



ANNUAL REPORT

2009

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at Rasah Room of The Royale Bintang Resort & SPA Seremban, Jalan Dato' A.S. Dawood, 70000 Seremban, Negeri Sembilan Darul Khusus on Friday, 18 June 2010 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' Fee of RM60,000.00 for the year ended 31 December 2009. **(Resolution 2)**
3. To re-elect the following Director who retires in accordance with Articles 80 and 82 of the Company's Articles of Association:

Mr Kan Ah Chun **(Resolution 3)**
4. To consider and if thought fit, pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
 - 4.1 "That Mr. Chew Loy Chee, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **(Resolution 4)**
 - 4.2 "That Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **(Resolution 5)**
5. To re-appoint Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 6)**
6. As Special Business, to consider and if thought fit, to pass the following resolutions as an Ordinary Resolution:
 - 6.1 Authority to issue shares pursuant to Section 132(D) of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company." **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

6.2 Proposed renewal of authority to purchase its own shares by the Company.

“THAT, subject always to the Companies Act, 1965 (“Act”), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by law, to buy-back and/or hold such amount of ordinary shares of RM1.00 each in the Company (“Shares”) and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

- (i) The aggregate number of Shares bought-back and/or held does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company subject to the restriction that the issued and paid-up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirement;
- (ii) The maximum amount to be allocated for the buy-back of the Company’s own Shares shall not exceed the retained profits and the share premium account of the Company;
- (iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and
- (iv) Upon completion of buy-back by the Company of its own Shares, the Directors of the Company are authorised to deal with the shares so bought-back in any of the following manner:-
 - (a) cancel the Shares so purchased; or
 - (b) retain the Shares so purchased as treasury shares and held by the Company; or
 - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder,

and the treasury shares may be distributed as dividends to the Company’s shareholders and /or resold on Securities Exchange and/or subsequently cancelled or any combination of the three and in any other manner.

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest;

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

8. To transact any other ordinary business of which due Notice shall have been received.

By Order Of The Board

NG BEE LIAN
Company Secretary

Seremban
26 May 2010

Notes:

1. A member of the Company who is entitled to attend and vote in the Meeting is entitled to appoint a proxy / proxies to attend and vote in his / her stead. A proxy may but need not be a member of the Company

The Form of Proxy must be deposited with the Company Secretary at the registered office of the Company at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the Meeting.

2. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the Seal or under the hand of an officer or attorney duly authorized.
3. Where a member appoints two or more proxies to attend at the same meeting, the appointment shall be invalid unless the holder specified the proportion of his shareholdings to be represented by each proxy.

Explanatory Notes

Ordinary Resolution No. 7

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of share, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 19 June 2009.

Ordinary Resolution No. 8

If passed, will provide the mandate for the Company to buy-back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of Director Standing for Re-Election.

Director who is standing for re-election at the 20th Annual General Meeting is as follows:-

Articles 80 and 82 of the Company's Articles of Association:

- Mr Kan Ah Chun

2. Details of Directors Standing for Re-Appointment.

Directors standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 are as follows:-

- Mr Chew Loy Chee
- Mr Tan Chon Sing @ Tan Kim Tieng

The details of the above Directors standing for re-election/re-appointment are set out in their respective profiles which appear on pages 7 to 9 of the Company's 2009 Annual Report.

3. Details of Attendances of Directors at Board Meeting.

A total of five (5) Board of Directors' meetings were held at the Board Room, 4th Floor, Wisma Concorde, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur during the financial year. Details of attendances of Directors at the Board Meeting are set out in the Statement on Corporate Governance on pages 15 to 19 of the Annual Report.

CORPORATE INFORMATION

Board Of Directors

Mr Chew Loy Chee
Deputy Chairman - *Non-Independent Non-Executive Director*

Mr Lim Hong Liang - *Non-Independent Executive Director*

Mr Kan Ah Chun - *Non-Independent Executive Director*

Mr Tan Chon Sing @ Tan Kim Tieng - *Non-Independent Non-Executive Director*

Mr Gan Teck Chong @ Gan Kwan Chong - *Non-Independent Non-Executive Director*

Encik Muhayuddin Bin Musa - *Independent Non-Executive Director*

Encik Johari Low Bin Abdullah - *Independent Non-Executive Director*

Chief Executive Officer

Mr Ang Poo Guan

Audit Committee

Chairman: Encik Johari Low Bin Abdullah

Members: Mr Tan Chon Sing @ Tan Kim Tieng
Encik Muhayuddin Bin Musa

Remuneration Committee

Chairman: Mr Lim Hong Liang

Members: Encik Muhayuddin Bin Musa
Encik Johari Low Bin Abdullah

Nomination Committee

Chairman: Mr Tan Chon Sing @ Tan Kim Tieng

Members: Encik Muhayuddin Bin Musa
Encik Johari Low Bin Abdullah

Investment Committee

Chairman: Mr Tan Chon Sing @ Tan Kim Tieng

Members: Lim Hong Liang
Kan Ah Chun
Ang Poo Guan

Company Secretary

Ms Ng Bee Lian (MAICSA 7041392)

Registered Office

1st Floor, 275, Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-7623339
Fax: 06-7629693

Principal Place Of Business

2nd Floor, No. 23, Jalan Kong Sang
70000 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-7653816 & 7653836
Fax: 06-7653815

Auditors

Ernst & Young, Chartered Accountants (AF: 0039)
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Tax Consultant

Ernst & Young Tax Consultants Sdn Bhd
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Solicitors

Logan Sabapathy & Co

Share Registrar

Sectrars Services Sdn Bhd
No. 28-1, Jalan Tun Sambanthan 3
Brickfields, 50470 Kuala Lumpur
Tel : 03-22746133
Fax: 03-22741016

Principal Bankers

CIMB Bank Berhad
Hong Leong Islamic Bank Berhad
Alliance Bank Malaysia Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad Main Market

Website

www.malpac.com.my

PROFILE OF BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

MR CHEW LOY CHEE • Deputy Chairman

Mr Chew Loy Chee, Singaporean/Malaysian Permanent Resident, aged 73, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board as Deputy Chairman on 31 May 1990.

He was engaged in the commercial banking sector for twenty years prior to being involved in the stockbroking industry and was a member of the KLSE (now known as Bursa Malaysia) from 1976 to 2001. He was a senior partner of Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia) from 1976 to March 1987. The firm was converted into a private limited

company known as Seremban Securities Sdn. Bhd. (SSSB) in April 1987. The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr. Chew attended all of the five (5) Board Meetings held in the financial year 2009.

MR TAN CHON SING @ TAN KIM TIENG

Mr Tan Chon Sing @ Tan Kim Tieng, Malaysian, aged 71, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is the Chairman of the Nomination Committee and the Investment Committee. He is also a member of the Audit Committee of the Company.

He graduated from Nanyang University in 1963 with a Bachelor of Commerce degree and was a banker for eleven years before joining the stockbroking industry in 1976 as Manager in Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia). He was admitted as a member of KLSE in 1987 (now known as Bursa Malaysia) and appointed as a Director of Seremban Securities Sdn. Bhd. (SSSB). The name of SSSB was

changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

His directorship in other public listed company is in Three-A Resources Bhd. He also sits on the Board of several other companies within the Malpac Group as well as few other private limited companies. He currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr Tan attended all of the five (5) Board Meetings held in the financial year 2009.

MR GAN TECK CHONG @ GAN KWAN CHONG

Mr Gan Teck Chong @ Gan Kwan Chong, Malaysian, aged 63, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He has been in the stockbroking business for more than twenty years. He commenced his career as a remisier with Chua & Co., Melaka, and joined Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia), in 1976 as Assistant Manager. He was admitted as a member of the KLSE (now known as Bursa Malaysia) and a partner of Chew & Teo in 1979. The firm was converted into a private limited company known as Seremban Securities Sdn. Bhd. (SSSB) in April 1987. The name of SSSB was changed to

Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr Gan attended all of the five (5) Board Meetings held in the financial year 2009.

PROFILE OF BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D)

MR LIM HONG LIANG

Mr Lim Hong Liang, Malaysian, aged 51, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 16 October 1990. He is the Chairman of the Remuneration Committee and a member of the Investment Committee of the Company.

He holds a Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Sydney. Before joining Malpac, he was employed in the commercial banking sector for six years.

He is a director of two other public listed companies, Kumpulan Powernet Berhad and APB Resources Berhad,

and also sits on the Board of two other companies within the Malpac Group as well as several other private limited companies.

Mr Lim attended all of the five (5) Board Meetings held in the financial year 2009.

MR KAN AH CHUN

Mr Kan Ah Chun, Malaysian, aged 56, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 10 September 1996. He is a member of the Investment Committee of the Company.

After graduating from University of Malaya with a Bachelor of Science (Hons) Degree in 1977, he was attached to the teaching profession from 1978 to 1982. He then joined a commercial bank until 1996 when he joined Malpac Securities Sdn. Bhd.

He also sits on the Board of a company within the Malpac Group as well as another public listed company, Yen Global Berhad (formerly known as Sequoia Holdings Berhad) and several other private limited companies.

Mr Kan attended all of the five (5) Board Meetings held in the financial year 2009.

ENCIK MUHAYUDDIN BIN MUSA

Encik Muhayuddin Bin Musa, Malaysian, aged 47, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 March 2005. He is also a member of the Audit, Remuneration and Nomination Committees of the Company. He graduated with a Bachelor of Commerce (Hons) degree from the Carleton University, Ottawa, Canada.

He started his career as a Financial Officer with Lembaga Letrik Negara ('LLN') (1985 – 1987). Thereafter, he joined the banking industry and has held various positions in both local and foreign banks. Subsequently, in 1993 he joined Federal Furniture Holdings (M) Berhad as Corporate Affairs Manager and Managing Director of a subsidiary of Federal Furniture Holdings (M) Berhad. En Muhayuddin is currently the Executive Director/Chief

Executive Officer of Computer Forms (Malaysia) Berhad, a post he continues to hold till today since 1998.

Encik Muhayuddin currently sits on the Board of Directors of Computer Forms (Malaysia) Berhad as an Executive Director and APB Resources Berhad as an Independent Non-Executive Director.

Encik Muhayuddin attended all of the five (5) Board Meetings held in the financial year 2009.

PROFILE OF BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D)

ENCIK JOHARI LOW BIN ABDULLAH

Encik Johari Low Bin Abdullah, Malaysian, aged 60, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 May 2007. He is also the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of the Company.

Encik Johari is a Fellow Member of The Institute of Chartered Accountants (England & Wales), the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of Mensa International.

He was previously an auditor with Coopers Lybrand London and Deloitte Kuala Lumpur, Executive Director

of Ambank Group, Group Managing Director of Berjaya Group Berhad, CEO of KFC Holdings (M) Berhad, Deputy Chairman of Anglo Eastern Plantations PLC, Director of Metroplex Berhad and Nam Fatt Corporation Berhad. He is currently the Chairman of the Rockwills International Group, the first and largest will-writing franchise system in Malaysia. He is also a director of APB Resources Berhad, Kumpulan Powernet Berhad and Rockwills Trustee Berhad.

Encik Johari attended all of the five (5) Board Meetings held in the financial year 2009.

NONE OF THE DIRECTORS HAS:

- Any family relationship with any other Director and/or major shareholder of Malpac Holdings Berhad.
- Any conflict of interest with Malpac Holdings Berhad.
- Any conviction for offences within the past 10 years other than traffic offences.

MR ANG POO GUAN • Chief Executive Officer

Mr Ang Poo Guan, Malaysian, aged 61, was appointed as Chief Executive Officer of Malpac Holdings Berhad on 1 March 2002. He also holds directorships in a few subsidiary companies of the Group. He is a member of the Investment Committee of the Company.

He graduated from the University of Malaya in 1972 with a Bachelor of Agric. Sc. (Hon.) degree. He joined a plantation management company for a short stint before joining an agricultural development bank in 1973. In 1980 he joined a foreign commercial bank where he rose to the position of Senior Vice President. In 1996, he left the banking sector to join Malpac Management Sdn. Bhd., a subsidiary of Malpac Holdings Berhad, where he was appointed Chief Executive Officer cum Director.

He also holds directorships in a public listed company, Ralco Corporation Berhad and a few of its subsidiaries, a public company, Kai Peng Berhad and several private limited companies.

Mr Ang attended four (4) of the five (5) Board Meetings held in the financial year 2009.

Mr Ang does not have any family relationship with any director and/or major shareholder of Malpac Holdings Berhad, nor has he any conflict of interest with the Company. He has no convictions for any offences within the past ten years.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present to you our Annual Report & Audited Financial statement for the financial year ended 31 Dec 2009 (FY2009).

FY2009 recorded a fruitful year for Malpac Holdings Berhad and this year our group has achieved our expected revenues and earnings despite the uncertain and volatile market conditions.

ECONOMIC REVIEW

After a bumper year in 2008, we believed 1H2009 has tested the floor price for crude palm oil. We are coming to the tail of the US financial crisis which was interestingly characterized by an unprecedented rapid growth of assets and commodities prices that was fueled by ample liquidity and cheap supply of money in the financial system. Bursa index has surged more than 50%, crude oil price has surged from US\$36/barrel to US\$80/barrel within a year.

In our view, even though most nations in the world have seen a handsome recovery in the 2H2009, the systematic risks which are inherent in the entire market had not reduced significantly. Asset prices are priced beyond the fundamental support levels and most commodity prices have gone beyond the market's affordability. The high prices and ample liquidity has driven even more unneeded supply, which might snowball to another bubble. Unemployment and demand are still much weaker than the pre-crisis level, and amongst others, more national level bailouts are expected in the Euro zone and US unemployment rate is still higher than 10%.

In the Asian market, despite encouraging indicators and strong forecast for 2010, the real economic growth is still our biggest fear as interest rates are unlikely to remain low in the view of the government to curb assets and commodities inflation. Several rate hikes are expected in year 2010 and that will further dampen domestic consumer demand which is already weaker than pre-crisis level. Market reaction upon the stimulus packages being pulled back expected to be as "exciting" as when it was introduced.

In light that the systematic risks in the system are still high, it is expected that numerous monetary and fiscal policy changes will take place in coming years for a more sustainable economic model. We expect more opportunities in the coming years based on the current economic climate, and hence it is important for us to continue to strengthen our financial stability and be firm on our stand as a risk-averse investor.

FINANCIAL PERFORMANCE

I am pleased to report we met our expected earnings for the year ended 31 December 2009.

Revenue has decreased from RM 15.7 million to RM 10.2 million largely hurt by the lower average CPO price as experienced across the industry. "Other income" also reduced from RM 7.1 million to RM 4.2 million, mainly resulted from the record-low interest rates as part of the Malaysian government stimulus packages to boost the economy.

Despite the double dip on our two major income streams which recorded 36% lower total income as compared to FY2008, we manage to achieve profit after tax (PAT) of RM 8.2 million in FY2009, with only 30% decrease versus 2008 PAT. The better than expected net profit is contributed through partial recovery of the "provisions for diminution in value of investment shares held" as reported in FY2008, owing to better stock market conditions in FY2009.

The Group's balance sheet has further strengthened as expected despite the uncertain and adverse market conditions in FY2009. As at 31 December 2009, the Group has accumulated total asset of RM 192 million with zero gearing. The financial strength has positioned the Group on the right track for future organic expansion.

CHAIRMAN'S STATEMENT (CONT'D)

PROSPECTS

The Group's mainstream income is still strongly dependant on its palm oil production. Hence, the Group's near term performance would still be highly correlated to the CPO prices, which is expected to be slightly better than year 2009. Returns from fixed deposits and investments are also expected to be improved slightly in 2010 in view of increasing interest rates. However stock market conditions are expected to be volatile especially in 2H 2010 and this will also impact our performance to a certain extent.

As we think that the systematic risks remain high in the market, risk-adjusted return is the key consideration when the Group explores new opportunities to extend the value chain for the existing palm oil production and/or diversifying into other new businesses. Shareholders' capital risks and risk-adjusted return are always the highest priority for the Group future expansion and the board is firmly committed in developing a sustainable organic growth model for the Group.

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we regard our social responsibility by complying with environmental and pollution standards. We have been managing our plantation in a manner consistent with internationally accepted standards and practices.

DIVIDEND

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

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to all the directors, management and staff for their strong commitment and contribution towards the continued success of the Group. My appreciation also goes to our valued shareholders, bankers and business partners for their continued support and confidence in the Group.

Chew Loy Chee
Deputy Chairman

AUDIT COMMITTEE REPORT

INTRODUCTION

The Board of Directors is pleased to issue the following Report of the Audit Committee and its activities for the financial year ended 31 December 2009.

COMPOSITION AND MEETINGS

The members of the Audit Committee and attendance at each Audit Committee meeting during the financial year ended 31 December 2009 are as follows:-

Name	Status	Attendance
Chairman		
Johari Low Bin Abdullah	Independent Non-Executive Director	5/5
Members		
Tan Chon Sing @ Tan Kim Tieng	Non-Independent Non-Executive Director	5/5
Muhayuddin Bin Musa	Independent Non-Executive Director	5/5

TERMS OF REFERENCE

Membership

- The Audit Committee shall be appointed by the Board from among the Directors and shall compose of no fewer than three (3) members, all must be non-executive directors with majority of them being independent directors.
- At least one (1) member of the committee must be:
 - i) a member of Malaysian Institute of Accountants (MIA); or
 - ii) if non-MIA member, a person who must have at least three (3) years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule; or
 - iii) a person who holds a degree/master/doctorate in accounting/finance with three (3) years' post qualification experience; or
 - iv) a person with at least seven (7) years experience being Chief Financial Officer.
 - v) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- No alternate director shall be appointed as a member of the Audit Committee.
- The members of the Audit Committee shall elect a chairman from among their member who shall be an independent director.
- In the event of any vacancy in the Audit Committee which results in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad, the vacancy must be filled within three (3) months.

Objective

The objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities especially on the following:

- To oversee and appraise the quality of the audits conducted by the Company's internal and external auditors.
- To determine the adequacy of the Company's administrative, operating and accounting controls.
- To maintain open lines of communications among the Board, the Company's employees and external auditors and to exchange views and information.
- To undertake any other such duties and responsibilities as may be required by the Board.

AUDIT COMMITTEE REPORT (CONT'D)

Duties & Responsibilities

The duties and responsibilities of the Committee shall be:

- To review with the internal auditors, the scope, functions, competency and adequacy of resources, authority, internal audit programme and results, processes or investigation undertaken and the action taken on their recommendations.
- To review the quarterly financial results and annual financial statements before submission to the Board for approval.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of other directors and management where necessary).
- To review the effectiveness of internal audit function.
- To identify and direct any special projects of investigations deemed necessary.
- To consider any related party transactions that may arise within the Group.
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof.
- To review any resignation from external and internal auditors and to nominate external and internal auditors for the Group.

Authority

The Audit Committee is empowered to, in accordance with the procedures determined by the Board of Directors and at the cost of the Company:-

- Investigate any matters within its term of reference.
- Have full access to all information in relation to the Company and its subsidiaries.
- Have direct communication channels with the external auditors and internal auditors.
- To convene meetings with the internal auditors without the presence of Executive Directors and employees of the Company, whenever deemed necessary.
- To convene meetings with the external auditors at least twice a year without the presence of the Executive Directors and management staff.
- Obtain independent professional or other advice as necessary.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matter considered and its recommendations thereon, pertaining to the Group.

Meetings

The Committee will meet at least four times in a year. The quorum for the meeting shall consist of two members of which majority of members present must be Independent directors. The Directors, employees, auditors or others may attend meetings upon the invitation of the Audit Committee.

The Company Secretary shall be the Secretary to the Audit Committee.

Minutes

The Secretary shall maintain minutes of the proceedings of the meeting and circulate such minutes to all members of the Audit Committee. The Chairman of the Committee shall report on each meeting to the Board of Directors.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

The following activities were carried out by members of the Audit Committee for the financial year under review:-

- Reviewed the quarterly financial results and the annual financial statements of the Company and made recommendations to the Board of Directors for approval prior to the release of the results to Bursa.
- Reviewed with the external auditors, the audit plan and the nature and scope of audit.
- Reviewed the major findings of internal audit reports and their recommendations relating thereto as well as the management response.
- Reviewed the internal and external audit reports to ensure that appropriate and adequate remedial actions were taken by the Management on significant lapses in controls and procedures that were identified if any.
- Meeting with the external auditors in the absence of the Executive Directors.
- Assessed the performance of the auditors and make recommendations to the Board of Directors for their appointment and removal.
- Reviewed the Audit Committee Report and Statement on Internal Control prior to its inclusion in the Annual Report.
- Evaluated the audit fees payable to the internal auditors and external auditors.

INTERNAL AUDIT FUNCTION

For Financial Year Ended 31 December 2009, the Group has outsourced its internal audit functions to an independent consulting firm at a cost of RM10,000 per annum. The principal role of the internal audit function is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively. The internal audit function reports directly to the Audit Committee and it is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports for their review and subsequently recommending to the Board for strengthening the internal controls and corporate governance of the Group.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 20 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance (the Code) sets out basic principles and best practices on structures and processes that companies may adopt in their operations towards achieving the optimal governance framework.

The Board of Directors of Malpac Holdings Berhad is committed to ensure the highest standards of corporate governance throughout the Group as a fundamental basis in the discharge of their fiduciary duties and responsibilities to protect and enhance long term shareholder values whilst taking into account the interests of other stakeholders.

In line with the Listing Requirements of Bursa Malaysia, the Board of Directors presents herewith the report on how the Group has applied the principles of the Code and the extent of compliance with the best practices provision.

I. THE BOARD OF DIRECTORS

The Board assumes responsibility for leading and controlling the Group towards realising long term shareholder values.

1. Composition of the Board

The Board currently has seven members, comprising of two executive non-independent directors, three non-executive non-independent directors and two non-executive independent directors. The Company is in compliance with the Listing Requirements of Bursa Malaysia which requires 1/3 of total number of directors being Independent Directors.

As at the date of this report, the Board has not elected a Chairman for the Company. Currently the Deputy Chairman chairs all the Board meetings. Upon identification of a potential candidate, the nomination committee would assess and make the appropriate recommendations to the board for consideration. Meanwhile, the Board acknowledges the importance of distinguishing the roles of chairman and chief executive officer of the Company.

2. Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All Board members bring to bear an independent judgment on issues of strategy, performance, resources and standards of conduct.

During the financial year, the Board met five (5) times. The numbers of meetings attended by each director are as follows:-

Name of Directors	No. of Meetings Attended
Chew Loy Chee	5/5
Gan Teck Chong @ Gan Kwan Chong	5/5
Tan Chon Sing @ Tan Kim Tieng	5/5
Lim Hong Liang	5/5
Kan Ah Chun	5/5
Muhayuddin Bin Musa	5/5
Johari Low Bin Abdullah	5/5

3. Board Balance

The Board has a balanced composition of executive and non-executive directors so that no individual or small group of individuals can dominate the Board’s decision making. Together, the Directors bring with them a wide range of business and financial experience relevant to the Group.

A brief description of the background of each Director is given on pages 7 to 9 of the Annual Report.

STATEMENT ON **CORPORATE GOVERNANCE** (CONT'D)

I. THE BOARD OF DIRECTORS (cont'd)

3. Board Balance (cont'd)

Represented on the Board, are two independent non-executive Directors who can exercise their independent judgment in the decision making process to ensure a fully balanced, objective and unbiased deliberation process that can safeguard the interests of other stakeholders.

The Board had reviewed the term of office and performance of each and every Audit Committee member pursuant to paragraph 15.21 of The Listing Requirements of Bursa Malaysia.

4. Board Committees

The following Board Committees have been established to assist the Board in execution of its duties and responsibilities. The functions and terms of reference of the committees as well as authority delegated by the Board to these Committees are clearly defined.

a. Audit Committee

The Board is assisted by the Audit Committee, whose composition, duties and responsibilities and summary of its activities during the financial year are set out in the Audit Committee Report on pages 12 to 14 of the Annual Report.

b. Nomination Committee

The Committee consists entirely of Non-Executive Directors, with majority being Independent Directors. The members of the Nomination Committee are:

- (i) Tan Chon Sing @ Tan Kim Tieng - Chairman
- (ii) Johari Low Bin Abdullah
- (iii) Muhayuddin Bin Musa

The Nomination Committee is to assist the Board in assessing the effectiveness of the Board as a whole and Board Committees, and assessing the contributions of each individual Director including Chief Executive Officer ("CEO") on an annual basis.

The Nomination Committee is also responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board wherever the need arises.

The Nomination Committee meets as and when necessary and can also make decisions by way of circular resolution.

c. Remuneration Committee

The Committee consists mainly of Non-Executive Directors with majority being Independent Directors. The members of the Remuneration Committee are:-

- (i) Lim Hong Liang - Chairman
- (ii) Johari Low Bin Abdullah
- (iii) Muhayuddin Bin Musa

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. Individual Directors do not participate in discussions or decisions concerning their own remuneration packages.

STATEMENT ON **CORPORATE GOVERNANCE** (CONT'D)

I. THE BOARD OF DIRECTORS (cont'd)

4. Board Committees (cont'd)

d. Investment Committee

The Committee was set up in November 2009 and it consists of the group CEO, two Executive Directors and one Non-Executive Director. All directors participating in the committee are non-independent directors.

The nominated members of the committee are as follows:-

- (i) Tan Chon Sing @ Tan Kim Tieng - Chairman
- (ii) Lim Hong Liang
- (iii) Kan Ah Chun
- (iv) Ang Poo Guan

The role of the Investment Committee is to assist the Board in assessing and approving all significant investment matters which include the capital budget, investment transactions and proposals on new investment capital.

The Investment Committee shall meet as and when required and shall report to the board on its proceeding on all matters within its duties and responsibilities.

5. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

6. Supply of Information

Board members are provided with all relevant papers and reports in advance of each Board and Committee Meeting in accordance to the agenda for discussion. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings and expedites the decision making process. Senior management staff are invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting the business areas as at when and where necessary.

The Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and the regulatory requirements are met.

The Directors are also given access to seek independent professional advice when necessary at the Company's expense.

7. Directors' Training

All the Directors have completed the Mandatory Accreditation Programme and attended various training programmes under the Continuing Education Programmes pursuant to the requirements of Bursa Securities Listing Requirements. For the financial year ended 31 December 2009, all the Directors have attended at least one training course that the Board considered relevant to the discharge of their duties as director. The Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills and knowledge to keep abreast with the changing business developments relevant to the industry within which the Group operates.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

I. THE BOARD OF DIRECTORS (cont'd)

7. Directors' Training (cont'd)

During the financial year ended 31 December 2009, the board members attended the following programmes:-

Training Programmes Attended	Date
• Financial Reporting During Financial Turbulence	10.02.2009
• Corporate Strategic Analytics 1: Essentials of Corporate Proposals Analysis	25.07.2009
• Corporate Governance and Ethics: Strengthening Professionalism Through Ethics	26.07.2009
• Corporate Governance Revisited	08.09.2009
• 2009 PLC Directors' Training	13.11.2009
• Corporate Governance: Constructing An Effective Board & Updates On Financial Reporting Standards	10.12.2009

II. DIRECTORS' REMUNERATION

The remuneration policy of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned. The aggregate remuneration paid/payable to the Directors of the Company for the financial year ended 31 December 2009 is as follows:-

	Fee (RM)	Salaries & Allowance (RM)	Other Emoluments (RM)	Total (RM)
Executive Directors	24,000	161,280	50,000	235,280
Non-Executive Directors	36,000	305,920	75,000	416,920

The number of Directors whose remuneration falls into the respective bands is as follows:-

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	2
100,001 – 150,000	2	3

III. INVESTORS RELATIONS & SHAREHOLDERS COMMUNICATION

1. Shareholders

The Group recognises the importance of accountability to its shareholders and investors through timely and proper communications. Press release and announcements for public dissemination are made as and when there are significant corporate events. The Board ensures timely release of financial results and its quarterly financial results, annual report and all its announcements can be accessed from the Company's corporate website at www.malpac.com.my or Bursa's website at www.bursamalaysia.com.

STATEMENT ON **CORPORATE GOVERNANCE** (CONT'D)

III. INVESTORS RELATIONS & SHAREHOLDERS COMMUNICATION (cont'd)

2. Annual General Meeting ("AGM")

Notice of the AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. The AGM serves as a principal forum for dialogue and interaction with all shareholders who are encouraged to participate in a question and answer session. The Chairman of the meeting or the CEO will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

IV. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Directors' Responsibility statement is set out on page 21 of the Annual Report.

2. Internal Control Statement

The Board has overall responsibilities for corporate governance and the development of sound internal control system for the Group to achieve its objectives within the acceptable risk profile as well as safeguarding shareholders' interest and the Group's assets.

The Statement on Internal Control is set out on page 20. It provides an overview of the state of internal control within the Group.

3. Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises of two (2) independent non-executive Directors and one (1) non-independent and non-executive Director. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

The Audit Committee meets quarterly. Additional meetings are held as and when required. For financial year ended 31 December 2009, five meetings were held.

The Audit Committee's meetings are always held before the Board's meetings. This is to ensure that all critical issues highlighted can be brought to the Board on a timely basis.

4. Relationship with the Auditors

The Company has established transparent and appropriate relationship with the Company's internal and external auditors. The internal and external auditors attend meetings of the Audit Committee when necessary to review issues in relation to the audit of the Group's financial statements.

A summary of activities of the Audit Committee is set out in the Audit Committee Report on Page 12 to 14 of the Annual Report.

V. COMPLIANCE WITH BEST PRACTICES

The Company is in general compliance with the Best practices in Corporate Governance set out in Part 2 of the Code.

For the non-disclosure of detailed remuneration of each director, the Board is of the view that the transparency of directors' remuneration has been sufficiently dealt with by 'band disclosure' presented in this statement.

STATEMENT ON INTERNAL CONTROL

Board Responsibility

The Board affirms their responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board is of the view that the system of internal control in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

Risk Management

The Board regards risk management as an integral part of the Group's business operations and has established on-going reviews to be carried out for identifying, evaluating and managing the significant risks faced by the Group. These reviews will constantly be monitored to ensure that risks are actively updated and effectively managed.

Currently the Group's income is predominantly derived from the oil palm plantation. The operations of the oil palm plantation are currently run by a group of external experienced oil mill operators and management personnel. The principal risks faced by the Group are the non-collection of income from the oil palm plantation and natural calamities (eg. fire, flood, diseases and etc.)

Internal Control

The outsourced internal auditors have on a semi-annual basis assessed the adequacy and effectiveness of the Group's system of internal control, risk management processes and compliance frameworks, and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports and informed the Board on the adequacy and effectiveness of the Group's system of internal control.

For the financial year under review, the Board is satisfied with the adequacy of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified nor would require separate disclosure.

The key elements of the Group's internal control system are:-

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- The Chief Executive Officer (CEO) and the senior management meet regularly to discuss the possible risk areas on the Group's operational and management issues.
- The CEO oversees the Group's operations and internal controls and reports to the Board on the key risks.
- The Audit Committee meets on a quarterly basis or as and when required to discuss on internal control and any other matter raised by the CEO.
- All major decisions are subject to detailed appraisal and review. The Board receives regular and comprehensive information covering all decisions within the group.

The Board, together with the management will, when necessary put in place appropriate action plans to further enhance the Group's system of internal control.

STATEMENT OF **DIRECTORS' RESPONSIBILITY**

This statement is made pursuant to paragraph 15.27(a) of Listing Requirements of Bursa Malaysia.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

1. Material contracts

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interests, either still subsisting at the end of the financial year 2009 or which were entered into since the end of the previous financial year.

2. Options, warrants or convertible securities

The Company has not issued any options, warrants or convertible securities during the financial year 2009.

3. Imposition of sanctions/penalties

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year 2009.

4. Non-audit fees

There were RM3,000 non-audit fees paid to the external auditors for the financial year ended 31 December 2009.

5. Variation in results

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

6. Profit guarantees

During the financial year 2009, there was no profit guarantee given by the Company.

7. American Depositary Receipt ('ADR') or Global Depositary Receipt ('GDR') Programme

During the financial year 2009, the Company did not sponsor any ADR or GDR programme.

8. Recurrent related party transactions of revenue nature

There were no recurrent related party transactions of revenue nature during the financial year 2009.

9. Utilisation of proceeds raised from corporate proposal

There was no corporate proposal involving the raising of funds during the financial year 2009.

10. Share buy back

The Company did not enter into any share buy-back transactions during the financial year.

11. Revaluation Policy on Landed Properties

The Group has not adopted any revaluation policy on the landed properties.

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DIRECTORS' REPORT

The directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	8,205,179	29,173,916

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effect of the capital reduction exercise undertaken by a wholly owned subsidiary resulting in a gain of RM23,000,000 to the Company as disclosed in Note 10 to the financial statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

Directors

The name of the directors of the Company in office since the date of the last report and at the date of this report are:-

Chew Loy Chee (Deputy Chairman)
Tan Chon Sing @ Tan Kim Tieng
Gan Teck Chong @ Gan Kwan Chong
Lim Hong Liang
Kan Ah Chun
Muhayuddin Bin Musa
Johari Low Bin Abdullah

Directors' benefits

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

Directors' benefits (cont'd)

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors in the financial statements of its related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors interests

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2009 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:-

	Number of ordinary shares of RM1 each			
	1.1.2009	Bought	Sold	31.12.2009
Name of Directors				
Direct interest:				
Chew Loy Chee	3,152,188	-	-	3,152,188
Tan Chon Sing @ Tan Kim Tieng	10,315,393	-	-	10,315,393
Gan Teck Chong @ Gan Kwan Chong	3,917,303	-	-	3,917,303
Lim Hong Liang	12,377,108	-	-	12,377,108
Kan Ah Chun	1,543,460	-	-	1,543,460
Indirect interest:				
Tan Chon Sing @ Tan Kim Tieng	1,986,300	-	-	1,986,300
Gan Teck Chong @ Gan Kwan Chong	1,859,200	456,000	-	2,315,200
Lim Hong Liang	3,691,900	-	-	3,691,900

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares in the Company or its related corporations.

Other statutory information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

- (i) that the amount written off for bad debts or the amount of the provision for doubtful debts in financial statements of the Group and of the Company inadequate to any substantial extent; and
- (ii) the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

DIRECTORS' **REPORT** (CONT'D)

Other statutory information (cont'd)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year and which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2010.

Tan Chon Sing @ Tan Kim Tieng

Gan Teck Chong @ Gan Kwan Chong

Negeri Sembilan, Malaysia

STATEMENT BY **DIRECTORS**

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

We, Tan Chon Sing @ Tan Kim Tieng and Gan Teck Chong @ Gan Kwan Chong, being two of the directors of Malpac Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 61 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 April 2010.

Tan Chon Sing @ Tan Kim Tieng

Gan Teck Chong @ Gan Kwan Chong

Negeri Sembilan, Malaysia

STATUTORY **DECLARATION**

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

I, Tan Chon Sing @ Tan Kim Tieng, being the director primarily responsible for the financial management of Malpac Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 61 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Tan Chon Sing @ Tan Kim Tieng
at Seremban in the Negeri Sembilan Darul Khusus
on 21 April 2010.

Tan Chon Sing @ Tan Kim Tieng

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALPAC HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Malpac Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 61.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No.2697/01/11 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 April 2010

INCOME STATEMENTS

For the year ended 31 December 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Revenue	3	10,247,273	15,753,488	1,845,000	5,250,000
Other operating income		4,216,112	7,138,543	33,108,151	43,998,857
Administration expenses		(5,537,243)	(4,504,193)	(5,074,415)	(1,548,223)
Other operating expenses		(216,665)	(6,543,561)	(4,754)	(27,868,045)
Profit before tax	4	8,709,477	11,844,277	29,873,982	19,832,589
Income tax expense	6	(504,298)	(21,426)	(700,066)	(1,365,000)
Profit for the year		8,205,179	11,822,851	29,173,916	18,467,589

Earnings per share attributable to equity holders of the Company (sen):

Basic	7	10.9	15.8
Diluted	7	10.9	15.8

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

as at 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Assets					
Non-current assets					
Property, plant and equipment	8	60,520,886	58,903,643	101,416	115,633
Prepaid land lease payments	9	39,568,819	41,217,519	-	-
Investments in subsidiaries	10	-	-	141,035,202	262,580,202
Marketable securities	11	4,506,744	3,762,545	-	-
		<u>104,596,449</u>	<u>103,883,707</u>	<u>141,136,618</u>	<u>262,695,835</u>
Current assets					
Trade and other receivables	12	3,207,988	781,116	4,454,955	97,322
Tax recoverable		284,447	810,488	12,460	451,293
Marketable securities	11	31,247,754	20,291,542	15,066,563	14,995,348
Other investment	13	51,890,368	-	26,053,286	-
Cash and cash equivalents	14	1,327,641	58,279,112	88,941	30,871,388
		<u>87,958,198</u>	<u>80,162,258</u>	<u>45,676,205</u>	<u>46,415,351</u>
Total assets		<u>192,554,647</u>	<u>184,045,965</u>	<u>186,812,823</u>	<u>309,111,186</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	15	75,000,000	75,000,000	75,000,000	75,000,000
Share premium	16	24,366,593	24,366,593	24,366,593	24,366,593
Capital reserve	16	-	23,000,000	-	-
Retained earnings	17	86,677,949	55,472,770	86,314,700	57,140,784
Total equity		<u>186,044,542</u>	<u>177,839,363</u>	<u>185,681,293</u>	<u>156,507,377</u>
Liabilities					
Non current liabilities					
Deferred tax liability	18	21,645	-	21,645	-
Current liabilities					
Other payables	19	5,158,739	4,638,892	17,001	151,434,747
Provisions	20	1,329,721	1,567,710	1,092,884	1,169,062
		<u>6,488,460</u>	<u>6,206,602</u>	<u>1,109,885</u>	<u>152,603,809</u>
Total liabilities		<u>6,510,105</u>	<u>6,206,602</u>	<u>1,131,530</u>	<u>152,603,809</u>
Total equity and liabilities		<u>192,554,647</u>	<u>184,045,965</u>	<u>186,812,823</u>	<u>309,111,186</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF **CHANGES IN EQUITY**

For the year ended 31 December 2009

	Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	Total RM
Group					
Balance as at 31 December 2007	75,000,000	24,366,593	23,000,000	43,649,919	166,016,512
Profit for the year, representing total income and expense for the year	-	-	-	11,822,851	11,822,851
Balance as at 31 December 2008	75,000,000	24,366,593	23,000,000	55,472,770	177,839,363
Capital repayment from a subsidiary	-	-	(23,000,000)	23,000,000	-
Profit for the year, representing total income and expense for the year	-	-	-	8,205,179	8,205,179
Balance as at 31 December 2009	75,000,000	24,366,593	-	86,677,949	186,044,542
Company					
Balance as at 31 December 2007	75,000,000	24,366,593	-	38,673,195	138,039,788
Profit for the year, representing total income and expense for the year	-	-	-	18,467,589	18,467,589
Balance as at 31 December 2008	75,000,000	24,366,593	-	57,140,784	156,507,377
Profit for the year, representing total income and expense for the year	-	-	-	29,173,916	29,173,916
Balance as at 31 December 2009	75,000,000	24,366,593	-	86,314,700	185,681,293

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the year ended 31 December 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit before tax	8,709,477	11,844,277	29,873,982	19,832,589
Adjustments for:-				
Changes in fair value of marketable securities	(1,751,795)	5,537,102	-	-
Impairment losses on investment in subsidiaries	-	-	-	27,850,001
Impairment losses on investment in subsidiaries no longer required	-	-	(5,439,998)	-
Bad debts recovered	(1,000)	(500)	-	-
Allowance for doubtful debts no longer required - subsidiary	-	-	-	(41,879,629)
Allowance for doubtful debts no longer required	-	(3,500,000)	-	-
Amortisation of prepaid land lease payment (Note 9)	1,648,700	1,648,701	-	-
Bad debts written off	11,676	18,320	-	9,136
Depreciation of property, plant and equipment (Note 8)	584,910	391,414	15,386	9,685
Distribution income	(237,461)	(87,470)	(125,092)	(77,269)
Dividend income	(163,145)	(255,905)	(1,845,000)	(5,250,000)
Gain on disposal of:				
- Asset held for sale	-	(60,000)	-	(60,000)
- A subsidiary	-	(8,793)	-	-
- Marketable securities	(479,099)	(342,148)	(74,812)	(28,001)
- Unquoted investments	-	(621,799)	-	(621,799)
- Property, plant and equipment	(499)	-	(499)	-
Gain on capital reduction of a subsidiary	-	-	(23,000,000)	-
Interest income	(1,502,724)	(4,693,886)	(1,037,748)	(1,332,159)
Property, plant and equipment written off (Note 8)	6,201	-	4,755	-
Operating profit/(loss) before working capital changes brought forward	6,825,241	9,869,313	(1,629,026)	(1,547,446)
(Increase)/decrease in trade and other receivables	(2,437,548)	4,895,327	(2,192,481)	4,123,615
Increase/(decrease) in other payables	519,847	(536,233)	-	(2,125,213)
(Decrease)/increase in provisions	(237,989)	(113,447)	(76,178)	76,672
(Increase)/decrease in intercompany balances	-	-	(2,214,148)	2,126,213
Cash generated from/(used in) operations	4,669,551	14,114,960	(6,111,833)	2,653,841
Tax refunded	451,311	-	451,293	-
Tax paid	(379,134)	(22,013)	(229,631)	-
Net cash generated from/(used in) operating activities	4,741,728	14,092,947	(5,890,171)	2,653,841

CASH FLOW STATEMENTS (CONT'D)

For the year ended 31 December 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from investing activities				
Distribution income received	237,461	87,470	125,092	77,269
Dividends received	134,356	206,509	-	3,885,000
Interest received	1,502,724	3,343,886	1,037,748	1,332,159
Purchase of:				
- Property, plant and equipment (Note 22)	(2,208,355)	(2,068,012)	(5,925)	(102,703)
- Marketable securities	(103,343,946)	(50,295,934)	(55,808,163)	(37,214,037)
- Assets held for sale	-	(1,000,000)	-	(1,000,000)
- Unquoted securities	(71,890,368)	-	(46,053,286)	-
Proceeds from disposal of:				
- Property, plant and equipment	500	-	500	-
- Subsidiary	-	7	-	7
- Marketable securities	93,874,429	33,162,387	55,811,760	22,246,690
- Assets held for sale	-	1,060,000	-	1,060,000
Acquisition of a subsidiary (Note 10)	-	-	(2)	-
Proceeds from unquoted securities	20,000,000	12,563,633	20,000,000	12,563,633
Decrease in trust monies	-	6,042	-	-
Net cash (used in)/generated from investing activities	(61,693,199)	(2,934,012)	(24,892,276)	2,848,018
Net (decrease)/increase in cash and cash equivalents	(56,951,471)	11,158,935	(30,782,447)	5,501,859
Cash and cash equivalents at beginning of the year	58,279,112	47,120,177	30,871,388	25,369,529
Cash and cash equivalents at end of the year (Note 14)	1,327,641	58,279,112	88,941	30,871,388

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1. Corporate information

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

The registered office of the Company is located at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus.

The principal place of business of the Company is located at 2nd Floor, 23 Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on in accordance with a resolution of the directors on 21 April 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, except when otherwise indicated. The financial statements are presented in Ringgit Malaysia (RM) which is the Group's functional currency.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

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

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

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

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

(ii) Basis of consolidation (cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identified assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identified assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

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

(b) Property, plant and equipment and depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Building-in-progress is also not depreciated as it is not available for use. However, depreciation has been provided on certain freehold land as the Group has not been able to segregate the cost of the building from the cost of the related freehold land. The directors are of the opinion that the depreciation of the freehold land has no material effect on the financial statements of the Group.

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

Freehold land and building	2%
Buildings	2%
Plant and machinery	10%
Renovation, electrical installation, office equipment, furniture and fittings	10% - 12%
Computer equipment	20%
Motor vehicles	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the carrying amount is recognised in income statement and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

(c) Leases

(i) Classification

A lease is recognised as a finance lease if it transfer substantially to the Group all risks and rewards incidental to ownership. Lease of land and buildings are classified as operating or finance leases in the same way as lease of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Leases (cont'd)

(ii) Operating leases - the Group as lessee

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

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

(iii) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(d) Impairment of non-financial assets

The carrying amount of assets, other than financial assets (excluding investment in a subsidiary), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the income statement in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provide that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as revaluation increase.

(e) Financial instruments

Financial instruments are recognised on the balance sheets when the Group has become a party to the contractual provisions of the instrument.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends and losses and gains relating to a financial instrument classified as a liability are reported as income or expense. Distributions to holders of financial instrument classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increase or decrease in the carrying amount of marketable securities are recognised in income statement. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(iii) Other investment

Other investments other than investment in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in income statement.

(iv) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identifies. An estimate is made for doubtful debts based on a review of all outstanding amount as at the balance sheet date.

(v) Trade payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(vi) Equity instruments

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

(f) Income tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Provisions

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(h) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(i) Revenue recognition

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

(i) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Dividend income

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

(iv) Oil palm plantation

Revenue from oil palm plantation is recognised in the income statement on an accrual basis.

(v) Services

Revenue in respect of the rendering of services is recognised when the stage of completion at the balance sheet date and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

2. Significant accounting policies (cont'd)

2.3 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

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

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

Amendments to FRS 7: Improving Disclosures about Financial Instruments.

Amendments to FRS 132 : Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

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

IC Interpretation 13: Customer Loyalty Programmes

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

TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

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

IC Interpretation 17: Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

2. Significant accounting policies (cont'd)

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

FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 8: Operating Segments

FRS 8 replaces FRS 114²⁰⁰⁴: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The revised FRS does not have any impact on the financial position and result of the Group and the Company.

FRS 123: Borrowing Costs

This Standard supersedes FRS 123²⁰⁰⁴: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

2. Significant accounting policies (cont'd)

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

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 8 Operating Segments: Clarifies that segment information with respect to total asset is required only if they are included in measures of segment profit or loss that are used by the 'chief operating decision maker'.

FRS 101 Presentation of Financial Statements: Clarifies that financial instruments classified as held for trading in accordance with FRS 139 Financial Instruments: Recognition and Measurement are not automatically presented as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

FRS 116 Property, Plant and Equipment: The amendment replaces the term "net selling price" with "fair value less costs to sell". It also clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

FRS 117 *Leases*: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

FRS 118 Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

FRS 119 Employee Benefits: The amendment revises the definition of 'past service costs', 'return on plan assets' and 'short term' and 'other long-term' employee benefits. It clarifies that the costs of administering the plan may be either recognised in the rate of return on plan assets or included in the actuarial assumptions used to measure the defined benefit obligation. The amendment further clarifies that amendment to plans that result in a reduction in benefits related to future services are curtailments. It also deleted the reference to the recognition of contingent liabilities to ensure consistency with FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*.

FRS 123 Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

FRS 127 Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

2. Significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgement

(a) Critical judgements made in applying accounting policies

There is no critical judgement made in applying accounting policies.

(b) Key sources of estimation uncertainty

The key assumption concerning the future and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within five (5) to fifty (50) years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. A five percent difference in the average useful lives of these assets from management's estimates would result in approximately one percent variance in profit for the financial year.

(ii) Allowance for doubtful debts of receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors and management specifically analyse historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(iii) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of the land which are leased out on operating leases.

3. Revenue

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Dividend income from subsidiary	-	-	1,845,000	5,250,000
Income from oil palm plantation	9,947,273	13,007,984	-	-
Lease rental from oil mill	300,000	300,000	-	-
Loan interest income	-	2,445,504	-	-
	<u>10,247,273</u>	<u>15,753,488</u>	<u>1,845,000</u>	<u>5,250,000</u>

Income from oil palm plantation represents entitlement from Sri Ganda Oil Mill Sdn. Bhd. ('SGOM') for managing the oil palm plantation for the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

4. Profit before tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
This is stated after charging/(crediting):				
Changes in fair value of marketable securities	(1,751,795)	5,537,102	-	-
Employee benefits expense (Note 5)	1,349,222	1,107,044	986,647	1,053,264
Depreciation of property, plant and equipment (Note 8)	584,910	391,414	15,386	9,685
Amortisation of prepaid land lease payments (Note 9)	1,648,700	1,648,701	-	-
Non-executive directors' remuneration (Note 23)	416,920	110,226	341,920	360,520
Bad debts written off	11,676	18,320	-	9,136
Auditors' remuneration:				
- statutory:				
- current year	34,000	36,400	17,000	17,000
- under provision in prior year	-	3,450	-	-
- non-statutory	4,000	8,450	4,000	8,450
Impairment losses on investment in subsidiary	-	-	-	27,850,001
Property, plant and equipment written off (Note 8)	6,201	-	4,755	-
Gain on capital reduction exercise of a wholly owned subsidiary (Note 10(b))	-	-	(23,000,000)	-
Rental of:				
- computer	4,940	10,360	4,940	10,360
- premises (Note 21)	212,880	153,480	193,680	134,280
Bad debts recovered	(1,000)	(500)	-	-
Net reversal of impairment losses on investment in subsidiaries	-	-	(5,439,998)	-
Allowance for doubtful debts no longer required	-	(3,500,000)	-	(41,879,629)
Gain on disposals of:				
- a subsidiary	-	(8,783)	-	-
- asset held for sales	-	(60,000)	-	(60,000)
- marketable securities	(479,099)	(342,148)	(74,812)	(28,001)
- unquoted investments	-	(621,799)	-	(621,799)
- property, plant and equipment	(499)	-	(499)	-
Dividend received	(163,145)	(255,905)	-	-
Distribution income from unit trust	(237,461)	(87,470)	(125,092)	(77,269)
Interest income from:				
- marketable securities	(688,692)	(136,415)	(620,940)	(124,772)
- fixed deposits	(812,665)	(2,111,967)	(416,712)	(1,207,387)
- others	(1,367)	-	(96)	-
Rental income	(36,400)	-	-	-
Others	(40)	(120)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

5. Employee benefits expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries and allowances				
- current year	1,156,457	1,387,465	834,057	911,565
- over provision in prior year	-	(473,169)	-	-
Employees' provident fund	129,360	119,033	101,304	95,532
Other employee benefits	63,405	73,715	51,286	46,167
	<u>1,349,222</u>	<u>1,107,044</u>	<u>986,647</u>	<u>1,053,264</u>

Included in employee benefits expense of the Group and of the Company are Directors' remuneration amounting to RM235,280 (2008: RM214,805) and RM185,280 (2008: RM187,680) respectively as further disclosed in Note 23.

6. Income tax expense

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current income tax:				
Malaysia income tax	130,785	58,680	461,250	1,365,000
Under/(over)provision in prior year	351,868	(37,254)	217,171	-
	<u>482,653</u>	<u>21,426</u>	<u>678,421</u>	<u>1,365,000</u>
Deferred tax:				
Relating to origination & reversal of temporary differences	(3,120)	-	(3,120)	-
Underprovision in prior year	24,765	-	24,765	-
	<u>21,645</u>	<u>-</u>	<u>21,645</u>	<u>-</u>
Income tax expense for the year	<u>504,298</u>	<u>21,426</u>	<u>700,066</u>	<u>1,365,000</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	<u>8,709,477</u>	<u>11,844,277</u>	<u>29,873,982</u>	<u>19,832,589</u>
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	2,177,369	3,079,512	7,468,496	5,156,473
Income not subject to tax	(549,947)	(1,132,551)	(7,160,100)	-
Expenses not deductible for tax purpose	795,888	1,726,254	71,901	103,957
Utilisation of previously unrecognised tax losses	(2,339,911)	(3,874,274)	-	(3,649,537)
Deferred tax assets recognised	(37,228)	-	-	-
Deferred tax assets not recognised	81,494	506,522	77,833	719

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

6. Income tax expense (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Recognition in tax rate on first RM500,000 chargeable income	-	(171)	-	-
Underprovision of deferred tax in prior year	24,765	-	24,765	-
Under/ (over)provision of income tax expense in prior years	351,868	(37,254)	217,171	-
Others	-	(246,612)	-	(246,612)
Income tax expenses for the year	504,298	21,426	700,066	1,365,000

7. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing consolidated profit for the year attributable to ordinary equity holders of the Group by the number of ordinary shares in issue during the financial year, excluding treasury shares held by the Group.

	Group	
	2009 RM	2008 RM
Consolidated profit for the financial year	8,205,179	11,822,851
Number of ordinary shares in issue	75,000,000	75,000,000
Basic earnings per share (sen)	10.9	15.8

(b) Diluted

The diluted earnings per ordinary share is equivalent to the basic earnings per ordinary share as the Company does not have any dilutive potential ordinary shares.

There have been no other transactions involving ordinary shares between reporting date and the date of completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

8. Property, plant and equipment

Group

At 31 December 2009

Cost	Freehold land RM	Freehold land and building RM	Buildings RM	Motor vehicle RM	Computer equipment RM	Office equipment* RM	Plant and machinery RM	Building-in progress** RM	Total RM
At 1 January 2009	53,785,402	100,000	1,350,000	1,151,390	40,411	381,417	3,656,887	-	60,465,507
Additions	-	-	-	3,700	3,175	1,480	-	2,200,000	2,208,355
Disposal	-	-	-	(4,343)	-	-	-	-	(4,343)
Write off	-	-	-	-	(8,130)	(263,507)	-	-	(271,637)
At 31 December 2009	53,785,402	100,000	1,350,000	1,150,747	35,456	119,390	3,656,887	2,200,000	62,397,882

Accumulated depreciation

At 1 January 2009	-	3,000	9,000	466,975	20,381	272,194	790,314	-	1,561,864
Depreciation charge for the year	-	2,000	27,000	171,250	6,624	12,348	365,688	-	584,910
Disposal	-	-	-	(4,342)	-	-	-	-	(4,342)
Write off	-	-	-	-	(8,130)	(257,306)	-	-	(265,436)
At 31 December 2009	-	5,000	36,000	633,883	18,875	27,236	1,156,002	-	1,876,996

Net carrying amount

At 31 December 2009	53,785,402	95,000	1,314,000	516,864	16,581	92,154	2,500,885	2,200,000	60,520,886
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At 31 December 2008

Cost										
At 1 January 2008	53,785,402	100,000	-	475,925	31,067	280,774	2,374,327	-	57,047,495	
Additions	-	-	1,350,000	675,465	9,344	100,643	1,282,560	-	3,418,012	
At 31 December 2008	53,785,402	100,000	1,350,000	1,151,390	40,411	381,417	3,656,887	-	60,465,507	

Accumulated depreciation

At 1 January 2008	-	1,000	-	380,638	13,128	265,555	510,129	-	1,170,450
Depreciation charge for the year	-	2,000	9,000	86,337	7,253	6,639	280,185	-	391,414
At 31 December 2008	-	3,000	9,000	466,975	20,381	272,194	790,314	-	1,561,864

Net carrying amount

At 31 December 2008	53,785,402	97,000	1,341,000	684,415	20,030	109,223	2,866,573	-	58,903,643
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* Office equipment comprises renovation, electrical installation, office equipment and furniture and fittings.

** The purchased condominium was under construction as at balance sheet date and was completed in February 2010.

*** Certain freehold land, freehold land and building, plant and machinery and motor vehicles amounting to RM56,810,215 (2008:RM55,426,776) are registered under the names of related companies and subsidiaries, Radiant Response Sdn. Bhd., Malpac Land Sdn. Bhd. and Malpac Assets Management Sdn. Bhd., and a company in which a Director has interest, Companion Park Sdn. Bhd. These companies are holding the assets in trust for Malpac Capital Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

8. Property, plant and equipment (cont'd.)

Company

	Motor vehicle RM	Computer equipment RM	Office equipment * RM	Total RM
At 31 December 2009				
Cost				
At 1 January 2009	4,343	26,937	343,385	374,665
Additions	3,700	745	1,480	5,925
Disposal	(4,343)	-	-	(4,343)
Write off	-	(8,130)	(235,274)	(243,404)
At 31 December 2009	3,700	19,552	109,591	132,843
Accumulated depreciation				
At 1 January 2009	4,342	15,856	238,834	259,032
Depreciation charge for the year	432	3,889	11,065	15,386
Disposal	(4,342)	-	-	(4,342)
Write off	-	(8,130)	(230,519)	(238,649)
At 31 December 2009	432	11,615	19,380	31,427
Net carrying amount	3,268	7,937	90,211	101,416
At 31 December 2008				
Cost				
At 1 January 2008	4,343	24,187	243,432	271,962
Additions	-	2,750	99,953	102,703
At 31 December 2008	4,343	26,937	343,385	374,665
Accumulated depreciation				
At 1 January 2008	4,342	11,105	233,900	249,347
Depreciation charge for the year	-	4,751	4,934	9,685
At 31 December 2008	4,342	15,856	238,834	259,032
Net carrying amount	1	11,081	104,551	115,633

* Office equipment comprises of renovation, electrical installation, office equipment and furniture and fittings.

9. Prepaid land lease payments

	Group	
	2009 RM	2008 RM
At 1 January	41,217,519	42,866,220
Amortisation for the year	(1,648,700)	(1,648,701)
At 31 December	39,568,819	41,217,519

10. Investment in subsidiaries

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	168,445,204	295,430,202
Less: Accumulated impairment losses	(27,410,002)	(32,850,000)
	141,035,202	262,580,202

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

10. Investment in subsidiaries (cont'd)

The Company reversed impairment losses of RM8,870,000 during the financial year in view of the return to profitability and the positive outlook of a subsidiary's business which was loss-making previously.

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%)	
			2009	2008
Held by the Company:				
Malpac Capital Sdn. Bhd.	Malaysia	Money lending and cultivation of oil palm	100	100
Malpac Management Sdn. Bhd.	Malaysia	Dormant	100	100
Malpac Assets Management Sdn. Bhd.	Malaysia	Dormant	100	100
Malpac Land Sdn. Bhd.	Malaysia	Dormant	100	100
Discovery Assets Sdn. Bhd.	Malaysia	Dormant	100	-
Held through subsidiaries:				
Radiant Response Sdn. Bhd.	Malaysia	Dormant	100	100

All subsidiaries are audited by Ernst & Young, Malaysia

(a) Acquisition of subsidiary

On 10 February 2009, the Company acquired 100% equity interest in Discovery Assets Sdn. Bhd., comprising 2 ordinary shares of RM1 each at a cash consideration of RM2.

The fair value of the assets disposed and the liabilities assumed are as follows:-

	2009 RM
Cash and cash equivalents of subsidiary acquired	2
Net assets acquired	2
Purchase consideration satisfied by cash	(2)
Net cash outflow of the Group	-

The acquired subsidiary has contributed the following results to the Groups:

	2009 RM
Loss for the financial period	(5,506)

(b) Capital reduction of a subsidiary

A wholly owned subsidiary, Malpac Management Sdn. Bhd. ("MMSB") obtained an order from the Seremban High Court for a capital reduction exercise whereby MMSB repay part of its issued and paid up capital by way of cancellation of 150,000,000 ordinary shares of RM0.9999 per ordinary share and returning RM149,985,000 to the Company. Subsequent to the capital reduction, MMSB undertook a share consolidation exercise whereby it consolidated its 15,000,000 ordinary shares of RM0.0001 each into 15,000 ordinary shares of RM1 each. Details of the capital reduction are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

10. Investment in subsidiaries (cont'd)

(b) Capital reduction of a subsidiary (cont'd)

	RM
Total amount of capital returned	149,985,000
Cost of investment	(126,985,000)
Gain arising from capital reduction	<u>23,000,000</u>

The Company provided for impairment loss of RM3,430,002 of the above said investment to the net assets value of the subsidiary in view that the subsidiary is now dormant.

11. Marketable securities

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-current				
Shares quoted in Malaysia, at lower of cost and market value	4,506,744	3,762,545	-	-
Market value of quoted shares	4,522,689	3,762,857	-	-
Current				
Shares quoted in Malaysia, at lower of cost and market value	5,875,602	5,296,194	-	-
Unit trusts, at cost	25,372,152	14,995,348	15,066,563	14,995,348
	31,247,754	20,291,542	15,066,563	14,995,348
Market value of quoted shares	6,086,868	5,329,950	-	-
Market value of unit trusts	25,403,931	14,996,866	15,069,795	14,996,866

12. Trade and other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
Third parties	928,190	569,688	-	-
Loan receivable	2,291,047	2,291,047	-	-
Amounts owing by clients	23,292,663	23,344,377	-	-
	26,511,900	26,205,112	-	-
Less: Allowance for doubtful debts	(25,583,710)	(25,583,710)	-	-
	928,190	621,402	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

12. Trade and other receivables (cont'd)

Other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Amounts owing by subsidiaries	-	-	2,208,483	43,331
Advances to clients	8,508,045	8,508,045	-	-
Other receivables	2,205,868	97,944	2,194,902	21
Deposits	73,930	61,770	51,570	53,970
	10,787,843	8,667,759	4,454,955	97,322
Less: Allowance for doubtful debts	(8,508,045)	(8,508,045)	-	-
	2,279,798	159,714	4,454,955	97,322
	3,207,988	781,116	4,454,955	97,322

(a) The credit term offered by the Group in respect of trade receivable is 30 days (2008:30 days) from date of invoice.

(b) The amounts owing by subsidiaries represent advances and payments made on behalf which are unsecured, interest-free and repayable on demand.

13. Other investments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted fixed income bonds	51,890,368	-	26,053,286	-
Market value of unquoted fixed income bonds	52,767,145	-	26,475,511	-

14. Cash and cash equivalents

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits with licensed banks	1,205,554	57,959,138	-	30,776,736
Cash on hand and at banks	122,087	319,974	88,941	94,652
	1,327,641	58,279,112	88,941	30,871,388

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

14. Cash and cash equivalents (cont'd)

The range of interest rates earned during the financial year and the maturity of deposits as at 31 December 2009 are as follows:

	Range of annual interest rate %	Range of maturity days
2009		
Group		
Deposits with licensed banks	1.00 to 3.80	1 day to 8 months
2008		
Group		
Deposits with licensed banks	2.00 to 3.80	1 day to 8 months
Company		
Deposits with licensed banks	2.80 to 3.80	1 day to 8 months

15. Share capital

	Group and Company	
	2009 RM	2008 RM
Authorised share capital:		
At beginning and end of year		
200,000,000 Ordinary shares of RM1 each	200,000,000	200,000,000
Issued and fully paid-up:		
At beginning and end of year		
75,000,000 Ordinary shares of RM1 each	75,000,000	75,000,000

16. Reserves

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Share premium	24,366,593	24,366,593	24,366,593	24,366,593
Capital reserve	-	23,000,000	-	-
	24,366,593	47,366,593	24,366,593	24,366,593

Capital reserve represents the capitalisation of post-acquisition retained earnings for a bonus issue of shares by a subsidiary, Malpac Management Sdn. Bhd. Resulting from a capital reduction exercise of the said subsidiary, the entire capital reserve has been transferred to distributable reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

17. Retained earnings

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

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009 and 2008, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2009, the Company has tax exempt profits available for distribution of approximately RM708,300 (2008: RM708,300), subject to the agreement of the Inland Revenue Board.

18. Deferred tax

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	-	-	-	-
Recognised in income statement	21,645	-	21,645	-
At 31 December	21,645	-	21,645	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(188,270)	-	-	-
Deferred tax liabilities	209,735	-	21,645	-
	21,465	-	21,645	-

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

Deferred tax liabilities of the Group and the Company:

	Group	Company
	Property, plant and equipment RM	Property, plant and equipment RM
At 1 January 2009	137,570	-
Recognised in income statement	72,165	21,645
At 31 December 2009	209,735	21,645
At 1 January/31 December 2008	137,570	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

18. Deferred tax (cont'd)

Deferred tax assets of the Group and the Company:

	Group	Company
	Unutilised business losses RM	Unutilised business losses RM
At 1 January 2009	(137,570)	-
Recognised in income statement	(50,700)	-
At 31 December 2009	(188,270)	-
At 1 January/31 December 2008	(137,570)	-

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unutilised business losses	7,843,805	16,877,684	311,333	-
Unabsorbed capital allowance	1,052	149,751	-	-
	7,844,857	17,027,435	311,333	-

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

19. Other payables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Amount owing to a subsidiary	-	-	-	151,417,746
Other payables	5,124,739	4,600,404	1	1
Accruals	34,000	38,488	17,000	17,000
	5,158,739	4,638,892	17,001	151,434,747

- (a) The amount owing to a subsidiary has been fully settled during the financial year principally through a capital reduction exercise of a subsidiary.
- (b) Included in other payables of the Group is deposit from a third party amounting to RM4,100,000 (2008: RM4,100,000) for the disposal of a subsidiary, Radiant Response Sdn. Bhd. and the leasehold plantation land. The proposed disposal is currently suspended.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

20. Provisions

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	1,567,710	1,681,157	1,169,062	1,092,390
Additional provision	370,754	630,798	199,773	289,127
Utilisation of provision	(608,743)	(744,245)	(275,951)	(212,455)
At 31 December	1,329,721	1,567,710	1,092,884	1,169,062

The provisions were made for bonus, staff amenities and unutilised annual leave.

21. Operating lease arrangements

(a) The Group as a lessee

The Group and the Company have entered into non-cancellable operating lease arrangements for the use of buildings. These leases have a life of between 1 and 3 years with option of renewal included in the contracts. There are no restrictions placed upon the Group and the Company by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Future minimum rentals payments:				
Not later than 1 year	194,480	204,080	193,680	193,680
Later than 1 year and not later than 5 years	129,120	322,800	129,120	322,800
	323,600	526,880	322,800	516,480

The lease payments recognised in profit or loss during the financial year are disclosed in Note 4.

(b) The Group as a lessor

The Group receives a monthly rental income from the rental of the oil mill of RM25,000. As the said land is under a litigation as mentioned in Note 28 (i), both parties have agreed to continue to pay the rental until the litigation suit has been settled.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

22. Purchase of property, plant and equipment

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Purchase of property, plant and equipment (Note 8)	2,208,355	3,418,012	5,925	102,703
Offsetting with debts owing by loan receivables	-	(1,350,000)	-	-
Cash payments on purchase of property, plant and equipment	2,208,355	2,068,012	5,925	102,703

23. Related party disclosure

(a) Transaction with other related parties

Some properties of the Group are held in trust by Companion Park Sdn. Bhd. on behalf of its subsidiary, Malpac Capital Sdn. Bhd. ("MCSB"), a company of which one of the directors of MCSB has interest. These assets are held pursuant to the settlement arrangement of debts by Companion Park Sdn. Bhd. to MCSB.

(b) Compensation of key management personnel

The remuneration of directors and other key management personnel during the year were as follows:

(i) Aggregate remuneration categorised into appropriate components:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive Directors:				
Salaries and other emoluments	211,280	263,680	161,280	163,680
Overprovision in prior year	-	(72,875)	-	-
Fees	24,000	24,000	24,000	24,000
	235,280	214,805	185,280	187,680
Non-executive Directors:				
Allowances	305,920	324,520	305,920	324,520
Fees	36,000	36,000	36,000	36,000
Others	75,000	150,000	-	-
Overprovision in prior year	-	(400,294)	-	-
	416,920	110,226	341,920	360,520
	652,200	325,031	527,200	548,200
Other key management personnel:				
Salaries and bonuses	225,000	270,000	225,000	270,000
	877,200	595,031	752,200	818,200

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

23. Related party disclosure (cont'd)

(b) Compensation of key management personnel (cont'd)

(ii) Number of directors whose remuneration falls into the following bands:

Range of remuneration	Group Number of directors		Company Number of directors	
	Executive	Non-Executive	Executive	Non-Executive
0 - RM50,000	-	2	-	2
RM50,001 - RM100,000	-	-	2	3
RM100,001 - RM150,000	2	3	-	-
	2	5	2	5

Information regarding outstanding balances arising from related party transactions as at 31 December 2009 are disclosed in Notes 12 and 19.

24. Segment information

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services.

The Group comprises the following business segments:

(i) Investment holding

(ii) Oil palm plantation

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Investment holding RM	Oil palm plantation RM	Total RM
31 December 2009			
Revenue			
Investment holdings	-	-	-
Oil palm plantation operation	-	10,247,273	10,247,273
	-	10,247,273	10,247,273
Results			
Profit before tax	476,592	8,232,885	8,709,477
Income tax expense			(504,298)
Net profit for the year			8,205,179
Assets			
Segment assets	149,272,306	42,997,894	192,270,200
Unallocated assets			284,447
Total assets			192,554,647

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

24. Segment information (cont'd)

Business segments (cont'd)

	Investment holding RM	Oil palm plantation RM	Total RM
Liabilities			
Segment liabilities	2,022,210	4,466,250	6,488,460
Unallocated liabilities			21,645
Total liabilities			6,510,105
Other segment information			
Depreciation	219,222	365,688	584,910
Amortisation	-	1,648,700	1,648,700
31 December 2008			
Revenue			
Investment holdings	-	-	-
Oil palm plantation operation	-	15,753,488	15,753,488
	-	15,753,488	15,753,488
Results			
Profit before tax	465,179	11,379,098	11,844,277
Income tax expense			(21,426)
Net profit for the year			11,822,851
Assets			
Segment assets	138,581,697	44,653,780	183,235,477
Unallocated assets			810,488
Total assets			184,045,965
Liabilities			
Segment liabilities	2,106,602	4,100,000	6,206,602
Total liabilities			6,206,602
Other segment information			
Depreciation	111,229	280,185	391,414
Amortisation	-	1,648,701	1,648,701

25. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate (both fair value and cash flow), liquidity risk and credit risks. The Board reviews and agrees policies for managing credit risk which is summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risks

Cash flow interest risk is the risk that the future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly place in fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

25. Financial instruments (cont'd)

(b) Interest rate risks (cont'd)

The carrying amounts, the weighted average effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:

	Note	Weighted average effective interest rate %	Within 1 year RM
Group			
At 31 December 2009			
Fixed rates			
Unquoted fixed income bond	13	3.08%	51,890,368
Fixed deposits with licensed banks	14	2.26%	1,205,554
At 31 December 2008			
Fixed rates			
Fixed deposits with licensed banks	14	3.89%	57,959,138
Company			
At 31 December 2009			
Fixed rates			
Unquoted fixed income bond	13	3.58%	26,053,286
At 31 December 2008			
Fixed rates			
Fixed deposits with licensed banks	14	3.89%	30,776,736

(c) Liquidity risk

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit risks

Cash deposits, trade receivables, amounts owing by clients, advances to clients, loan receivables and other receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties to ensure that the Group is exposed to minimal credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

25. Financial instruments (cont'd)

(e) Fair values

The carrying amounts of the financial instruments of the Group and of the Company at the balance sheet date approximated their fair values due to the relatively short term maturity of the financial instruments except for the followings:

	Note	Group Carrying Amount RM	Fair value RM	Company Carrying Amount RM	Fair value RM
31 December 2009					
Unquoted investments in subsidiaries	10	-	-	141,035,202	*
Marketable securities	11	35,754,498	36,013,488	15,066,563	15,069,795
Unquoted fixed income bond	13	51,890,368	52,767,145	26,053,286	26,475,511
31 December 2008					
Unquoted investments in subsidiaries	10	-	-	262,580,202	*
Marketable securities	11	24,054,087	24,089,673	14,995,348	14,996,866

* It is not practical to estimate the fair values of the investments in subsidiaries because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs. The directors believe that the carrying amount represents the recoverable value.

The following methods and assumptions are used to determine the fair value of financial instruments:

- (i) The carrying amounts of the financial assets and liabilities maturing within twelve months approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair values of quoted investments are estimated based on quoted market prices. For investment for which there is no quoted market price, a reasonable estimate of fair value could not be made without incurring excessive costs. Therefore, such investments are valued at cost subject to review for impairment.

26. Significant events during the financial year

On 10 February 2009, the Group acquired 100% equity interest in Discovery Assets Sdn. Bhd., comprising 2 ordinary shares of RM1, each at a cash consideration of RM2.

27. Subsequent event

- (i) On 23 February 2010, the Group disposed off a freehold property situated in the Mukim of Jelei, District of Jempol, Negeri Sembilan with one unit of double storey terrace house at a total selling price of RM130,000. The Group previously has appointed Companion Park Sdn. Bhd. to hold in trust the aforesaid property for and on behalf of its subsidiary, Malpac Capital Sdn. Bhd.
- (ii) The purchased condominium referred to in Note 8 was completed in February 2010 upon the receipt of the 'notice of assignment' duly acknowledged by the developer.

28. Material litigation

- (i) On 3 December 1997, a subsidiary, Malpac Capital Sdn. Bhd. ("MCSB") entered into a loan agreement with Techno Asia Holdings Berhad ("TAHB"). The loan advanced to TAHB was partly secured by two parcels of leasehold land and two parcels of freehold land (the "Land") belonging to Ganda Plantations (Perak) Sdn. Bhd., Cempaka Sepakat Sdn. Bhd. and Mount Austin Properties Sdn. Bhd. (the "Chargors").

On 24 November 1999, Malpac Management Sdn. Bhd. ("MMSB"), a related company, purchased the loan together with its rights and benefits from MCSB. On 1 August 2004, the loan was repurchased by MCSB from MMSB.

Special Administrators ("SA") had been appointed for TAHB and the Chargors by Pengurusan Danaharta Nasional Berhad on 30 April 2001.

On 2 January 2002, MCSB had, through a workout proposal by the SA, accepted an offer by the SA to take a transfer of the Land as partial settlement of the loan owed by TAHB. On 7 July 2003, the workout proposal by the SA was approved by the relevant authorities. The Land are registered under the names of a wholly owned subsidiary, Radiant Response Sdn. Bhd ("RRSB"), and related companies, Malpac Land Sdn. Bhd. and Malpac Assets Management Sdn. Bhd., which are holding the properties in trust for MCSB.

On 10 December 2003, the Company and its subsidiaries, MCSB and RRSB have been named as one of the defendants in a Writ issued by the High Court in Ipoh. The plaintiffs are Ganda Plantations Sdn Bhd ("GPSB") and its Directors and shareholders. GPSB is the subsidiary company of TAHB and holding company to the Chargors.

The principal relief sought by the plaintiffs are:-

- (a) The cancellation of the transfer as set out in the SA's Workout proposal by Order of Court and the surrender of management to the plaintiffs on terms deemed fit and equitable by the Court;
- (b) An injunction by the Court to stop the participation of the defendants in the management of the Land; and
- (c) General and exemplary damages to be determined by the Court and interest of 8% per annum thereon.

The directors are of the opinion that the possibility of the Court ruling in favour of the plaintiffs is remote.

MCSB had been informed by its solicitors that the Company's order 14A Application had been withdrawn on 27 October 2009 and the plaintiffs' solicitors are to file a notice of case management to have a date fixed for purposes of obtaining directions for trial. As at the date of this report, no date has been fixed for the case management.

- (ii) On 5 April 2002, MCSB had entered into a Conditional Sale and Purchase Agreement (the "Agreement") to dispose of its subsidiary, Radiant Response Sdn Bhd. ("RRSB") together with 2 parcels of leasehold land as mentioned in (i) to Yong Toi Mee and Cheang Kim Leong (the "Purchasers") for a consideration of RM2 and the repayment by the Purchasers of the shareholder's loan of RRSB of RM30,600,000.

On 15 November 2002, the Agreement was suspended to enable MCSB and the Purchasers for re-negotiation as not all approvals from the relevant authorities have been obtained.

On 21 April 2007 the Purchasers have filed a writ of summons and statements of claim against MCSB and RRSB.

On 30 July 2007, MCSB and RRSB filed and served their defence and counter claim on the Purchasers' solicitors.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

28. Material litigation (cont'd)

On 12 November 2007, the Group's solicitors have filed in an Order 14A Application to the High Court for determination of certain issues on point of law. This case has been part heard by the Ipoh Court Judge from 12th to 15th October 2009 and the continued trial was scheduled to resume from 18th to 21st January 2010. However the continued trial had been postponed due to the new fast track system implemented for redistribution of pending cases among the Judges who are assigned to hear civil suits. The matter is now fixed for mention on 23 April 2010.

29. Comparatives

The comparative amounts have been audited by a firm of chartered accountants other than Ernst & Young.

Certain comparative figures have been reclassified to conform with the current year's presentation.

	Previously stated RM	Adjustment RM	Restated RM
Group			
Balance sheet			
Other payables	6,206,602	(1,567,710)	4,638,892
Provisions	-	1,567,710	1,567,710
Income statement			
Revenue	17,163,036	(1,409,548)	15,753,488
Other operating income within profit before tax			
Distribution income from unit trust	10,201	77,269	87,470
Interest income from:			
- marketable securities	11,643	124,772	136,415
- fixed deposits	904,580	1,207,387	2,111,967
Others	-	120	120
	926,424	1,409,548	2,335,972
Company			
Balance sheet			
Other payables	152,603,809	(1,169,062)	151,434,747
Provisions	-	1,169,062	1,169,062
Income statement			
Revenue	6,659,428	(1,409,428)	5,250,000
Other operating income within profit before tax			
Distribution income from unit trust	-	77,269	77,269
Interest income from:			
- marketable securities	-	124,772	124,772
- fixed deposits	-	1,207,387	1,207,387
	-	1,409,428	1,409,428
Cashflow statement			
Advance from a subsidiary	4,853	(4,853)	-
Repayment from a subsidiary	2,121,360	(2,121,360)	-
(Increase)/decrease in intercompany balances	-	2,126,213	2,126,213

LIST OF PROPERTIES HELD

As at 31 December 2009

Location	Description (Building Age)/ Existing Use	Tenure	Land Area/ Built-up Area	Net Book Value (RM'000)	Date of Acquisition
Lot No. 11644 Mukim Durian Sebatang Daerah Hilir Perak Perak Darul Ridzuan	Oil palm estate	Leasehold (expiring 24.7.2034)	1,266.05 hectares	24,637	4.8.2003
Lot No. 6863 Mukim Hutan Melintang Daerah Hilir Perak Perak Darul Ridzuan	Oil palm estate	Leasehold (expiring 24.7.2034)	767.33 hectares	14,932	4.8.2003
Lot P.T.65571 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Vacant commercial land	Freehold	6.74 hectares	37,364	9.9.2003
PTD 58152-58177 HS(D) 216990-217015 PTD 58179-58211 HS(D) 217016-217048 PTD 58213-58331 HS(D) 217049-217167 Mukim of Tebrau Daerah of Johor Bahru Johor Darul Takzim	178 vacant bungalow lots	Freehold	113,369.85 sq. metres	15,118	9.9.2003
Lot 491 Mukim & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	6.481 acres	679	5.10.2004
Lot 5142 Bandar & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	34.50 poles	206	5.10.2004
Lot No. 618 Geran 18677 Town and District of Seremban	Vacant Land	Freehold	1,295 sq. metres	418	30.6.2007
PT 2749 Geran 28042 Mukim of Jelei District of Kuala Pilah	An Intermediate 2-storey terrace house (17 Years)/ Vacant	Freehold	163.5 sq. metres	95	30.6.2007
B-6-10, B-9-10, B-12-3A West Wing 10 Semantan No. 10 Jalan Semantan 50490 Kuala Lumpur	3 units of 2-bedroom condominium (1 year)/ Tenanted	Leasehold (expiring 3.6.2108)	980 sq. feet per unit	1,314	27.6.2008
No. 16.01 PT No. 200, Seksyen 1 Bandar Tanjong Tokong Daerah Timur Laut Pulau Pinang	A 4-bedroom condominium (Building under construction)	Freehold	6,300 sq. feet	2,200	11.2.2009

ANALYSIS OF SHAREHOLDINGS

AS AT 28 APRIL 2010

Share Capital

Authorised share capital	:	RM200,000,000.00
Issued and paid-up capital	:	RM75,000,000.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share
No. of shareholders	:	2,760

Directors' Shareholdings

Name of Directors	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	12,377,108	16.50	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	1,986,300**	2.64
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	2,520,800**	3.36
Chew Loy Chee	3,152,188	4.20	-	-
Kan Ah Chun	2,180,260	2.91	-	-
Muhayuddin Bin Musa	-	-	-	-
Johari Low Bin Abdullah	-	-	-	-

Notes:

* Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.

** Indirect interest through family members.

Size of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	12	0.43	434	0.00
100 - 1,000	979	35.47	957,119	1.28
1,001 - 10,000	1,538	55.72	5,915,300	7.89
10,001 - 100,000	187	6.78	5,469,000	7.29
100,001 - 3,749,999*	40	1.45	28,010,843	37.35
3,750,000 and above**	4	0.15	34,647,304	46.19
	2,760	100	75,000,000	100

* Less than 5% of issued shares.

** 5% and above of issued shares.

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	12,377,108	16.50	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	1,986,300**	2.64
Advance Synergy Capital Sdn Bhd (ASCSB)	8,037,500	10.71	-	-
Advance Synergy Berhad (ASB)	-	-	8,037,500^	10.71
Dato' Ahmad Sebi Bakar	-	-	8,037,500+	10.71
Suasana Dinamik Sdn Bhd	-	-	8,037,500#	10.71
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	2,520,800**	3.36

ANALYSIS OF SHAREHOLDINGS

AS AT 28 APRIL 2010 (CONT'D)

Notes:

- * Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.
- ** Indirect interest through family members.
- ^ Deemed indirect interest by virtue of its 100% shareholding in ASCSB.
- + Deemed indirect interest by virtue of his interest in ASB which in turn holds 100% in ASCSB.
- # Deemed indirect interest by virtue of its interest in ASB which in turn holds 100% in ASCSB.

30 Largest Shareholders

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
1.	Lim Hong Liang	12,377,108	16.50
2.	Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75
3.	Advance Synergy Capital Sdn Bhd	8,037,500	10.71
4.	Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22
5.	Wawasan Lembaran Sdn Bhd	3,691,900	4.92
6.	Chew Loy Chee	3,152,188	4.20
7.	Mary Tan @ Tan Hui Ngoh	2,520,800	3.36
8.	Kan Ah Chun	2,180,260	2.91
9.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
10.	Ng Faai @ Ng Yoke Pei	1,986,300	2.64
11.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (Margin)	1,632,000	2.18
12.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai (Margin)	1,613,000	2.15
13.	Loh Siew Hooi	1,414,800	1.89
14.	Yee Quek Peng	933,700	1.24
15.	Goh Siang Kuan	546,400	0.73
16.	Looi Lei Chow	411,800	0.55
17.	Yong Toi Mee	373,400	0.50
18.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Chee Wen	365,000	0.49
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	354,000	0.47
20.	Chin Kian Fong	350,000	0.47
21.	Gan Ah Ai	300,000	0.40

ANALYSIS OF SHAREHOLDINGS

AS AT 28 APRIL 2010 (CONT'D)

30 Largest Shareholders (cont'd)

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
22.	Goh Ah Peng	289,600	0.39
23.	Tee Jin Gee Enterprise Sdn Bhd	245,000	0.33
24.	Leu Kok Wai	242,900	0.32
25.	Tan Kim Tee	239,300	0.32
26.	Tan Akuan	233,000	0.31
27.	Yap Choh Tee	230,000	0.31
28.	Tong Seow Mei	221,300	0.30
29.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phng Hooi Siang @ Fong Hooi Siang	210,000	0.28
30.	TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	199,000	0.27
Total		60,583,952	80.78

eDIVIDEND

To: All Shareholders of Malpac Holdings Berhad

Dear Sir / Madam

RE: Implementation of Electronic Dividend Payment [“eDividend”]

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders’ cash dividend entitlements into their respective bank accounts. We are pleased to inform you that all listed issuers who make announcement on or after 1 September 2010 for a books closing date for cash dividend entitlements are required to pay cash dividend via eDividend to shareholders who have provided their bank account information to Bursa Malaysia Depository Sdn. Bhd. [“Bursa Depository”].

Shareholders are able to start providing bank account information to Bursa Depository through the authorised depository agents [“ADA”/“brokers”] from 19 April 2010. Shareholders are given a grace period of 1 [one] year, until 18 April 2011 to provide bank account information without incurring any additional charges. Shareholders will have to bear an administrative fee when you provide your bank account information to your stock brokers after the 1 [one] year grace period. Shareholders who have not provided their bank account information will continue to receive your dividend entitlement through the existing manner, i.e. via cheque.

1. Benefits of eDividend

eDividend extends to all companies listed on Bursa Malaysia Securities Berhad [“listed issuers”] and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorised deposit of dividend cheques.

When you register for eDividend, you will enjoy the following additional benefits:-

- (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
- (b) the option to consolidate the dividends from all your Central Depository System [“CDS”] accounts into 1 [one] bank account for better account management.

2. Registration for eDividend

You are required to provide your bank account number and other information to Bursa Depository through your stock broker, by completing the prescribed form. This form can be obtained in due course from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.

You need to submit the duly completed prescribed form together with the following documents for registration:-

- (a) (i) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification;
- (ii) Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and
- (b) Copy of your bank statement/bank savings book/details of your bank account obtained from your banks website that has been certified by your bank/copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker’s verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

3. Notification of eDividend payment after registration

You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you do not provide either your mobile phone number or email address, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

- (a) Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO [IBG], which can be found on this website: http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer
- (b) Your bank account particulars and other related information is protected under the Securities Industry [Central Depositories] Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purpose, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.
- (c) Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders.

Thank you.

Malpac Holdings Berhad

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PROXY FORM

I/We, _____

(PLEASE USE BLOCK LETTERS)

of _____

being a member(s) of **MALPAC HOLDINGS BERHAD**, hereby appoint _____

_____ of _____

or _____ of _____

or the Chairman of the meeting to be my/our proxy/proxies to attend and on a poll to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Rasah Room of The Royale Bintang Resort & SPA Seremban, Jalan Dato' A.S. Dawood, 70000 Seremban, Negeri Sembilan Darul Khusus on Friday, 18 June 2010 at 10.00 a.m. or at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below:

Resolution		For	Against
1.	To receive and adopt the audited financial statements for the year ended 31 December 2009 together with the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' Fee of RM60,000.00 for the year ended 31 December 2009.		
3.	To re-elect Mr Kan Ah Chun who retire pursuant to Article 80 and 82 of the Company's Articles of Association.		
4.	To re-appoint Mr Chew Loy Chee pursuant to Section 129 (6) of the Companies Act 1965.		
5.	To re-appoint Mr Tan Chon Sing @ Tan Kim Tieng pursuant to Section 129 (6) of the Companies Act 1965.		
6.	To re-appoint Auditors and to authorize the Directors to fix their remuneration.		
7.	Special Business: Authority to issue shares pursuant to Section 132(D) of the Companies Act 1965. (Ordinary Resolution)		
8.	Special Business: Proposed renewal of authority to purchase its own shares by the Company (Ordinary Resolution)		

Date _____ day of _____, 2010

.....
Signature/Common Seal

Notes:

- A member of the Company who is entitled to attend and vote in the Meeting is entitled to appoint a proxy / proxies to attend and vote in his / her stead. A proxy may but need not be a member of the Company
The Form of Proxy must be deposited with the Company Secretary at the registered office of the Company at 1st Floor, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the Meeting.
- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the Seal or under the hand of an officer or attorney duly authorized.
- Where a member appoints two or more proxies to attend at the same meeting, the appointment shall be invalid unless the holder specified the proportion of his shareholdings to be represented by each proxy.
- Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each resolution. If this proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain from voting at his discretion.
- Any alteration made in this form must be initialed by the person who signs it.

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STAMP

THE COMPANY SECRETARY

MALPAC HOLDINGS BERHAD

(197424-V)

1st Floor, 275 Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus

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