURPOSE HOLDINGS BERHAD (24217-M)
Incorporated in Malaysia

CDS ACCOUNT NO.

			-				-												
--	--	--	---	--	--	--	---	--	--	--	--	--	--	--	--	--	--	--	--

I/We _____ Tel.No. _____
(FULL NAME IN BLOCK CAPITALS)

I.C. No. _____ (old) _____ (new)/ Co. No. _____

of _____
(ADDRESS)

being a member/members of **MULTI-PURPOSE HOLDINGS BERHAD**, hereby appoint _____

_____ I.C. No. _____
(FULL NAME IN BLOCK CAPITALS) (NEW AND OLD I.C. NOS.)

of _____
(ADDRESS)

or failing him, _____ I.C.No. _____
(FULL NAME IN BLOCK CAPITALS) (NEW AND OLD I.C. NOS.)

of _____
(ADDRESS)

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote on my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held at the **Multi-Purpose Hall, 25th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur on Friday, 20 May 2011 at 9.30 a.m.** and any adjournment thereof.

RESOLUTIONS		*FOR	*AGAINST
1.	To declare a Final Dividend consisting 5 sen gross less income tax		
2.	To approve the payment of Directors' fees of RM560,000.		
3.	To re-elect Mr Vijeyaratnam a/l V. Thamotharam Pillay as Director of the Company		
4.	To re-elect Tuan Haji Sahibudeen Abdul Kader as Director of the Company		
5.	To re-appoint Datuk Razman Md. Hashim as Director of the Company pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company		
7.	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

* Please indicate with an "X" how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

As witness my/our hand(s) this _____ day of _____ 2011

Signature(s) of Shareholder/Joint Shareholders

Signature of Witness

Number of Shares held

Name of Witness

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid the form of proxy duly completed and signed before a witness, must be deposited at the registered office of the Company at 39th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. A member who is an authorised nominee may appoint one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

STAMP

THE COMPANY SECRETARY
MULTI-PURPOSE HOLDINGS BERHAD (24217-M)
39th Floor, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur

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