

# Additional Corporate Disclosures

## 1. Utilisation of Proceeds

During the financial year ended 31 December 2008, there were no corporate exercises in which proceeds had been raised.

## 2. Share Buy-Back

During the financial year ended 31 December 2008, the Company bought back 44,584,100 ordinary shares of RM1.00 each ("MPHB Shares") from the open market and all the shares bought back by the Company were retained as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

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

Monthly Breakdown 2008	No. of Shares Purchased & Retained as Treasury Shares	Purchase Price Per Share		Average Price Per Share (RM)	Total Consideration Paid (RM)
		Lowest (RM)	Highest (RM)		
July	983,800	1.44	1.60	1.52	1,495,508
August	2,113,000	1.39	1.59	1.47	3,107,366
September	6,819,200	1.21	1.43	1.31	8,957,796
October	12,308,000	0.97	1.30	1.13	13,901,131
November	1,700,000	1.02	1.11	1.06	1,796,930
December	20,660,100	1.02	1.11	1.04	21,427,674
Total	44,584,100				50,686,405

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

A total of 7,841,430 warrants-B of the Company were converted into 7,841,430 ordinary shares of RM1.00 each in the Company during the financial year ended 31 December 2008.

Save as disclosed above, the Company did not issue any options and convertible securities during the financial year ended 31 December 2008.

## 4. American Depositary Receipts ("ADR") and Global Depositary Receipts (GDR)

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.

## 5. Sanctions and/or Penalties Imposed

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

## 6. Non-Audit Fees

During the financial year ended 31 December 2008, the following non-audit fees were paid to the Group's external auditors, Messrs Ernst & Young ("EY"):-

<b>Non-audit services rendered by EY</b>	<b>Subsidiaries RM</b>	<b>Company RM</b>
a) Review of proforma consolidated balance sheets and technical consultation on accounting issues in relation to the Privatisation Proposals	-	52,500
b) Review of Statement of Internal Control	-	8,400
<b>Total</b>	-	<b>60,900</b>

## 7. Variation in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2008 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 2008.

## 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 2008, 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 2008, 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.

## 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. Thamoatham Pillay  
*(Non-Independent Non-Executive Director)*

## TERMS OF REFERENCE

### POLICY

It is the policy of Multi-Purpose Holdings Berhad (“MPHB” or “the Company”) to establish an Audit Committee to ensure that internal and external audit functions are properly conducted, and that audit recommendations are being carried out effectively by all subsidiaries and associated companies of the MPHB Group.

### OBJECTIVES

The objectives of this policy are:-

- (a) to comply with Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”);
- (b) to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities, and yet ensure that audit findings are brought up to the highest level for consideration.

## 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 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 member of the Audit Committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience; and

# Audit Committee Report

- (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
- (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (cc) 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 3 months.

The Board of Directors shall review the term of office of Audit Committee members no less than once in every three years.

## **Chairman**

The members of the Audit Committee shall elect a Chairman, from among their members, who shall be an independent non-executive director.

## **Secretary**

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

## **FUNCTIONS OF THE AUDIT COMMITTEE**

The functions of the Audit Committee are as follows:

- (a) review the following and report to the Board of Directors:
  - (i) recommendation of the nomination of a person or persons as external auditors;
  - (ii) audit plan with the external auditor;
  - (iii) evaluation of the system of internal controls with the external auditor;
  - (iv) audit reports with the external auditor;
  - (v) the assistance given by the employees to the external auditor;
  - (vi) any letter of resignation from the external auditors of the Company;
  - (vii) whether there is reason (supported by facts) to believe that the Company's external auditor is not suitable for re-appointment;
  - (viii) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:

# Audit Committee Report

- (aa) changes in or implementation of major accounting policy;
  - (bb) significant and unusual events; and
  - (cc) compliance with accounting standards and other legal requirements.
- (ix) 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;
- (b) establish an internal audit function which is independent of the activities it audits;
- (c) oversee the internal audit function as follows:
- (i) the Head of Internal Audit shall report directly to the Audit Committee;
  - (ii) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (iii) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (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;
  - (vii) in the case of resignations of internal audit staff, provide the resigning staff opportunity to submit his / her reasons for resigning;

together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

## **AUTHORITY OF THE AUDIT COMMITTEE**

The Audit Committee shall have the authority to:

- (a) investigate any matter within its terms of reference;
- (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 independent professional or other advice; and
- (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.

# Audit Committee Report

## MEETINGS AND REPORTING PROCEDURES

- (a) The Audit Committee shall meet as often as the Chairman deems necessary but not less than four times a year.
- (b) 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 directors.
- (c) Other directors and employees shall attend any particular Audit Committee meeting only at the committee's invitation.
- (d) 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; and
  - (iii) preparing and keeping minutes of meetings.
- (e) The Audit Committee meeting minutes are to be extended to the Board of Directors.
- (f) 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.
- (g) The Audit Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

## AUDIT COMMITTEE MEETINGS HELD IN 2008

During the financial year ended 31 December 2008, the Audit Committee conducted 5 meetings, which were attended by all members.

## SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

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

- (a) Reviewed and recommended to the Board for approval, the unaudited quarterly financial statements and audited financial statements of the Group, as well as highlighted any significant issues to the Board.
- (b) Reviewed the annual audit plan of Internal Audit Department to ensure adequate scope and coverage of activities of the Group.
- (c) Reviewed the resource requirements of the Internal Audit Department to ensure it can perform effectively and efficiently.
- (d) Reviewed the internal audit reports of the Company and its subsidiaries, the audit recommendations and management response to these recommendations and the implementation status of recommendations.

- (e) Reviewed and assessed the performance of the Internal Audit Department.
- (f) Reviewed the external auditors' report on the audit of the statutory financial statements of the Group.

## **INTERNAL AUDIT FUNCTION**

The internal audit function of the Group is carried out by Group Internal Audit Department ("GIAD"). GIAD has in place a charter that covers its independence in the organisation structure to provide objective evaluation of risks and controls in the auditable activities. On an annual basis, GIAD presented its risk-based Internal Audit Plan to the respective Audit Committees for review and approval.

Scheduled audits are carried out on various operating units within the Group, in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate adequacy and effectiveness of the risk management, financial, operational, compliance and governance processes. 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.

Based on these audits, GIAD on a periodic basis, provides the Audit Committees with reports highlighting observations, recommendations, corrective actions and deadlines to implement the preventive and corrective actions. Deadline for implementation of audit recommendations is continually monitored to obtain assurance that key risks and control concerns are promptly and effectively managed. Where the result of an audit is unsatisfactory, a follow-up audit is conducted and reported to the respective Audit Committees.

# Statement On Internal Control

## INTRODUCTION

Bursa Malaysia Listing Requirements, Paragraph 15.27 (b) requires the Board of Directors (“the Board”) of listed companies to make a statement in the Company’s annual report about the state of its internal controls. 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 highest standard of corporate governance, the Board is pleased to set out below its Statement on Internal Control that was prepared in accordance with Bursa Malaysia’s Statement on Internal Control – Guidance for Directors of Public Listed Companies.

## 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. Scheduled meetings are held and through these mechanisms, the Board and Audit Committee are informed of all control issues pertaining to internal controls, regulatory compliance and risk taking.

### Risk Management Process

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. 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

## THE GROUP'S SYSTEM OF INTERNAL CONTROL *(cont'd)*

### Other Key Elements Of Internal Control

The other 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. Instances of non-compliance with such policies and procedures are reported thereon by Group Internal Audit ("GIA") to the Board via Audit Committee (AC).
- 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.
- Regular visits to the operating units by the members of the Board and senior management;
- An ongoing training and educational program for Directors and staff relevant in assessing the adequacy and integrity of the Group's risks and control processes.
- 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.

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