



MULTI-PURPOSE

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

**INTERIM FINANCIAL STATEMENTS**  
for the quarter and year ended 31 December 2012  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended		12 months ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
<b>Continuing operations</b>				
Revenue	814,055	911,465	3,412,697	3,523,949
Cost of sales	(700,542)	(701,004)	(2,787,121)	(2,725,142)
Gross profit	113,513	210,461	625,576	798,807
Other income	33,545	230,640	115,686	276,054
Administrative expenses	(19,117)	(24,083)	(71,568)	(70,551)
Other expenses	(43,462)	(111,218)	(167,719)	(214,150)
<b>Operating profit</b>	84,479	305,800	501,975	790,160
Finance costs	(23,118)	(39,447)	(98,510)	(144,020)
Share of profits of associates	182	9,855	3,788	14,470
<b>Profit before tax</b>	61,543	276,208	407,253	660,610
Income tax expense	(13,348)	(16,751)	(72,077)	(111,014)
<b>Profit for the period/year from continuing operations</b>	48,195	259,457	335,176	549,596
<b>Discontinued operations</b>				
Profit for the period/year from discontinued operations	3,288	2,335	6,453	11,628
<b>Profit for the period/year</b>	<b>51,483</b>	<b>261,792</b>	<b>341,629</b>	<b>561,224</b>
<b>Attributable to:</b>				
Owners of the company	53,061	261,133	343,775	479,575
Non-controlling interests	(1,578)	659	(2,146)	81,649
<b>Profit for the period/year</b>	<b>51,483</b>	<b>261,792</b>	<b>341,629</b>	<b>561,224</b>
<b>Earnings per share ("EPS") attributable to owners of the company (sen):</b>				
Basic, for profit from continuing operations	3.5	19.6	23.6	36.8
Basic, for profit from discontinuing operations	0.2	0.2	0.5	0.9
Basic EPS	3.7	19.8	24.1	37.7
<b>Profit for the period/year</b>	51,483	261,792	341,629	561,224
<b>Other comprehensive income</b>				
Foreign currency translation	3	(1)	2	1
Realization of revaluation reserves	32	-	-	-
Changes in fair value of available-for-sale("AFS") assets	(2,179)	3,059	5,458	3,334
<b>Total comprehensive income for the period/year</b>	<b>49,339</b>	<b>264,850</b>	<b>347,089</b>	<b>564,559</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the company	50,917	264,191	349,235	482,939
Non-controlling interests	(1,578)	659	(2,146)	81,620
<b>Total comprehensive income for the period/year</b>	<b>49,339</b>	<b>264,850</b>	<b>347,089</b>	<b>564,559</b>

(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 31 DECEMBER 2012**

	AS AT 31 Dec 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	104,132	155,010	195,489
Investment properties	617,094	705,093	879,009
Associated companies	1,238	112,402	106,621
Investment securities	239,969	201,183	205,575
Receivables	-	24,684	14,966
Intangible assets	2,881,507	2,860,498	2,892,964
Reinsurance assets	386,731	357,054	352,148
Deferred tax assets	3,407	4,447	111,683
	<u>4,234,078</u>	<u>4,420,371</u>	<u>4,758,455</u>
<b>Current assets</b>			
Inventories	1,541	4,083	5,189
Receivables	268,847	430,554	432,425
Tax recoverable	86,448	80,955	164,603
Investment securities	507,648	499,884	520,446
Short term deposits	596,260	1,064,577	541,256
Cash and bank balances	35,278	65,010	121,339
	<u>1,496,022</u>	<u>2,145,063</u>	<u>1,785,258</u>
Assets of disposal group classified as held for sale	325,157	36,568	-
	<u>6,055,257</u>	<u>6,602,002</u>	<u>6,543,713</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the company</b>			
Share capital	1,437,749	1,437,749	1,077,749
Treasury Shares	(17,657)	(17,657)	(17,657)
Reserves	1,991,951	1,810,370	1,529,534
<b>Shareholders' equity</b>	<u>3,412,043</u>	<u>3,230,462</u>	<u>2,589,626</u>
<b>Non-controlling interests</b>	27,188	37,706	556,628
<b>Total equity</b>	<u>3,439,231</u>	<u>3,268,168</u>	<u>3,146,254</u>
<b>Non-current liabilities</b>			
Borrowings	1,130,373	2,051,858	1,715,453
Redeemable Convertible Unsecured Loan Stocks - C ("RCULS-C")	-	-	437,276
Deferred tax liabilities	26,651	37,222	36,709
Provision for retirement benefits	1,127	1,088	679
Derivative financial instruments	-	7,246	16,885
Insurance contract liabilities	730,905	657,227	619,948
	<u>1,889,056</u>	<u>2,754,641</u>	<u>2,826,950</u>
<b>Current liabilities</b>			
Payables	448,403	507,551	542,387
Borrowings	187,113	52,304	5,773
Tax payable	11,027	19,338	22,349
	<u>646,543</u>	<u>579,193</u>	<u>570,509</u>
Liabilities of disposal group classified as held for sale	80,427	-	-
	<u>2,616,026</u>	<u>3,333,834</u>	<u>3,397,459</u>
<b>Total liabilities</b>	<u>2,616,026</u>	<u>3,333,834</u>	<u>3,397,459</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>6,055,257</u>	<u>6,602,002</u>	<u>6,543,713</u>
<b>Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<u>2.39</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 YEAR ENDED 31 DECEMBER 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
Effect arising from adoption of MFRS: - MFRS 140	-	-	-	-	222,171	-	222,171
<b>At 1 January 2011 (Restated)</b>	1,077,749	681,390	48,102	(17,657)	800,042	556,628	3,146,254
Effect arising from adoption of MFRS: - MFRS 10	-	-	(102,394)	-	(10,249)	(261,924)	(374,567)
Profit for the year (Restated)	-	-	-	-	479,575	81,649	561,224
Other comprehensive income	-	-	3,364	-	-	(29)	3,335
Accretion of interest arising from the acquisition of additional shares in a subsidiary	-	-	(673,581)	-	-	(331,733)	(1,005,314)
Capital reduction of a subsidiary	-	-	-	-	-	(4,296)	(4,296)
Issuance of ordinary shares	360,000	741,600	-	-	-	-	1,101,600
Redemption of RCULS-C	-	-	(523)	-	-	(1,904)	(2,427)
Share Issuance expenses	-	(9,882)	-	-	-	-	(9,882)
Dividends paid	-	-	-	-	(147,074)	(685)	(147,759)
<b>At 31 December 2011 (Restated)</b>	<b>1,437,749</b>	<b>1,413,108</b>	<b>(725,032)</b>	<b>(17,657)</b>	<b>1,122,294</b>	<b>37,706</b>	<b>3,268,168</b>
<b>At 1 January 2012</b>	1,437,749	1,413,108	(622,638)	(17,657)	911,774	299,630	3,421,966
Effect arising from adoption of MFRS: - MFRS 140	-	-	-	-	220,769	-	220,769
- MFRS 10	-	-	(102,394)	-	(10,249)	(261,924)	(374,567)
<b>At 1 January 2012 (Restated)</b>	1,437,749	1,413,108	(725,032)	(17,657)	1,122,294	37,706	3,268,168
Profit for the year	-	-	-	-	343,775	(2,146)	341,629
Dividends paid	-	-	-	-	(171,278)	(960)	(172,238)
Other comprehensive income	-	-	5,460	-	-	-	5,460
Transfer from other reserves	-	-	(23,912)	-	23,912	-	-
Accretion of interest arising from the acquisition of additional shares in a subsidiary	-	-	-	-	3,624	(7,412)	(3,788)
<b>At 31 December 2012</b>	<b>1,437,749</b>	<b>1,413,108</b>	<b>(743,484)</b>	<b>(17,657)</b>	<b>1,322,327</b>	<b>27,188</b>	<b>3,439,231</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 YEAR ENDED 31 DECEMBER 2012

	12 months ended	
	31 Dec 2012	31 Dec 2011
	RM'000	RM'000 (Restated)
<b>OPERATING ACTIVITIES</b>		
Profit before tax from:		
Continuing operations	407,253	660,610
Discontinued operations	6,864	16,243
Adjustments for:		
Accretion of discounts less amortisation of premiums	6	8
Amortisation of :		
- facility fees	22,099	19,775
- intangible assets	338	185
Bad debts written off	871	2,702
Bad debts recovered	-	(4,263)
Changes in fair value of derivative liabilities	(387)	3,596
Changes in fair value of investment securities	661	21,135
Depreciation of property, plant and equipment	19,620	18,997
Depreciation of investment properties	1,721	5,709
Dividend income on quoted shares and unit trust	(6,144)	(38,632)
Gain on disposal of shares in an associated company	(18,021)	-
Gain on disposal of investment securities	(12,804)	(11,020)
(Loss)/Gain on disposal of property, plant and equipment	1,070	(32,174)
Gain on disposal of investment properties	(26,331)	(183,428)
Increase in reserves for unexpired risks	15,746	4,863
Interest expense	98,510	144,020
Interest income	(49,850)	(38,193)
Impairment of financial assets	-	2,400
Impairment of goodwill	-	32,452
Loss on redemption of RCULS-C	-	2,239
Property, plant and equipment written off	98	5,430
Provision for doubtful debts	12,176	-
Provision for retirement benefit	844	1,125
Share of profit of associates	(3,788)	(14,470)
Unrealised loss/(gain) on foreign exchange	4	(217)
Write-back of provision for doubtful debts	(5,562)	(3,577)
Operating cash flows before working capital changes	464,994	615,515
Changes in working capital:		
Inventories	2,542	1,107
Receivables	66,477	23,428
Clients' and remisers' monies held in trust	(1,957)	(14,408)
Payables	47,759	125,347
Cash flows generated from operations	579,815	750,989
Income tax paid	(92,249)	(20,253)
Retirement benefits paid	(805)	(716)
<b>Net cash flows generated from operating activities</b>	486,761	730,020
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of :		
- property, plant and equipment	1,069	59,240
- shares in an associated company	75,570	-
- investment securities	281,730	155,987
- investment properties	170,571	330,376
Purchase of :		
- property, plant and equipment	(8,960)	(11,014)
- investment properties	(68,754)	(15,309)
- investment securities	(283,312)	(944,379)
- intangible assets	(3,444)	(171)
- additional shares in subsidiary	(3,788)	-
Movement in cash deposits pledged	2,972	8,229
Net dividend received from :		
- quoted shares and unit trusts	6,144	38,632
- associated company	3,500	8,689
Interest paid	(82,827)	(141,662)
Interest received	49,542	37,672
<b>Net cash flows generated from/(used in) investing activities</b>	140,013	(473,710)
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(172,238)	(147,759)
Share issue expenses	-	(9,882)
Net (repayment)/drawdown of borrowings	(800,470)	356,255
<b>Net cash flows (used in)/generated from financing activities</b>	(972,708)	198,614
<b>Effect of exchange rate changes on cash and cash equivalents</b>	-	(142)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(345,934)	454,924
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	1,035,723	580,941
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>689,789</b>	<b>1,035,723</b>
Cash and cash equivalents consist of :		
Deposits, cash and bank balances	631,538	1,129,587
Bank overdrafts	-	(8,304)
Cash deposits pledged	(21,866)	(24,838)
Continuing operations	609,672	1,096,445
Discontinued operations	80,117	(60,722)
	<b>689,789</b>	<b>1,035,723</b>

(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 ("Bursa Securities"). 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 ("FRS").

The interim financial statements are the Group's first set of MFRS compliant interim financial statements for year ended 31 December 2012 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The MFRS are effective for the Group from 1 January 2012 and 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").

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

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

**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 RM222,171,000 (31 December 2011: RM220,769,000) was recognized in investment properties and retained profits.

**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 was 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) Reconciliations 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>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	-	235,918	879,009
Deferred Tax Liabilities	22,962	-	13,747	36,709
Retained profits	577,871	-	222,171	800,042

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

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

(ii) Reconciliation as at 31 December 2011

<b>RM'000</b>	<b>FRS as at 31.12.2011 (Restated)</b>	<b>Consolidation of an investee entity</b>	<b>Investment properties</b>	<b>Discontinued Operation / Assets held for sale</b>	<b>MFRS as at 31.12.2011</b>
<b>Statement of comprehensive income</b>					
Revenue	3,552,715	-	-	(28,766)	3,523,949
Cost of sales	(2,725,142)	-	-		(2,725,142)
Other income	288,374	-	-	(12,320)	276,054
Administrative expenses	(82,053)	-	-	11,502	(70,551)
Other expenses	(226,047)	-	(1,111)	13,008	(214,150)
Finance costs	(144,062)	-	-	42	(144,020)
Income tax expenses	(115,629)	-	-	4,615	(111,014)
Profit for the period from discontinued operation	-	-	(291)	11,919	11,628
<b>Statement of financial position</b>					
Assets held for sale	45,064	-	-	(8,496)	36,568
Investment properties	462,081	-	234,516	8,496	705,093
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)	220,769	-	1,122,294
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		12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000 (Restated)	31.12.2012 RM'000	31.12.2011 RM'000 (Restated)
<b>Segmental Revenue</b>				
Gaming	739,709	800,416	3,086,810	3,191,264
Financial services	63,448	62,788	249,606	240,795
Corporate & others	135,484	135,974	224,657	220,056
	<u>938,641</u>	<u>999,178</u>	<u>3,561,073</u>	<u>3,652,115</u>
Eliminations	<u>(124,586)</u>	<u>(87,713)</u>	<u>(148,376)</u>	<u>(128,166)</u>
Continuing operations	814,055	911,465	3,412,697	3,523,949
Discontinued operations	4,521	6,239	20,343	28,766
Total	<u>818,576</u>	<u>917,704</u>	<u>3,433,040</u>	<u>3,552,715</u>
<b>Segmental Results</b>				
Gaming	27,206	83,971	274,153	395,563
Financial services	21,976	13,753	64,702	64,420
Corporate & others	149,562	275,957	267,802	387,225
	<u>198,744</u>	<u>373,681</u>	<u>606,657</u>	<u>847,208</u>
Eliminations	<u>(137,201)</u>	<u>(97,473)</u>	<u>(199,404)</u>	<u>(186,598)</u>
Continuing operations	61,543	276,208	407,253	660,610
Discontinued operations	3,627	3,185	6,864	16,243
Profit Before Tax	<u>65,170</u>	<u>279,393</u>	<u>414,117</u>	<u>676,853</u>



**A6 Accounting Estimates**

There were no changes in estimates that had any material effect on the current financial quarter and 12 months ended 31 December 2012.

**A7 Dividends Paid**

The following dividends were paid during the current and previous corresponding year:

	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>In respect of the financial year ended 31 December 2010</b>		
Final dividend of 5 sen less 25% tax was paid on 15 August 2011	-	53,525
<b>In respect of the financial year ended 31 December 2011</b>		
Interim dividend of 5 sen less 25% tax was paid on 4 April 2011	-	40,024
Interim dividend of 5 sen less 25% tax was paid on 31 October 2011	-	53,525
Final dividend of 5 sen less 25% tax was paid on 17 August 2012	53,525	-
<b>In respect of the financial year ended 31 December 2012</b>		
Interim dividend of 5 sen less 25% tax was paid on 30 March 2012	53,524	-
Interim dividend of 6 sen less 25% tax was paid on 21 December 2012	64,229	-
	171,278	147,074

**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.

**A10 Fair Value Hierarchy (cont'd)**

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>31 December 2012</b>						
Current	FVTPL	97,655	6,761	-	-	104,416
	AFS	61,967	294,730	46,535	-	403,232
Non-current	AFS	13,422	-	-	226,547	239,969
		<u>173,044</u>	<u>301,491</u>	<u>46,535</u>	<u>226,547</u>	<u>747,617</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 28 February 2013, 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**

There were no significant changes in the composition of the Group during the quarter under review.

**A14 Unusual Items Affecting Interim Financial Report**

There were no unusual items affecting the interim financial report of the Group during the current quarter and year ended 31 December 2012.

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

**B1 Review of Performance of the Group**

**4Q 2012 vs 4Q 2011**

The profit before tax and non-controlling interests of the Group from continuing operations for the 4Q 2012 was RM61.5 million as compared to RM276.2 million achieved in 4Q 2011.

In 4Q 2011, the Company posted an exceptional gain of RM182.9 million from the sale of Menara Multi-Purpose. With the exclusion of the exceptional gain, the profit before tax and non-controlling interests of the Group from continuing operations would be RM93.3 million. This would translate into a 34.1% decline.

The decline was due to unfavourable results from the Gaming and Corporate and others Divisions. The drop was mitigated by favourable performance of the Financial Services Division.

**Gaming**

The Gaming Division posted a profit before tax of RM27.2 million which was 67.6% lower than the profit before tax of RM84.0 million reported in 4Q 2011. The decline was mainly due to lower gaming sales as a result of keen competition, higher prizes payout and operating expenses which was mitigated by reduced finance costs.

**Financial Services**

The profit before tax of the Financial Services Division at RM21.9 million was RM8.1 million higher than RM13.8 million achieved in 4Q 2011. Improved performance from insurance subsidiary had contributed to the better results.

**Corporate and Others**

The Corporate and Others Division registered a lower profit before tax of RM149.6 million as compared to profit before tax of RM275.9 million achieved in 4Q 2011. This was mainly due to gain from disposal of properties recorded in 4Q2011.

**FY 2012 vs FY 2011**

The profit before tax from continuing operations of the Group at RM407.3 million recorded in FY 2012 is 38.3% lower than RM660.6 million recorded in FY 2011. This was mainly due to gain from disposal of properties in the Corporate and Others Division recorded in FY 2011 and higher prizes payout and operating expenses in the Gaming Division in FY2012. However, Financial Services Division achieved higher profit before tax due to better performance.

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

**4Q 2012 vs 3Q 2012**

The Group recorded a profit before tax from continuing operations of RM61.5 million in the current quarter which is RM38.1 million lower than the pre-tax profit of RM99.6 million recorded in the 3Q2012. The decrease was mainly due to the higher prizes payout in Gaming Division. However, the decline was mitigated by improved performance from Financial Services and Corporate and others Division due to better performance and lower fair value loss on investment securities.

### B3 Prospects

In view of the continuing global economic uncertainties, the Malaysian economy will be driven mainly by strong domestic demand supported by initiatives to stimulate domestic economic activities under the Economic Transformation Programme. Further, the Group is confident that upon the completion of the demerger exercises, the management of each Group will be more focused on its core operations and will be able to produce the desired objectives and results as envisaged in the restructuring exercise.

### Gaming

The Gaming Division continues to be focused on creating market presence and will endeavour to promote sales through brand loyalty with innovative marketing strategies. During the first quarter of the year where the Chinese New Year festive season falls will remain the major contributing factor to revenue. Other factors that affect the level of sales are the size of the Jackpot prize pool and the disposal income of the public.

### Financial Services

The Insurance subsidiary will strive to capture a larger market share by expanding its agency base, recruitment of more marketing personnel and to grow its retail business by introducing new products as well as to tap into the Bumiputra broking markets. It will also continue to intensify its marketing efforts to grow its tailored product scheme particularly on the retail sector. Going forward, it will continue to seek for new tie up with local and foreign owned banks to tap into their clients' insurance.

### B4 Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued by the Company.

### B5 Income Tax Expense

	3 months ended		12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current income tax:				
Malaysian income tax	13,335	17,208	76,903	101,778
(Over)/Under provision of Malaysian income tax in prior years	(171)	(4,969)	543	(4,179)
	<u>13,164</u>	<u>12,239</u>	<u>77,446</u>	<u>97,599</u>
Deferred tax				
Relating to origination and reversal of temporary differences	265	8,325	963	16,192
Overprovision in prior years	(81)	(3,813)	(6,332)	(2,777)
Total income tax expense	<u>13,348</u>	<u>16,751</u>	<u>72,077</u>	<u>111,014</u>

The effective tax rate for the period 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:

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Accretion of discounts less amortisation of premiums	1	2	6	8
Amortisation of facility fees	5,739	4,301	22,099	19,775
Amortisation of intangible assets	104	52	338	185
Bad debts written off	170	2,702	871	2,702
Bad debts recovered	-	(4,263)	-	(4,263)
Changes in fair value of derivative liabilities	-	1,083	(387)	3,596
Changes in fair value of investment securities	(5,313)	19,899	661	21,135
Depreciation of investment properties	430	1,577	1,721	5,709
Depreciation of property, plant and equipment	6,894	4,922	19,620	18,997
Dividend income on quoted shares and unit trust	(1,765)	(32,842)	(6,144)	(38,632)
Gain on disposal of shares in an associated company	(159)	-	(18,021)	-
Loss/(gain) on disposal of property, plant and equipment	1,128	(31,518)	1,070	(32,174)
Gain on disposal of investment properties	(11,238)	(183,428)	(26,331)	(183,428)
Gain on disposal of investment securities	(4,990)	(5,160)	(12,804)	(11,020)
Impairment losses on financial assets	-	2,400	-	2,400
Impairment of Goodwill	-	32,452	-	32,452
Increase in reserves for unexpired risks	3,927	633	15,746	4,863
Interest expense	23,118	39,447	98,510	144,020
Interest income	(22,589)	(13,311)	(49,850)	(38,193)
Inventory written off	-	3	-	3
Loss on redemption of RCULS-C	-	2,239	-	2,239
Property, plant and equipment written off	28	5,400	98	5,430
Provision for doubtful debts	(524)	-	12,176	-
Provision for retirement benefits	211	587	844	1,125
Share of profits of associates	(183)	(9,855)	(3,788)	(14,470)
Unrealised (gain)/loss on foreign exchange	(2)	(257)	4	(217)
Write-back of provision for doubtful debts	(5,562)	(3,577)	(5,562)	(3,577)

**B7 Retained profits**

	As at	As at
	31.12.2012	31.12.2011
	RM'000	RM'000
		(Restated)
Total retained profits		
- realised	2,553,128	2,374,250
- unrealised	23,809	(48,742)
Total share of retained profits from associated companies		
- realised	18,350	19,242
- unrealised	-	(1)
Less: Consolidation adjustments	(1,272,960)	(1,222,455)
Retained profits as per Statement of Changes in Equity	1,322,327	1,122,294

## B8 Corporate Proposals

- I. Proposed demerger of the Gaming and Special Purpose Vehicle (“SPV”) Capital Businesses of the Company and its subsidiaries;**
- II. Proposed capital repayment to the entitled shareholders of the Company; and**
- III. Proposed name change**  
(Collectively referred to as the “Proposals”)

On 23 May 2012, the Company through CIMB Investment Bank Berhad announced a proposed demerger of its gaming and SPV Capital businesses comprising the operations of financial services and other investments of the Group.

The Proposed Demerger comprises the following:

- (i) an internal restructuring, whereby the Company will dispose of substantially all its businesses and undertakings, including the assets and liabilities, which are involved in the SPV Capital Businesses to SPV Capital, a wholly-owned subsidiary, for a total consideration to be satisfied entirely through the issuance of new ordinary shares in SPV Capital (“**SPV Capital Shares**”) and/or cash to the Company. The actual total consideration and payment structure will be finalised and determined later;
- (ii) an offer for sale by the Company of all its SPV Capital Shares, representing the entire equity interest in SPV Capital, to the entitled shareholders of the Company at an offer price to be determined later and
- (iii) a listing of and quotation for the entire enlarged and paid-up share capital of SPV Capital on the Official List of the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

On 19 July 2012, the Company acquired a 100% equity interest in MPH Capital Berhad (“MPH Capital”) as the SPV.

On 8 November 2012, the Company announced the proposal to change the name of MPH to “Magnum Berhad” upon completion of the Proposed Demerger.

The Proposals were approved by the shareholders of MPH at the EGM of the Company held on 5 December 2012. The Securities Commission Malaysia (“**SC**”) and the Minister of Finance through Bank Negara Malaysia have conditionally approved the proposals on 10 December 2012 and 21 December 2012 respectively. On 14 February 2013, the SC has conditionally approved an appeal application to allow the relevant disclosures on the valuation of MPH Capital Group’s material property assets to be incorporated in the listing prospectus for information purposes based on valuations undertaken by independent valuers engaged by the Management for internal purposes,

Further details on the above corporate exercise have been announced on Bursa Securities on the same date.

- b) Proposed Disposal of 100% equity interest in A.A. Anthony Securities Sdn Bhd (“AAA”) to UOB Kay-Hian Holdings Limited (“UOBKH”) for a disposal consideration of not less than RM165,000,000 but not exceeding RM170,000,000 (“Proposed Disposal”)**

On 9 October 2012, the Company and its wholly owned subsidiary, Dynamic Pearl Sdn Bhd (“DPSB”) entered into a conditional share purchase agreement with UOBKH for the proposed disposal of the entire issued and paid-up shares of AAA for a cash consideration based on the audited net tangible assets of AAA and a premium of RM15,000,000.

On 18 January 2013, the Company announced that the Proposed Disposal had been completed at a total purchase price of RM169,263,137 based on the NTA of AAA as at 31 December 2012 of RM174,265,637 less the Agreed Distribution of RM20,002,500 to DPSB, a wholly-owned subsidiary of MPH, plus a premium of RM15,000,000.

Following the completion of the Proposed Disposal, AAA and its subsidiaries (i.e. A.A. Anthony Nominees (Tempatan) Sdn Bhd and A.A. Anthony Nominees (Asing) Sdn Bhd) have ceased to be subsidiaries of MPH.

Further details on the above proposed disposal have been announced on Bursa Securities on the same date.

## B9 Borrowings

The Group's borrowings as at 31 December 2012 are as follows:

	<b>Secured RM'000</b>
<b>Short term</b>	
Term loan	134,113
Revolving Credit	53,000
	<hr/>
	187,113
<b>Long term</b>	
Term loan	1,130,373
Total	1,317,486
	<hr/>
	<hr/>

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.

Hence, LDSB filed a claim against GBS. In turn, GBS had counterclaimed, among others, that the agreement had been validly terminated.

On 6 July 2012, LDSB's claim was dismissed with costs and GSB's counterclaim was allowed with costs by the High Court. On 9 July 2012, LDSB filed a notice of appeal, and subsequently on 24 August 2012, a record of appeal was filed at the Court of Appeal. On 19 September 2012, the High Court granted LDSB an Erinford injunction and a stay of execution of the High Court's decision, pending LDSB's appeal to the Court of Appeal. On 26 November 2012, Leisure Dotcom further filed a supplemental record of appeal at Court of Appeal to include the grounds of judgment for the High Court case which was received on 8 November 2012.

The solicitors of LDSB believe that LDSB has a good prospect of succeeding in the appeal against the High Court's decision. As at the announcement date, no date has been fixed for either case management or hearing for the Court of Appeal case.

## B11 Dividends

The Board of Directors recommends a final dividend of 3.5 sen dividend per share less 25% income tax and 1.5 sen single-tier dividend per share for the financial year ended 31 December 2012. The proposed dividends are subject to shareholders' approval at the forthcoming Annual General Meeting. The entitlement and payment dates shall be announced in due course.

**B12 Basic Earnings Per Share**

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

	3 months ended		12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Profit from continuing operations	49,773	258,798	337,322	467,947
Profit from discontinued operations	3,288	2,335	6,453	11,628
Profit attributable to owners of the company	<u>53,061</u>	<u>261,133</u>	<u>343,775</u>	<u>479,575</u>
Weighted average number of ordinary share in issue	1,427,321	1,271,485	1,427,321	1,271,485
<b>Basic EPS (sen)</b>				
Profit from continuing operations	3.5	19.6	23.6	36.8
Profit from discontinued operations	0.2	0.2	0.5	0.9
Profit attributable to owners of the company	<u>3.7</u>	<u>19.8</u>	<u>24.1</u>	<u>37.7</u>

By Order Of The Board  
Ng Sook Yee  
COMPANY SECRETARY  
28 February 2013