

Additional Corporate Disclosures

1. Utilisation of Proceeds

During the financial year ended 31 December 2009, there were no corporate exercises in which proceeds had been raised.

2. Share Buy-Back

As at 31 December 2008, a total of 44,584,100 Multi-Purpose Holdings Berhad ("MPHB") shares were bought back from the open market and retained by the Company as treasury shares in the treasury account. During the financial year ended 31 December 2009, the Company had bought back a total of 60,636,700 MPHB shares from the open market and these shares were retained as treasury shares.

The details of MPHB shares bought back during the year 2009 are as follows:-

Monthly Breakdown 2009	No. of Shares Purchased & Retained as Treasury Share	Purchase Price Per Shares		Average Price Per Share (RM)	Total Consideration Paid (RM)
		Lowest (RM)	Highest (RM)		
January	13,822,900	1.0625	1.1810	1.1514	15,915,327
February	13,931,800	1.0495	1.0800	1.0594	14,758,915
March	835,600	1.0211	1.0900	1.0601	885,830
April	4,843,900	1.1200	1.2746	1.1773	5,702,762
May	175,000	1.4260	1.4300	1.4339	250,925
June	2,261,300	1.3829	1.4525	1.4185	3,207,615
July	13,137,200	1.3355	1.7353	1.5892	20,877,492
August	7,256,300	1.7130	1.9326	1.8327	13,298,790
September	0				0
October	3,482,300	1.8289	1.9078	1.8703	6,513,021
November	73,100	1.8495	1.8495	1.8574	135,779
December	817,300	1.8444	1.8600	1.8595	1,519,808
Total	60,636,700			1.3699	83,066,264

On 12 October 2009, the Company distributed a total of 97,683,369 treasury shares from the treasury account to the entitled shareholders of the Company on the basis of one treasury share for every 10 MPHB shares held.

Save for the above, there were no treasury shares cancelled or resold during the financial year 2009.

3. Amount of Options, Warrants or Convertible Securities Exercised During the Financial Year

The Company did not issue any options and convertible securities during the financial year ended 31 December 2009.

4. American Depository Receipts ("ADR") and Global Depository Receipts (GDR)

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2009.

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.

Additional Corporate Disclosures

6. Non-Audit Fees

During the financial year ended 31 December 2009, 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 proforma consolidated balance sheets and technical consultation on accounting issues in relation to the Privatisation Proposals	195,000	75,000
b) Review of Statement of Internal Control	-	5,000
c) Review of financial covenants in connection with term loan facility from CIMB Bank Berhad	7,500	-
d) Engagement as independent poll scrutineers at the Extraordinary General Meeting of the Company	-	7,000
Total	202,500	87,000

7. Variation in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2009 and the unaudited results previously announced.

8. Profit Guarantee

There were no profit guarantees received by the Company during the financial year ended 31 December 2009.

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 2009, 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 and Investment Properties 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 of the results and the cash flows for that year.

In preparing the financial statements for the year ended 31 December 2009, the Directors have:

- considered the appropriate accounting policies and apply them consistently;
- made judgements 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) Encik 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)

TERMS OF REFERENCE

The Audit Committee was established to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 30 to 33 of the Annual Report.

AUDIT COMMITTEE MEETINGS HELD IN 2009

During the financial year ended 31 December 2009, the Audit Committee convened five (5) meetings, which were attended by all members. The meetings were appropriately structured through the use of agenda. In addition, the Independent Non-Executive Directors met with the external auditors once (1) during the financial year without the presence of any Executive / Non-Independent Board member.

The Managing Director, the Chief Operating Officer, the Head of Finance, the Head of the 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 meetings upon invitation.

TRAINING AND CONTINUOUS ENGAGEMENT

The Audit Committee members have jointly and/or singularly attended the training, seminars and programmes as enumerated on page 22 of the Annual Report.

During the financial year, the Audit Committee Chairman continuously engaged with members of Senior Management and the auditors by way of telephone conversations and attending ad-hoc meetings, in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Audit Committee in a timely manner.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2009

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Audit Committee were as follows:

- (a) Reviewed with the external auditors the evaluation of the system of internal controls;
- (b) Reviewed with the external auditors on the statement of internal control and the audited statutory financial statements of the Group prior to submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards for entities other than private entities issued by the MASB. Any significant issues resulting from the audit of the financial statements by the external auditors were deliberated;

Audit Committee Report

- (c) Met with the external auditors once (1) 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 matter 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 Internal Audit Department to ensure adequate scope and coverage of the activities for the Group;
- (e) Reviewed the resource requirements of the Internal Audit Department to ensure it can perform effectively and efficiently;
- (f) Reviewed the performance and competency of the members of the Internal Audit Department, and that it has the necessary authority to carry out its work;
- (g) Reviewed the Internal Audit Department's progress of audit activities and reports of the Company and its subsidiaries, which highlighted issues, recommendations and Management's response 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 related party transactions entered into by the Group;
- (j) Reviewed the independence, objectivity and effectiveness of the external auditors.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an in-house Group Internal Audit Department (GIAD) in the discharge of its duties and responsibilities. The GIAD's function is considered an integral part of the assurance framework and its primary mission is to provide an independent assurance on the adequacy and integrity of the risk, control and governance framework of the Group. GIAD has in place an Internal Audit Charter that states its purpose, authorities and responsibilities; and covers its independence in the organization structure to provide objective evaluation of risks and controls in the auditable activities.

A risk-based methodology is adopted to evaluate adequacy and effectiveness of the risk management, financial, operational, compliance and governance processes within the Group. The Head of GIAD, who reports directly to the Audit Committee, is responsible for its regular review and appraisal. The Audit Committee reviews and approves the GIAD's annual audit plan and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.

In an effort to provide value-added services, GIAD also plays an active role on an advisory capacity in the review and improvement of existing internal controls. 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.

During the financial year, the GIAD conducted various internal audit engagements in accordance with the risk-based audit plans that are consistent with the Group's goals. GIAD evaluated the adequacy and effectiveness of key controls in responding to risks within the Group's governance, operations and information systems regarding the:

- (i) Reliability and integrity of financial and operational information;
- (ii) Effectiveness and efficiency of operations;
- (iii) Safeguarding of assets; and

Audit Committee Report

- (iv) Compliance with laws, regulations and contractual obligations.

A summary of the main activities undertaken during the financial year is as follows:

- (i) Prepared and presented an annual risk-based Group internal audit plan to the respective Audit Committees for review and approval;
- (ii) Scheduled audits were carried out on various operating units within the Group in accordance with the approved internal audit plan;
- (iii) Issued audit reports to the Audit Committee, with copies extended to Management, identifying weaknesses and issues as well as highlighting improvement opportunities, observations, recommendations, corrective and preventive actions;
- (iv) Monitored the deadlines set for implementation of audit recommendations and verify to ensure that audit issues highlighted have been rectified.

All the internal audit activities were performed in-house.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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 MPHB Group.

OBJECTIVES

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following 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 to 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 fulfils 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:

Audit Committee Report

- i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if not a member of the Malaysian Institute of Accountants, must have at least three (3) years' working experience; and
 - (aa) must have passed the examinations specified in Part I 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;
 - 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 the function of being primarily responsible for the management of the financial affairs of a corporation; or
 - v) fulfils 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 (the "Secretary") of MPH B shall serve as Secretary of the Audit Committee.

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 and 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 key dates in the Company's financial reporting cycle.
- (b) The Audit Committee shall meet at least twice (2) a year with the external auditor 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 senior Management, such as the Chairman, the Group 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.

Audit Committee Report

- (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 auditor shall attend any particular Audit Committee meeting only at the committee's invitation, specific to the relevant meeting.
- (h) The Audit Committee shall prepare an 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 by the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policies and practices;

Audit Committee Report

- (ii) significant and unusual events;
 - (iii) going concern assumption; 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 controls;
 - (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 auditor may wish to discuss (in the absence of 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 resignations 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 authorized by the Board of Directors.

Statement On Internal Control

INTRODUCTION

Bursa Malaysia Listing Requirements ("LR"), Paragraph 15.27(b) requires the Board of Directors ("the Board") of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Malaysian Code on Corporate Governance (as revised in 2007) further requires the Board to ensure that a sound system of internal controls is maintained to safeguard shareholders' investment and Group's assets. In pursuance thereof and in accordance with a desire to adhere to the standard of corporate governance, the Board is pleased to set out below its Statement on Internal Control of the Group during the financial year.

THE BOARD'S RESPONSIBILITIES

The Board recognises that good corporate governance provides the fundamentals in sound internal controls and a robust risk management programme, and believes that the practice of good corporate governance is a concerted and continuing process.

The Board affirms its overall responsibility for reviewing the adequacy and integrity of the Group's internal control systems, which covers the areas of risk management, finance, operations, management information systems and compliance with applicable laws, regulations, directives and guidelines.

However, 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.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Management Style and Monitoring Mechanisms

In relation to the Group's system of internal control, the Chief Executive Officer, Chief Operating Officer and Executive Directors act as the communication intermediary between the Board and Management at subsidiary and Group, and implement the Board's expectations of the internal control system.

To promote corporate governance, transparency and accountability, the Board has set up Board and Management Committees to assist them to direct, monitor and ensure that the plans and operations are in accordance with the Group's approved long-term and short-term business plans. Schedule meetings are held and through these mechanisms, the Board and Audit Committee ("AC") are informed of all control issues pertaining to internal controls, regulatory compliance and risk taking.

Risk Management Framework

The Board regards that the management of principal risks plays an important and integral part of the Group's daily operations and the effective identification and management of such risks will positively affect the achievement of the Group's business objectives.

Management is responsible for the management of risks, including developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board.

With the assistance of the Group Internal Audit ("GIA"), the Board, through the AC, continually reviews the adequacy and integrity of the risk management processes in place within the various operating businesses.

The ongoing implementation of risk management framework would ensure that the major areas of risks are identified, managed and controlled or mitigated effectively. As a result, Management is able to make conscious and informed decisions by formulating and implementing necessary action plans and monitoring its outcome throughout the financial period under review.

Statement On Internal Control

Key Elements of Internal Control

The key elements of the Group's internal control systems are described below:

- Key responsibilities and accountability in the organisational structure are clearly defined, with clear reporting lines up to the Board and its Committees. Established delegation of authority sets out the appropriate authority levels for decision-making, including matters requiring Board's approval.
- Standard operating policies and procedures are in place and are regularly updated to reflect changing risks or to resolve operational deficiencies. These procedures are relevant across Group operations and provide continuous assurance to increasingly higher levels of Management and, ultimately, to the Board. Instances of non-compliance with such policies and procedures are reported thereon by GIA to the Board via AC, which provides some degree of assurance as to operations and effectiveness of the system of internal controls. Planned corrective actions are independently monitored for timely completion.
- The Group's Management teams carry out regular monitoring and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. 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's Chief Operating Officer and Head of Finance provide the AC and the Board with quarterly financial information, which includes key financial indicators for review. Variances identified will be followed up and Management action taken, where necessary. The Board is also provided with information on significant changes in the business and external environment by the Group Managing Director. This oversight review enables the Board to control and evaluate the business performance so as to ensure that the Group is achieving its business objectives. Where the areas of improvement in the system are identified, the Board considers the recommendation by both the AC and Management.
- Regular visits to the operating units by the members of the Board and Management.
- An on-going training and educational program for Directors and staff relevant in assessing the adequacy and integrity of the Group's risks and control processes.
- GIA independently reviews for the adequacy of risk management, internal controls and governance systems and provides the respective ACs 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 ACs.

THE BOARD'S COMMITMENT

The Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of the Group's business objectives and operational efficiency can be attained. The Board is of the view that there were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Group continues to take measures to strengthen the internal control environment.

Pursuant to paragraph 15.23 of the LR of Bursa Malaysia, the external auditor has reviewed this statement for inclusion in the Annual Report of the Group for the year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.