



MULTI-PURPOSE

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

**INTERIM FINANCIAL STATEMENTS**  
for the second quarter ended 30 June 2012  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		6 months ended	
	30 June 2012 RM'000	30 June 2011 RM'000 (Restated)	30 June 2012 RM'000	30 June 2011 RM'000 (Restated)
Revenue	872,209	865,572	1,784,963	1,810,948
Cost of sales	<u>(699,927)</u>	<u>(663,274)</u>	<u>(1,432,841)</u>	<u>(1,382,458)</u>
Gross profit	172,282	202,298	352,122	428,490
Other income	43,961	17,210	70,828	42,448
Administrative expenses	(20,946)	(19,437)	(40,674)	(38,292)
Other expenses	<u>(44,868)</u>	<u>(35,047)</u>	<u>(86,975)</u>	<u>(70,266)</u>
<b>Operating profit</b>	150,429	165,024	295,301	362,380
Finance costs	(23,189)	(33,594)	(47,635)	(65,356)
Share of profits of associated companies	2,241	1,505	3,331	2,992
<b>Profit before tax</b>	129,481	132,935	250,997	300,016
Income tax expense	1,740	(30,765)	(34,499)	(62,454)
<b>Profit for the period</b>	<u>131,221</u>	<u>102,170</u>	<u>216,498</u>	<u>237,562</u>
<b>Attributable to:</b>				
Owners of the parent	134,624	69,694	218,348	157,788
Non-controlling interests	<u>(3,403)</u>	<u>32,476</u>	<u>(1,850)</u>	<u>79,774</u>
<b>Profit for the period</b>	<u>131,221</u>	<u>102,170</u>	<u>216,498</u>	<u>237,562</u>
<b>Earnings per share ("EPS") attributable to owners of the parent (sen):</b>				
Basic EPS	<u>9.4</u>	<u>6.3</u>	<u>15.3</u>	<u>14.3</u>
<b>Profit for the period</b>	131,221	102,170	216,498	237,562
<b>Other comprehensive income</b>				
Foreign currency translation	(3)	-	(1)	2
Realization of revaluation reserves	(32)	-	(32)	-
Change in fair value of available-for-sale ("AFS") assets	<u>(24,997)</u>	<u>3,005</u>	<u>(19,806)</u>	<u>5,287</u>
<b>Total comprehensive income for the period</b>	<u>106,189</u>	<u>105,175</u>	<u>196,659</u>	<u>242,851</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	109,592	72,699	198,509	163,106
Non-controlling interests	<u>(3,403)</u>	<u>32,476</u>	<u>(1,850)</u>	<u>79,745</u>
<b>Total comprehensive income for the period</b>	<u>106,189</u>	<u>105,175</u>	<u>196,659</u>	<u>242,851</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	AS AT 30 June 2012 RM'000	AS AT 31 Dec 2011 RM'000 (Restated*)	AS AT 1 Jan 2011 RM'000 (Restated*)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	111,593	155,010	195,489
Investment properties	660,565	703,823	877,739
Associated companies	1,781	112,402	106,621
Investment securities	224,936	201,183	205,575
Receivables	-	24,684	14,966
Intangible assets	2,878,865	2,860,498	2,892,964
Reinsurance assets	363,706	357,054	352,148
Deferred tax assets	3,791	4,447	111,683
	<u>4,245,237</u>	<u>4,419,101</u>	<u>4,757,185</u>
<b>Current assets</b>			
Inventories	3,731	4,083	5,189
Receivables	346,140	430,554	432,425
Tax recoverable	122,051	80,955	164,603
Investment securities	581,319	499,884	520,446
Short term deposits	583,394	1,064,577	541,256
Cash and bank balances	94,541	65,010	121,339
	<u>1,731,176</u>	<u>2,145,063</u>	<u>1,785,258</u>
Assets held for sale	117,951	36,568	-
	<u>6,094,364</u>	<u>6,600,732</u>	<u>6,542,443</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	1,437,749	1,437,749	1,077,749
Treasury Shares	(17,657)	(17,657)	(17,657)
Reserves	1,954,084	1,809,100	1,528,264
	<u>3,374,176</u>	<u>3,229,192</u>	<u>2,588,356</u>
<b>Shareholders' equity</b>	<u>3,374,176</u>	<u>3,229,192</u>	<u>2,588,356</u>
<b>Non-controlling interests</b>	34,896	37,706	556,628
<b>Total equity</b>	<u>3,409,072</u>	<u>3,266,898</u>	<u>3,144,984</u>
<b>Non-current liabilities</b>			
Borrowings	1,517,565	2,051,858	1,715,453
Redeemable Convertible Unsecured Loan Stocks - C ("RCULS-C")	-	-	437,276
Deferred tax liabilities	26,724	37,222	36,709
Provision for retirement benefits	1,154	1,088	679
Derivative financial instruments	-	-	16,885
Insurance contract liabilities	685,284	657,227	619,948
	<u>2,230,727</u>	<u>2,747,395</u>	<u>2,826,950</u>
<b>Current liabilities</b>			
Payables	424,573	507,551	542,387
Borrowings	11,295	52,304	5,773
Derivative financial instruments	2,134	7,246	-
Tax payable	16,563	19,338	22,349
	<u>454,565</u>	<u>586,439</u>	<u>570,509</u>
<b>Total liabilities</b>	<u>2,685,292</u>	<u>3,333,834</u>	<u>3,397,459</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>6,094,364</u>	<u>6,600,732</u>	<u>6,542,443</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>			
	<u>2.36</u>	<u>2.26</u>	<u>2.43</u>

\* Upon the adoption of the MFRS framework, the Condensed Consolidated Statement of Financial Position as at 31 December 2011 and as at 1 January 2011 have been restated.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	OTHER RESERVES RM'000	TREASURY SHARES RM'000	RETAINED PROFITS RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL RM'000
<b>At 1 January 2011</b>	1,077,749	681,390	48,102	(17,657)	577,871	556,628	2,924,083
Effects arising from adoption of MFRS: - MFRS 140	-	-	-	-	220,901	-	220,901
<b>At 1 January 2011 (Restated)</b>	<b>1,077,749</b>	<b>681,390</b>	<b>48,102</b>	<b>(17,657)</b>	<b>798,772</b>	<b>556,628</b>	<b>3,144,984</b>
Effects arising from adoption of MFRS: - MFRS 10	-	-	(102,018)	-	7,986	(261,924)	(355,956)
Profit for the period (Restated)	-	-	-	-	157,788	79,774	237,562
Other comprehensive income	-	-	5,318	-	-	(29)	5,289
Accretion of interest arising from the acquisition of additional shares in subsidiary	-	-	(698,072)	-	-	(331,733)	(1,029,805)
Issuance of ordinary shares	360,000	734,346	-	-	-	-	1,094,346
Redemption of RCULS-C	-	-	(525)	-	-	(1,904)	(2,429)
Dividend paid	-	-	-	-	(40,024)	-	(40,024)
<b>At 30 June 2011 (Restated)</b>	<b>1,437,749</b>	<b>1,415,736</b>	<b>(747,195)</b>	<b>(17,657)</b>	<b>924,522</b>	<b>40,812</b>	<b>3,053,967</b>
<b>At 1 January 2012</b>	1,437,749	1,413,108	(622,638)	(17,657)	911,774	299,630	3,421,966
Effects arising from adoption of MFRS: - MFRS 140	-	-	-	-	219,499	-	219,499
- MFRS 10	-	-	(102,394)	-	(10,249)	(261,924)	(374,567)
<b>At 1 January 2012 (Restated)</b>	<b>1,437,749</b>	<b>1,413,108</b>	<b>(725,032)</b>	<b>(17,657)</b>	<b>1,121,024</b>	<b>37,706</b>	<b>3,266,898</b>
Profit for the period	-	-	-	-	218,348	(1,850)	216,498
Dividend paid	-	-	-	-	(53,525)	(960)	(54,485)
Other comprehensive income	-	-	(19,839)	-	-	-	(19,839)
<b>At 30 June 2012</b>	<b>1,437,749</b>	<b>1,413,108</b>	<b>(744,871)</b>	<b>(17,657)</b>	<b>1,285,847</b>	<b>34,896</b>	<b>3,409,072</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2012

	6 months ended	
	30 June 2012 RM'000	30 June 2011 RM'000 (Restated)
<b>OPERATING ACTIVITIES</b>		
Profit before tax	250,997	300,016
Adjustments for:		
Accretion of discounts less amortisation of premiums	3	5
Amortisation of :		
- facility fees	6,255	6,417
- intangible assets	143	69
Bad debts written off	600	-
Changes in fair value of derivative liabilities	(395)	(712)
Changes in fair value of investment securities	(11,817)	(8,879)
Depreciation of property, plant and equipment	8,102	9,061
Depreciation of investment properties	860	997
Dividend income on quoted shares and unit trust	(3,033)	(1,799)
Gain on disposal of shares in an associated company	(17,862)	-
Gain on disposal of investment securities	(8,244)	(4,444)
Gain on disposal of property, plant and equipment	(62)	(501)
Increase in reserves for unexpired risks	11,819	4,653
Interest expense	47,635	65,356
Interest income	(18,788)	(24,434)
Property, plant and equipment written off	29	26
Provision for doubtful debts	10,329	452
Provision for retirement benefit	432	359
Share of profit of associates	(3,331)	(2,992)
Unrealised loss/(gain) on foreign exchange	48	(12)
Write-back of provision for doubtful debts	(1,014)	-
Operating cash flows before working capital changes	<u>272,706</u>	<u>343,638</u>
Changes in working capital:		
Inventories	352	354
Receivables	101,646	23,553
Clients' and remisers' monies held in trust	1,950	(17,158)
Payables	(72,859)	75,518
Cash flows generated from operations	<u>303,795</u>	<u>425,905</u>
Income tax (paid)/refund	(81,920)	5,203
Retirement benefits paid	(366)	(392)
<b>Net cash flows generated from operating activities</b>	<u>221,509</u>	<u>430,716</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of :		
- property, plant and equipment	529	890
- shares in an associated company	62,724	-
- investment securities	112,316	84,403
Purchase of :		
- property, plant and equipment	(4,410)	(5,976)
- investment properties	(1,106)	(6,010)
- investment securities	(181,288)	(865,318)
- intangible assets	(607)	-
Movement in cash deposits pledged	2,470	5,963
Net dividend received from :		
- quoted shares and unit trusts	3,033	1,799
- associated company	2,500	4,100
Interest paid	(46,232)	(63,678)
Interest received	17,372	24,434
<b>Net cash flows used in investing activities</b>	<u>(32,699)</u>	<u>(819,393)</u>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(54,485)	(40,024)
Net (repayment)/drawdown of borrowings	(576,965)	562,255
<b>Net cash flows (used in)/generated from financing activities</b>	<u>(631,450)</u>	<u>522,231</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(442,640)</u>	<u>133,554</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u>1,035,723</u>	<u>581,471</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u><b>593,083</b></u>	<u><b>715,025</b></u>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	677,935	813,434
Bank overdrafts	(3,712)	(7,833)
Cash deposits pledged	(22,368)	(27,104)
Clients' money held in trust	(51,661)	(58,290)
Remisers' deposits held in trust	(7,111)	(5,182)
	<u><b>593,083</b></u>	<u><b>715,025</b></u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.)

## **A EXPLANATORY NOTES PURSUANT TO MFRS134**

### **A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Chapter 9 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

The interim financial statements are the Group's first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note A2.1 below.

### **A2 Significant accounting policies**

#### **A2.1 Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

#### **a) Business Combinations**

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

##### Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognized under FRS is not adjusted.

#### **b) Quoted equity instruments**

Under FRS, the Group had designated an investment in quoted equity instruments at fair value through profit or loss ("FVTPL") in accordance with FRS 139 Financial Instruments: Recognition and Measurement. Changes in fair value were taken to profit or loss. At the date of transition to MFRS, a quoted equity instrument was redesignated as available for sale ("AFS").

#### **c) Investment properties**

Under FRS, the Group measured all its investment properties at cost, including transaction costs initially. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Upon transition to MFRS, the Group has elected to adopt cost model and has redefined the fair value of the freehold and leasehold land within the Group at date of transition as its deemed cost. As at that date, an increase of RM220,901,000 (30 June 2011: RM220,041,000; 31 December 2011: RM219,499,000) was recognized in investment properties and retained profits.

**A2 Significant accounting policies (cont'd)**

**A2.1 Application of MFRS 1 (cont'd)**

**d) Early adoption of MFRS 10: Consolidated Financial Statements to consolidate an investee entity**

In June 2011, the Group had invested in an investee entity which is measured at cost of RM896,969,000 as an investment securities.

Upon transition to MFRS, the Group has elected to early adopt MFRS 10: Consolidated Financial Statements which is effective for annual periods beginning on or after 1 January 2013. As such, the Group had restated its statement of financial positions as at 31 December 2011 to consolidate the investee entity.

**e) Estimates**

The estimates as at 1 January 2011 and as at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions as at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity as at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation as at 1 January 2011

**RM'000**

	<b>FRS as at 1 Jan 2011</b>	<b>Consolidation of an investee entity</b>	<b>Investment Properties</b>	<b>Assets held for sale</b>	<b>MFRS as at 1 Jan 2011</b>
<b>Statement of comprehensive income</b>					
Income tax expense	102,191	-	13,747	-	115,938
<b>Statement of financial position</b>					
Investment properties	643,091	-	234,648	-	877,739
Deferred Tax Liabilities	22,962	-	13,747	-	36,709
Retained profits	577,871	-	220,901	-	798,772

**A2 Significant accounting policies (cont'd)**

**A2.1 Application of MFRS 1 (cont'd)**

(ii) Reconciliation as at 30 June 2011

**RM'000**

	<b>FRS as at 30.06.2011</b>	<b>Consolidation of an investee entity</b>	<b>Investment Properties</b>	<b>Assets held for sale</b>	<b>MFRS as at 30.06.2011</b>
<b>Statement of comprehensive income</b>					
Other expenses	(69,406)	-	(860)	-	(70,266)
<b>Statement of financial position</b>					
Investment properties	647,464	-	233,788	-	881,252
Investment securities	1,080,952	(896,969)	-	-	183,983
Deferred tax assets	96,167	(92,343)	-	-	3,824
Cash and Bank Balance	138,068	530	-	-	138,598
Other reserves	(645,177)	(102,018)	-	-	(747,195)
Retained profits	696,495	7,986	220,041	-	924,522
Non-controlling Interests	302,736	(261,924)	-	-	40,812
RCULS	410,849	(410,849)	-	-	-
Payables	657,272	(221,977)	-	-	435,295
Deferred tax liabilities	17,323	-	13,747	-	31,070

(iii) Reconciliation as at 31 December 2011

**RM'000**

	<b>FRS as at 31.12.2011</b>	<b>Consolidation of an investee entity</b>	<b>Investment Properties</b>	<b>Assets held for sale</b>	<b>MFRS as at 31.12.2011</b>
<b>Statement of comprehensive income</b>					
Other expenses	(226,047)	-	202	-	(225,845)
<b>Statement of financial position</b>					
Assets held for sale	45,064	-	-	(8,496)	36,568
Investment properties	462,081	-	241,742	-	703,823
Investment securities	1,098,152	(896,969)	-	-	201,183
Deferred tax assets	97,018	(92,571)	-	-	4,447
Cash and bank balances	64,812	198	-	-	65,010
Other reserves	(622,638)	(102,394)	-	-	(725,032)
Retained profits	911,774	(10,249)	219,499	-	1,121,024
Non-controlling interests	299,630	(261,924)	-	-	37,706
RCULS	386,626	(386,626)	-	-	-
Payables	735,700	(228,149)	-	-	507,551
Deferred tax liabilities	23,475	-	13,747	-	37,222

## A2 Significant accounting policies (cont'd)

### A2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

## A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

## A4 Seasonal or Cyclical Factors

The business operations of the Group are generally dependent on the state of the overall economic environment.

## A5 Segmental Information

	3 months ended		6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000 (Restated)	30.06.2012 RM'000	30.06.2011 RM'000 (Restated)
<b>Segmental Revenue</b>				
Gaming	758,635	783,017	1,598,561	1,646,600
Stockbroking	5,007	7,728	11,872	16,024
Financial services	62,550	59,136	119,107	117,718
Corporate & others	64,449	51,438	75,217	67,667
	<u>890,641</u>	<u>901,319</u>	<u>1,804,757</u>	<u>1,848,009</u>
Eliminations	<u>(18,432)</u>	<u>(35,747)</u>	<u>(19,794)</u>	<u>(37,061)</u>
Total	<u>872,209</u>	<u>865,572</u>	<u>1,784,963</u>	<u>1,810,948</u>
<b>Segmental Results</b>				
Gaming	68,514	99,928	167,593	226,028
Stockbroking	427	3,727	3,974	11,007
Financial services	20,581	14,517	22,858	33,015
Corporate & others	88,032	66,320	137,058	98,917
	<u>177,554</u>	<u>184,492</u>	<u>331,483</u>	<u>368,967</u>
Eliminations	<u>(48,073)</u>	<u>(51,557)</u>	<u>(80,486)</u>	<u>(68,951)</u>
Profit Before Tax	<u>129,481</u>	<u>132,935</u>	<u>250,997</u>	<u>300,016</u>



**A6 Accounting Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial quarter.

**A7 Dividend Paid**

No dividend was paid during the current quarter under review.

**A8 Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

**A9 Changes in Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the quarter under review.

**A10 Fair Value Hierarchy**

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the reporting date, the Group held the following financial assets that are measured at fair value:

**RM'000**

		Level 1	Level 2	Level 3	Not at fair value	Total
<b>30 June 2012</b>						
Current	FVTPL	130,304	56,155	-	-	186,459
	AFS	63,198	283,091	48,571	-	394,860
Non-current	AFS	13,459	-	-	211,477	224,936
		<u>206,961</u>	<u>339,246</u>	<u>48,571</u>	<u>211,477</u>	<u>806,255</u>
<b>31 December 2011</b>						
Current	FVTPL	89,713	46,024	-	-	135,737
	AFS	101,953	189,183	73,011	-	364,147
Non-current	AFS	13,426	-	-	187,757	201,183
		<u>205,092</u>	<u>235,207</u>	<u>73,011</u>	<u>187,757</u>	<u>701,067</u>
<b>01 January 2011</b>						
Current	FVTPL	112,654	43,973	-	-	156,627
	AFS	117,572	151,618	94,629	-	363,819
Non-current	AFS	13,118	-	-	187,457	200,575
	Held to maturity	-	5,000	-	-	5,000
		<u>243,344</u>	<u>200,591</u>	<u>94,629</u>	<u>187,457</u>	<u>726,021</u>

**A11 Contingent Liabilities**

As at 29 August 2012, the Board is not aware of any other material contingent liabilities which have become enforceable or are likely to become enforceable which will affect the ability of the Company or any of its subsidiaries to meet its obligations as and when they fall due other than in the normal course of business, whereby the insurance and stockbroking subsidiary companies 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.

**A12 Material Subsequent Events**

There were no other material subsequent events except as disclosed in Note B8 since the end of the current quarter until a date not earlier than 7 days from the date of issuance of this quarterly report.

**A13 Changes in Composition of the Group**

Save as disclosed below, there were no significant changes in the composition of the Group during the quarter under review.

Philippine Racing Club, Inc. has ceased to be associated company of the Company on 18 June 2012.

**A14 Unusual Items Affecting Interim Financial Report**

There were no unusual items affecting the interim financial report of the Group for the current quarter under review.

## **B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**

### **B1 Review of Performance of the Group**

#### **2Q 2012 vs 2Q 2011**

The Group's profit before tax for the current quarter decreased slightly by 2.6% to RM129.5 million when compared to RM132.9 million achieved in 2Q 2011. The Gaming and Stockbroking Divisions recorded lower profit before tax mainly due to higher payout ratio in Gaming Division as well as lower brokerage, margin interest income and earning from proprietary trading in the Stockbroking Division. However, this is mitigated by improved performance in Financial Services Division as a result of higher underwriting income, gain on fair value adjustment and sale of shares in an associated company in Corporate and others Division.

#### **Gaming**

Profit before tax decreased by 31.4% when compared to RM99.9 million recorded in 2Q 2011 due to stiff competition from competitors and higher payout ratio recorded in current quarter which is mitigated by lower finance cost due to consistent loan repayment.

#### **Financial Services**

The Financial Services Division achieved a higher profit before tax of RM20.6 million in the current quarter as compared to RM14.5 million recorded in 2Q 2011. The increase is mainly due to the better underwriting results and lower fair value loss on investment securities.

#### **Stockbroking**

Lower profit before tax of RM0.4 million as compared to the profit before tax of RM3.7 million posted in 2Q 2011 due to the drop in the brokerage fees and proprietary trading as market sentiment remains cautious as well as lower margin interest earned as a result of lower exposure to margin business.

#### **Corporate and others**

This Division contributed a profit before tax of RM88.1 million as compared to RM66.3 million achieved in 2Q 2011. The improved results are mainly derived from gain on fair value adjustment and sale of shares in an associated company.

#### **1H 2012 vs 1H 2011**

The Group reported a profit before tax for the 6 months ended 30 June 2012 of RM251.0 million which is 16.3% lower than RM300.0 million recorded in 1H2011 due to lower contributions from Gaming, Stockbroking and Financial Services Divisions were recorded. This was mainly due to the higher payout ratio and stiff competition in the Gaming Division and higher fair value loss on investment securities in Financial Services Division. However, Corporate and others Division contributed higher profit before tax due to gain from fair value adjustments in quoted investment securities and sale of shares in an associated company.

### **B2 Comment on Material Change in Profit Before Tax**

#### **2Q 2012 vs 1Q 2012**

The Group achieved a profit before tax of RM129.5 million in the current quarter which is 6.5% higher than the pre-tax profit of RM121.5 million recorded in the immediate preceding quarter. This is mainly due to better performance of the Financial Services and Corporate and others Divisions.

### **B3 Prospects for 2012**

The global economic environment remains challenging as fiscal issues in the US and policy uncertainties surrounding the European Sovereign debt crisis are expected to weigh down local market sentiments and growth prospects. Meanwhile, the Malaysian economy remains cautious and will mainly be driven by domestic demand and activities in both private and public sectors.

### B3 Prospects for 2012 (cont'd)

Barring any unforeseen circumstances, the impact of the demerger corporate proposals will only be felt in 2013. The Board is of the view that the overall performance of the Group will be as follows:-

#### Gaming

The Gaming Division continues to focus on creating market presence and endeavours to increase sales through brand loyalty. Other factors that affect the level of sales are the size of the prize of Jackpot 1 and the disposable income of the public.

#### Financial Services

Insurance arm will strive to capture larger market share with the deployment of new business team and expanding the delivery channels to grow the Retail and the Bumiputra markets. The Division will continue to intensify its marketing efforts to focus on specific targets through various product schemes. Going forward, it will continue to tie up with the local banks and explore further with the foreign financial institutions to tap into their clients' insurance.

#### Stockbroking

The Stockbroking Division continue to face challenging and difficult operating environment with the uncertainty and volatility in the local bourse, higher operating costs, fine brokerage and anticipated intensifying competition in the industry with various merger proposals among the industry players.

### B4 Profit Forecast and Profit Guarantee

There were no profits forecast or profit guarantee issued by the Company.

### B5 Income Tax Expense

	3 months ended		6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Current income tax:				
Malaysian income tax	6,402	21,696	42,457	52,149
Under/(Over)provision of Malaysian income tax in prior years	566	-	461	(14)
	<u>6,968</u>	<u>21,696</u>	<u>42,918</u>	<u>52,135</u>
Deferred tax				
Relating to origination and reversal of temporary differences	210	9,069	494	10,319
Overprovision in prior years	(8,918)	-	(8,913)	-
Total income tax expense	<u>(1,740)</u>	<u>30,765</u>	<u>34,499</u>	<u>62,454</u>

The effective tax rate for the quarter under review is lower than the statutory tax rate as a certain portion of the income is not subjected to tax as well as the availability of deductible expenses and unabsorbed losses.

**B6 Profit before tax**

Included in the profit before tax are the following items:

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2012</b>	<b>30.06.2011</b>	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accretion of discounts less amortisation of premiums	1	2	3	5
Amortisation of facility fees	2,693	404	6,255	6,417
Amortisation of intangible assets	75	47	143	69
Bad debts written off	474	-	600	-
Changes in fair value of derivative liabilities	118	391	(395)	(712)
Changes in fair value of investment securities	(13,380)	212	(11,817)	(8,879)
Depreciation of investment properties	411	548	860	997
Depreciation of property, plant and equipment	3,803	4,522	8,102	9,061
Dividend income on quoted shares and unit trust	(611)	(1,134)	(3,033)	(1,799)
Gain on disposal of shares in an associated company	(9,455)	-	(17,862)	-
Gain on disposal of property, plant and equipment	(5)	(180)	(62)	(501)
Gain on disposal of investment securities	(8,250)	(2,963)	(8,244)	(4,444)
Property, plant and equipment written off	(302)	(73)	29	26
Increase in reserves for unexpired risks	5,102	(3,060)	11,819	4,653
Interest expense	23,189	33,594	47,635	65,356
Interest income	(9,867)	(19,388)	(18,788)	(24,434)
Provision for doubtful debts	10,329	-	10,329	452
Provision for retirement benefit	223	181	432	359
Share of profit of associated companies	(2,241)	(1,505)	(3,331)	(2,992)
Unrealised gain on foreign exchange	1	1	48	(12)
Write-back of provision for doubtful debts	(899)	-	(1,014)	-

**B7 Retained profits**

	<b>As at</b>	<b>As at</b>
	<b>30.06.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Total retained profits		
- realised	2,514,881	2,299,582
- unrealised	(11,745)	25,926
Total share of retained profits from associated companies		
- realised	17,893	19,242
- unrealised	-	(1)
Less: Consolidation adjustments	(1,235,182)	(1,223,725)
Retained profits as per Statement of Changes in Equity	<u>1,285,847</u>	<u>1,121,024</u>

## B8 Corporate Proposals

On 23 May 2012, the Company through CIMB Investment Bank Berhad announced a proposed demerger of its gaming business and Special Purpose Vehicle ("SPV") Capital Businesses (comprising the operations of financial services and other investments) of the Group, and a proposed capital repayment to the entitled shareholders of the Company.

On 19 July 2012, the Company acquired a 100% equity interest in MPHB Capital Berhad ("MPHB Capital") as the SPV to hold the MPHB Capital business. The Company entered into the following agreements with MPHB Capital on 15 August 2012 to form the MPHB Capital Group which will comprise the MPHB Capital Businesses.

- (i) a conditional share sale agreement for the proposed disposal by the Company of all its shares in West Jaya Sdn Bhd, Caribbean Gateway Sdn Bhd, Queensway Nominees (Tempatan) Sdn Bhd, Queensway Nominees (Asing) Sdn Bhd, Kelana Megah Development Sdn Bhd ("KMD"), Magnum.Com Sdn Bhd, Tibanis Sdn Bhd, Mimaland Berhad, Leisure Dotcom Sdn Bhd and Magnum Leisure Sdn Bhd to MPHB Capital for a total consideration of RM399,742,998 to be satisfied by a combination of cash payment of RM40,036,000 and the issuance of 359,706,998 new ordinary shares of RM1.00 each in MPHB Capital to the Company at the issue price of RM1.00 per share.
- ii) a conditional share sale agreement for the proposed disposal by the Company of all its shares in Multi-Purpose Shipping Corporation Berhad, Jayavest Sdn Bhd and Syarikat Perniagaan Selangor Sdn Bhd to MPHB Capital for a total consideration of RM112,790,000.
- iii) a debt novation agreement under which MPHB Capital agreed to assume from the Company, the amount owing by the Company to Multi-Purpose Capital Holdings Berhad ("MPCH") as at 30 June 2012 of RM37,538,000.
- iv) a debt novation agreement under which MPHB Capital agreed to assume from the Company, the amount owing by the Company to KMD as at 30 June 2012 of RM534,000.
- v) a debt novation agreement under which MPHB Capital agreed to assume from the Company, the amount owing by the Company to Mimaland as at 30 June 2012 of RM39,502,000.

As part of the Proposed Internal Reorganisation, the Company proposes to dispose of its 100% equity interest in MPCH to MPHB Capital for a total consideration of RM392,831,000 to be satisfied by a combination of cash payment of RM37,538,000 and the issuance of 355,293,000 new ordinary shares of RM1.00 each in MPHB Capital to the Company at the issue price of RM1.00 per share. The Company and MPHB Capital will have to obtain the approval of the Minister of Finance via Bank Negara Malaysia before entering into the share sale agreement.

Further details on the above corporate exercise are announced on Bursa Malaysia Securities Berhad on the same date.

## B9 Borrowings

The Group's borrowings as at 30 June 2012 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short term</b>			
Bank overdraft	-	3,712	3,712
Term loan	4,583	-	4,583
Revolving Credit	3,000	-	3,000
	<u>7,583</u>	<u>3,712</u>	<u>11,295</u>
<b>Long term</b>			
Term loan	1,517,565	-	1,517,565
Total	<u>1,525,148</u>	<u>3,712</u>	<u>1,528,860</u>

All the borrowings are denominated in Ringgit Malaysia.

**B10 Material Litigation**

**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. Subsequent to that, LDSB paid the balance Purchase Price but such sum was returned by GSB. The SPA dated 21 June 2007 was not completed.

On 6 July 2012, LDSB’s claim was dismissed with costs and GSB’s counterclaim was allowed with costs. On 9 July 2012, LDSB filed an appeal at the Court of Appeal against the High Court’s decision.

**B11 Dividends**

The Board of Directors does not recommend the payment of dividend for the quarter under review.

**B12 Basic Earnings Per Share**

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

	3 months ended		6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Profit for the period	134,624	69,694	218,348	157,788
Weighted average number of ordinary share in issue	1,427,321	1,102,638	1,427,321	1,102,638
<b>Basic EPS (sen)</b>	<u>9.4</u>	<u>6.3</u>	<u>15.3</u>	<u>14.3</u>

By Order Of The Board  
**Ng Sook Yee**  
**COMPANY SECRETARY**  
**29 August 2012**