MALPAC

Malpac Holdings Berhad

(197424-V)

ANNUAL REPORT 2010

MALPAC

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Dewan Tuanku Ja'afar, Royal Sungei Ujong Club, 2A, Jalan Dato' Kelana Ma'amor, 70000 Seremban, Negeri Sembilan Darul Khusus on Tuesday, 21 June 2011 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 2010 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 2010. **(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:

   Encik Johari Low Bin Abdullah **(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 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)**

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)**

7. 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
27 May 2011

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 18 June 2010.

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.

1. Details of Director Standing for Re-Election.

Director who is standing for re-election at the 21st Annual General Meeting is as follows:-

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

- Encik Johari Low Bin Abdullah

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 2010 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 20 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	*- Senior 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 Lim Hong Liang
Members: Mr Tan Chon Sing @ Tan Kim Tieng
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 74, 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 four of the five (5) Board Meetings held in the financial year 2010.

MR TAN CHON SING @ TAN KIM TIENG

Mr Tan Chon Sing @ Tan Kim Tieng, Malaysian, aged 72, 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 a member of the Investment and Audit Committees 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 2010.

MR GAN TECK CHONG @ GAN KWAN CHONG

Mr Gan Teck Chong @ Gan Kwan Chong, Malaysian, aged 64, 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 2010.

MR LIM HONG LIANG

Mr Lim Hong Liang, Malaysian, aged 52, 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 and Investment Committees 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 2010.

MR KAN AH CHUN

Mr Kan Ah Chun, Malaysian, aged 57, 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 several other private limited companies.

Mr Kan attended all of the five (5) Board Meetings held in the financial year 2010.

ENCIK MUHAYUDDIN BIN MUSA

Encik Muhayuddin Bin Musa, Malaysian, aged 48, 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 2010.

ENCIK JOHARI LOW BIN ABDULLAH

Encik Johari Low Bin Abdullah, Malaysian, aged 61, 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 Deloittes Kuala Lumpur, Executive Director of Ambank Group, Group Managing Director of Berjaya Group Berhad, CEO of KFC Holdings (M) Berhad and Deputy Chairman of Anglo Eastern Plantations PLC. He is currently the Chairman of the Rockwills International Group, a leading estate planning group in Malaysia. He is also a director of APB Resources Berhad, Kumpulan Powernet Berhad, Rockwills Trustee Berhad and Amcorp Group Berhad.

Encik Johari attended all of the five (5) Board Meetings held in the financial year 2010.

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 62, 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 is also a director of a public company, Kai Peng Berhad, and several private limited companies.

Mr Ang attended all of the five (5) Board Meetings held in the financial year 2010.

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.

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 2010 (FY2010).

FY2010 recorded a fruitful year for Malpac Holdings Berhad and this year our group continues to achieve expected returns for our shareholders.

ECONOMIC REVIEW

FY 2010 was an exciting yet uneven year. Despite the published evidence showing that our economy is out of recession, the Malaysian economic conditions will be more challenging in 2011 in view of our close linkages to the globalized world economy.

We are doubtful of the sustainability of the recovery that was initiated by the fiscal push intended to save the 2008 financial crisis. The side effects of the temporary fiscal push such as high inflation will distort the economy and cause greater impacts in year 2011-2012.

In conclusion, we have yet to see a full growth trajectory and hence the Group will continue its defensive investment strategy in year 2011.

FINANCIAL PERFORMANCE

I am pleased to report that we met our expected earnings for the year ended 31 December 2010.

We recorded a revenue of RM 12.6 million in 2010 from our core business while other investments which principally comprised of short term securities investment and fixed deposits generated approximately RM 3.6 million for the Group and net fair value gain on quoted shares held accounted for another RM 3.4 million.

FINANCIAL PERFORMANCE (cont'd)

PBT improved 55% on year-on-year basis due to more favorable CPO prices, interest rates and stock market conditions in 2010 as compared to 2009. The improved profit has further strengthened the Group's balance sheet with total assets exceeding the RM 200 million mark. The Group will continue its current strategy to accumulate a bigger war chest while evaluating various opportunities locally and globally to ensure the best risk adjusted return for our shareholders under the uncertain world economic environment.

PROSPECTS

The Group will continue to focus on our core oil palm production business and the Group's near term performance would still be highly correlated to the CPO prices. We foresee the CPO price mid to long term trend to remain bullish as the crop production across the industry is affected by weather changes as well as the inflationary trend of fertilizer costs.

With the higher expected interest rates by the bank analysts, returns from fixed deposits and investments are also expected to improve in 2011. We believe many opportunities will arise globally when interest rate levels return to equilibrium from the current artificially low levels in the near future and we foresee a global asset price correction to follow.

We have been actively reviewing numerous investment proposals and we are in preliminary talks with several interested parties. However, with the higher uncertainties in the market and price distortion that are driven by the cheap supply of money, the Group will adopt a prudent view on every proposal. We shall do our best to ensure shareholders that shareholder value take priority consideration for any future investments and/or corporate proposals.

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 2010.

COMPOSITION AND MEETINGS

The members of the Audit Committee and attendance at each Audit Committee meeting during the financial year ended 31 December 2010 are as follows:-

Name	Status	Attendance
Chairman		
Johari Low Bin Abdullah	Senior 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.

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.

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 2010, the Group has outsourced its internal audit functions to an independent consulting firm. 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 pages 21 to 22 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 standards of corporate governance is used as a fundamental basis of the Board in discharging their fiduciary duties and responsibilities to protect and enhance shareholder values and 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. The Board acknowledges the importance of distinguishing the roles of the 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.

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	4/5
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 an appropriate composition of executive and non-executive directors. All board members have extensive professional and business experience. Essentially, this meets the pre-requisites of an effective board where the intimate business knowledge of the executive directors is combined with the broader views and objectivity that non-executive directors bring into the Board's deliberation and decision-making process.

I. THE BOARD OF DIRECTORS (cont'd)

3. Board Balance (cont'd)

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

The Board recognises the importance for reviewing and adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. Presently, the function of defining the strategic plan is led by the Investment Committee. This Committee comprises of executive directors and and non-executive directors. The significant issues and actions deliberated and decided in the Committee are tabled in the Board for review and approval.

4. Board Committees

a. 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 2010, 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.

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

I. THE BOARD OF DIRECTORS (cont'd)

4. Board Committees (cont'd)

c. Remuneration Committee (cont'd)

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.

d. Investment Committee

The Committee consists of two Executive Directors, a Non-Executive Director and the Group CEO.

The members of the committee are as follows:-

(i) Lim Hong Liang - Chairman
(ii) Tan Chon Sing @ Tan Kim Tieng
(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.

I. THE BOARD OF DIRECTORS (cont'd)

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. All Directors have attended at least one training course each 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.

During the financial year ended 31 December 2010, the board members attended the following programmes:-

Training Programmes Attended	Date
• Goods & Services Tax (GST) in Malaysia – A New Tax Regime	03.02.2010
• Economic & Capital Market II: Macroeconomic Analytics - Clues To The Future	22.05.2010
• Essential of Fundamental Analytics II: Creating a Framework for Sector Analysis	23.05.2010
• Views from the Boardroom – Challenges Directors Face	30.06.2010
• Forum by Public Listed Companies: CG Best Practices	30.06.2010
• Morning Talk – How Sustainable Are Our Businesses?	03.12.2010
• 2010 PLC Directors' Training: The Debt Recovery Process	17.12.2010

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 during the financial year ended 31 December 2010 is as follows:-

	Fee (RM)	Salaries & Allowance (RM)	Other Emoluments & Benefits (RM)	Total (RM)
Executive Directors	24,000	161,280	148,000	333,280
Non-Executive Directors	36,000	310,920	270,000	616,920

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
50,001 - 100,000	1	-
150,001 - 250,000	1	3

II. DIRECTORS' REMUNERATION (cont'd)

The Board suggests Directors' fee of RM24,000 for Executive Director and RM36,000 for Non- Executive Directors to be payable for financial year 2010 subject to shareholders' approval at the forthcoming AGM.

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.

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 23 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 pages 21 to 22. It provides an overview of the state of internal control within the Group.

3. 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.

IV. ACCOUNTABILITY AND AUDIT (cont'd)

4. Relationship with the Auditors

The Company has established transparent and appropriate relationship with the Company's internal and external auditors. The Audit Committee has the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary. During the financial year the Audit Committee had conducted a meeting with the External Auditors without the presence of the Executive Directors, CEO and the management.

V. COMPLIANCE WITH BEST PRACTICES

The Company is in compliance with all the material aspects of the Best Practices as 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.

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 oil palm estates are currently leased to a group of external experienced oil mill operators and management personnel. Accordingly, the principal risks faced by the Group are limited to the non-collection of income from the oil palm plantation and natural calamities (eg. fire, flood, diseases and etc.)

Investment Committee and Board Review

The Investment Committee was established in February 2010. 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 Board had put in place the review mechanism and defined the terms of reference of the Investment Committee to ensure that the Investment Committee carries out its duties in accordance with the terms of reference conferred by the Board. Currently, the Board's reviews of the investments made by the Investment Committee and its performance are carried out every quarter.

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 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.

Internal Control (cont'd)

- 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 2010 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 2010.

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 2010.

4. Non-audit fees

There were RM3,000 non-audit fees paid to the external auditors for the financial year ended 31 December 2010.

5. Variation in results

There were no variances of 10% or more between the results for the financial year 2010 and unaudited results previously announced.

6. Profit guarantees

During the financial year 2010, there was no profit guarantee given by the Company.

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

During the financial year 2010, 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 2010.

9. Utilisation of proceeds raised from corporate proposal

There was no corporate proposal involving the raising of funds during the financial year 2010.

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.

FINANCIAL STATEMENTS

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 13 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 net of tax attributable to owners of the parent	11,554,699	12,106,992

There were no material transfers to or from reserves or provisions during the financial year.

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 other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 *Financial Instruments: Recognition and Measurement* which has resulted in an increase in the Group's profit net of tax by RM3,389,983 as disclosed in Note 2.2 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 as disclosed in Note 8 of the financial statements) 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

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2010	**Acquired**	**Sold**	**31.12.2010**
Name of director				
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	450,900	-	12,828,008
Kan Ah Chun	1,543,460	636,800	-	2,180,260
Deemed interest:				
Chew Loy Chee	-	230,000	-	230,000
Tan Chon Sing @ Tan Kim Tieng	1,986,300	223,000	-	2,209,300
Gan Teck Chong @ Gan Kwan Chong	2,315,200	340,600	-	2,655,800
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 statements of comprehensive income and statements of financial position 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 there were no known bad debts 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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.

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, do not seek reappointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2011.

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 32 to 74 are 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 2010 and of their financial performance and cash flows for the year then ended.

The information set out in Note 30 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 April 2011.

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 32 to 74 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 20 April 2011.

Tan Chon Sing @ Tan Kim Tieng

Before me,

Report on the financial statements

We have audited the financial statements of Malpac Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company , and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 32 to 74.

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 judgement, 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 2010 and of theirs 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 ("Act") 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 of which we have acted as auditors 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.

Report on other legal and regulatory requirements (cont'd)

(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

The supplementary information set out in Note 30 to the financial statements on page 74 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Kua Choh Leang
No.2716/01/13 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
20 April 2011

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	4	12,617,775	10,247,273	457,500	1,845,000
Other income	5	7,412,642	4,216,112	13,928,443	33,108,151
Administrative expenses		(6,194,031)	(5,537,243)	(1,878,517)	(5,074,415)
Other operating expenses		(327,081)	(216,665)	(61,911)	(4,754)
Profit before tax	6	13,509,305	8,709,477	12,445,515	29,873,982
Income tax expense	9	(1,954,606)	(504,298)	(338,523)	(700,066)
Profit, net of tax attributable to owners of the parent		11,554,699	8,205,179	12,106,992	29,173,916
Other comprehensive income:					
Net gain on available-for-sale financial assets, representing other comprehensive income for the year	18	4,951	-	1,262	-
Total comprehensive income for the year		11,559,650	8,205,179	12,108,254	29,173,916
Earnings per share attributable to owners of the parent (sen per share)					
Basic	10	15.4	10.9		
Diluted	10	15.4	10.9		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2010

		Group		Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Assets					
Non-current assets					
Property, plant and equipment	11	59,835,850	60,520,886	87,187	101,416
Land use rights	12	37,920,118	39,568,819	-	-
Investments in subsidiaries	13	-	-	155,404,992	141,035,202
Investment securities	14	5,183,167	4,506,744	-	-
		102,939,135	104,596,449	155,492,179	141,136,618
Current assets					
Trade and other receivables	15	2,865,549	3,207,988	1,160,020	4,454,955
Tax recoverable		28,874	284,447	-	12,460
Investment securities	14	54,359,881	83,138,122	35,563,626	41,119,849
Cash and bank balances	16	45,844,985	1,327,641	7,331,850	88,941
		103,099,289	87,958,198	44,055,496	45,676,205
Total assets		206,038,424	192,554,647	199,547,675	186,812,823
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	17	75,000,000	75,000,000	75,000,000	75,000,000
Share premium	17	24,366,593	24,366,593	24,366,593	24,366,593
Retained earnings	19	98,824,024	86,677,949	98,723,018	86,314,700
Fair value adjustment reserves	18	4,951	-	1,262	-
Total equity		198,195,568	186,044,542	198,090,873	185,681,293
Liabilities					
Non current liabilities					
Deferred tax liabilities	20	6,206	21,645	6,206	21,645
Current liabilities					
Other payables	21	5,515,604	5,158,739	17,001	17,001
Provisions	22	1,798,224	1,329,721	1,407,775	1,092,884
Income tax payable		522,822	-	25,820	-
		7,836,650	6,488,460	1,450,596	1,109,885
Total liabilities		7,842,856	6,510,105	1,456,802	1,131,530
Total equity and liabilities		206,038,424	192,554,647	199,547,675	186,812,823

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

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2010

	Share capital RM	Share premium RM	Capital reserve RM	Retained earnings RM	Fair value adjustment reserves RM	Total RM
Group						
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	-	-
Total comprehensive income 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
Effects of adopting FRS 139	-	-	-	591,376	-	591,376
Balance as at 31 December 2009 (restated)	75,000,000	24,366,593	-	87,269,325	-	186,635,918
Total comprehensive income for the year	-	-	-	11,554,699	4,951	11,559,650
Balance as at 31 December 2010	75,000,000	24,366,593	-	98,824,024	4,951	198,195,568
Company						
Balance as at 31 December 2008	75,000,000	24,366,593	-	57,140,784	-	156,507,377
Total comprehensive income 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
Effects of adopting FRS 139	-	-	-	301,326	-	301,326
Balance as at 31 December 2009 (restated)	75,000,000	24,366,593	-	86,616,026	-	185,982,619
Total comprehensive income for the year	-	-	-	12,106,992	1,262	12,108,254
Balance as at 31 December 2010	75,000,000	24,366,593	-	98,723,018	1,262	198,090,873

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

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from operating activities				
Profit before tax	13,509,305	8,709,477	12,445,515	29,873,982
Adjustments for:				
Net fair value gain on financial instruments:				
- Financial assets at fair value through profit or loss	(3,389,983)	-	-	-
Reversal of impairment losses on financial instruments	-	(1,751,795)	-	-
Net reversal of impairment losses on investment in subsidiaries	-	-	(12,169,790)	(8,870,000)
Loss on capital reduction in investment in subsidiaries	-	-	-	3,430,002
Bad debts recovered	-	(1,000)	-	-
Amortisation of land use rights (Note 12)	1,648,701	1,648,700	-	-
Bad debts written off	-	11,676	-	-
Depreciation of property, plant and equipment (Note 11)	607,804	584,910	14,977	15,386
Distribution income	(315,905)	(237,461)	(44,244)	(125,092)
Dividend income	(176,040)	(163,145)	(457,500)	(1,845,000)
Net gain on disposal of:				
- Available-for-sale financial assets and financial assets at fair value through profit or loss	(465,153)	(479,099)	(12,859)	(74,812)
- Property, plant and equipment	(85,499)	(499)	-	(499)
Gain on capital reduction of a subsidiary	-	-	-	(23,000,000)
Interest income	(2,632,182)	(1,502,724)	(1,341,340)	(1,037,748)
Property, plant and equipment written off	1,701	6,201	1,701	4,755
Total adjustments	(4,806,556)	(1,884,236)	(14,009,055)	(31,503,008)
Operating cash flows before changes in working capital	8,702,749	6,825,241	(1,563,540)	(1,629,026)
Changes in working capital				
Trade and other receivables	722,548	(2,437,548)	1,490,224	(2,192,481)
Other payables	356,866	519,847	-	-
Provisions	468,504	(237,989)	314,891	(76,178)
Intercompany balances	-	-	2,106,037	(2,214,148)
Total changes in working capital	1,547,918	(2,155,690)	3,911,152	(4,482,807)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from operating activities (cont'd)				
Cash flows from/(used in) operations	10,250,667	4,669,551	2,347,612	(6,111,833)
Income tax refunded	-	451,311	-	451,293
Income tax paid	(1,158,340)	(379,134)	(201,307)	(229,631)
Net cash flows from/(used in) operating activities	9,092,327	4,741,728	2,146,305	(5,890,171)
Cash flows from investing activities				
Distribution income received	315,905	237,461	44,244	125,092
Interest received	2,632,182	1,502,724	1,341,340	1,037,748
Dividends received	142,729	134,356	343,125	-
Purchase of:				
- Property, plant and equipment	(18,970)	(2,208,355)	(2,449)	(5,925)
- Available-for-sale financial assets	(29,369,708)	(103,343,946)	(2,567,386)	(55,808,163)
- Financial assets at fair value through profit or loss	(712,325)	-	-	-
- Held-to-maturity investments	(11,213,195)	(71,890,368)	(11,130,501)	(46,053,286)
Proceeds from disposal of:				
- Property,plant and equipment	180,000	500	-	500
- Available-for-sale financial assets	53,751,033	-	17,153,258	-
- Financial assets at fair value through profit or loss	1,690,845	93,874,429	-	55,811,760
- Held-to-maturity investments	18,026,521	20,000,000	2,114,973	20,000,000
Acquisition of a subsidiary	-	-	-	(2)
Additional investment in a subsidiary	-	-	(2,200,000)	-
Net cash flows from/(used in) investing activities	35,425,017	(61,693,199)	5,096,604	(24,892,276)
Net increase/(decrease) in cash and cash equivalents	44,517,344	(56,951,471)	7,242,909	(30,782,447)
Cash and bank balances at beginning of the year	1,327,641	58,279,112	88,941	30,871,388
Cash and bank balances at end of the year (Note 16)	45,844,985	1,327,641	7,331,850	88,941

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

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 13 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 in accordance with a resolution of the directors on 20 April 2011.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the 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 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7 *Financial Instruments: Disclosures*

FRS 8 *Operating Segments*

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 2 *Share-based Payment – Vesting Conditions and Cancellations*

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*

Improvements to FRSs issued in 2009

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

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*

FRS 4 *Insurance Contracts* and TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below:

<u>FRS 7 *Financial Instruments: Disclosures*</u>

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

<u>FRS 8 *Operating Segments*</u>

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114 as shown in Note 28 to the financial statements.

<u>FRS 101 *Presentation of Financial Statements (Revised)*</u>

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 101 *Presentation of Financial Statements (Revised) (cont'd)*

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 27).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Equity instruments
  Prior to 1 January 2010, the Group classified its investments in equity instruments for both non-current and current as marketable securities. Such investments were carried at lower of cost and market value. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as financial assets at fair value through profit or loss and accordingly are stated at their fair values as at that date amounting to RM4,506,744 and RM6,086,868. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

- Debt securities
  Prior to 1 January 2010, investments in debt securities were stated at amortised cost using the effective interest rate method. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as:

  a) Available-for-sale financial assets
     The fair values of available-for-sale debt securities as at 1 January 2010 amounted to RM25,372,152. No adjustment is required to the opening balance of retained earnings.

  b) Held-to-maturity investments
     The carrying values of held-to-maturity debt securities as at 1 January 2010 amounted to RM51,890,368. The adjustments to the previous carrying amounts of held-to-maturity debt securities are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

- Impairment of trade receivables
  Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139. No adjustment is required to the opening balance of retained earnings.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement (cont'd)*

The following are effects arising from the above changes in accounting policies:

	Increase / (decrease) As at 31 December 2010 RM	As at 1 January 2010 RM
Statements of financial position		
Group		
Investment securities (current):		
- Available-for-sale financial assets	4,951	-
- Held-to-maturity investments	-	380,110
- Financial assets at fair value through profit or loss	1,897,577	211,266
Investment securities (non-current) - Financial assets at fair value through profit or loss	1,492,406	-
Retained earnings	3,389,983	591,376
Fair value adjustment reserves	4,951	-
Company		
Investment securities (current) - Available-for-sale financial assets	1,262	301,326
Retained earnings	-	301,326
Fair value adjustment reserves	1,262	-

	Increase / (decrease) Group 2010 RM	Company 2010 RM
Statements of comprehensive income		
Other income	3,389,983	-
Profit, net of tax	3,389,983	-
Other comprehensive income for the year, net of tax	4,951	1,262

	Group Increase / (decrease) 2010 sen per share
Earnings per share:	
Basic	4.52
Diluted	4.52

2. Summary of significant accounting policies (cont'd)

2.3 Standard issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for the financial periods beginning on or after
Amendments to FRS 132 *Classification of Rights Issues*	1 March 2010
FRS 1 F*irst-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3 *Business Combinations (revised)*	1 July 2010
Amendments to FRS 2 *Share-based Payment*	1 July 2010
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 127 *Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Share based Payment - Group Cash settled Share based Payment Transactions*	1 January 2011
Amendments to FRS 3 *Business Combinations*	1 January 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
Amendments to FRS 101 *Presentation of Financial Statements*	1 January 2011
Amendments to FRS121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2011
IC Interpretation 4 *Determining Whether An Arrangement Contains a Lease*	1 January 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124 *Related Party Disclosures*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the Amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the Amendments to FRS 127 are described below.

2. Summary of significant accounting policies (cont'd)

2.3 Standard issued but not yet effective (cont'd)

<u>Revised FRS 3 *Business Combinations and Amendments* to FRS 127 *Consolidated and Separate Financial Statements*</u>

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2. Summary of significant accounting policies (cont'd)

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. 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 is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold land and building	2%
Buildings	2%
Plant and machinery	10%
Office equipment	10% - 12%
Computer equipment	20%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets(cont'd)

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets(cont'd)

d) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets (cont'd)

a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and also fixed deposits with licensed banks.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

b) Other financial liabilities

The Group's and the Company's other financial liabilities include other payables.

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Employee benefits

a) 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.

2. Summary of significant accounting policies (cont'd)

2.15 Employee benefits (cont'd)

b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.16 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as lease income. The accounting policy for lease income is set out in Note 2.17(c).

2.17 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

a) Interest income

Interest income is recognised using the effective interest method.

b) Dividend income

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

2. Summary of significant accounting policies (cont'd)

2.17 Revenue (cont'd)

c) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of lease income over the lease term on a straight-line basis.

d) Oil palm plantation

Revenue from oil palm plantation is recognised in the statements of comprehensive income on an accrual basis.

2.18 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.18 Income taxes (cont'd)

b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.19 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

a) Operating lease commitments - 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.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 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, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 11. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.26% (2009: 0.36%) variance in the Group's profit for the year.

b) Allowance for doubtful debts of receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 15.

4. Revenue

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Dividend income from subsidiary	-	-	457,500	1,845,000
Income from oil palm plantation	12,317,775	9,947,273	-	-
Lease rental from oil mill	300,000	300,000	-	-
	12,617,775	10,247,273	457,500	1,845,000

5. Other income

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest income from:				
- Fixed deposit	689,555	812,665	118,671	416,712
- Financial assets at fair value through profit or loss	67,615	67,615	-	-
- Held-to-maturity investments	1,872,316	620,940	1,221,515	620,940
- Others	2,696	1,504	1,154	96
Distribution income	315,905	237,461	44,244	125,092
Dividend received	176,040	163,145	-	-
Net gain on disposal of:				
- Available-for-sale financial assets	59,973	51,061	-	-
- Financial assets at fair value through profit or loss	405,180	428,038	12,859	74,812
- Property, plant and equipment	85,499	499	-	499
Rental income	46,800	36,400	-	-
Reversal of impairment losses on financial instruments	-	1,751,795	-	-
Net fair value gain on financial instruments:				
- Financial assets at fair value through profit or loss	3,389,983	-	-	-
Reversal of impairment losses on investment in subsidiaries	-	-	12,230,000	8,870,000
Gain on capital reduction exercise of a wholly owned subsidiary	-	-	-	23,000,000
Miscellaneous	301,080	44,989	300,000	-
	7,412,642	4,216,112	13,928,443	33,108,151

6. Profit before tax

The following items have been included in arriving at profit before tax from:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Auditors' remuneration:				
- statutory	34,000	34,000	17,000	17,000
- non-statutory	10,250	4,000	10,250	4,000
Employee benefits expense (Note 7)	1,708,703	1,349,222	1,270,566	986,647
Non-executive directors' remuneration (Note 8)	616,920	416,920	526,920	341,920
Depreciation of property, plant and equipment (Note 11)	607,804	584,910	14,977	15,386
Property, plant and equipment written off	1,701	6,201	1,701	4,755

6. Profit before tax (cont'd)

The following items have been included in arriving at profit before tax from:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Impairment losses on investment in subsidiaries	-	-	60,210	-
Loss on capital reduction in investment in subsidiaries	-	-	-	3,430,002
Amortisation of land use rights (Note 12)	1,648,701	1,648,700	-	-
Bad debts written off	-	11,676	-	-
Operating lease:				
- minimum lease payments on computer	-	4,940	-	4,940
- minimum lease payments on premises	212,880	212,880	193,680	193,680
Legal fee	815,300	536,375	-	-
Provisions (Note 22)	1,642,078	370,754	1,269,173	199,773

7. Employee benefits expense

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Salaries and allowances				
- current year	1,255,431	1,156,457	974,471	834,057
- overprovision in prior year	(576,000)	-	(576,000)	-
Employees Provident Fund	117,629	129,360	92,928	101,304
Other employee benefits	911,643	63,405	779,167	51,286
	1,708,703	1,349,222	1,270,566	986,647

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM333,280 (2009: RM235,280) and RM273,280 (2009: RM185,280) respectively.

8. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive:				
Salaries and other emoluments	321,280	211,280	261,280	161,280
Overprovision in prior year	(216,000)	-	(216,000)	-
Fees	24,000	24,000	24,000	24,000
Retirement gratuity benefits	204,000	-	204,000	-
Total executive directors' remuneration	333,280	235,280	273,280	185,280
Non-executive (Note 6):				
Allowances and other emoluments	400,920	305,920	310,920	305,920
Fees	36,000	36,000	36,000	36,000
Retirement gratuity benefits	180,000	75,000	180,000	-
Total non-executive directors' remuneration	616,920	416,920	526,920	341,920
Total directors' remuneration	950,200	652,200	800,200	527,200

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2010	2009
Executive directors:		
RM50,001 - RM100,000	1	2
RM200,001 - RM250,000	1	-
	2	2
Non-Executive directors:		
0 - RM50,000	2	2
RM50,001 - RM100,000	-	3
RM150,001 - RM200,000	3	-
	5	5

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysia income tax	1,515,862	130,785	239,963	461,250
- Underprovision in respect of previous years	454,183	351,868	113,999	217,171
	1,970,045	482,653	353,962	678,421
Deferred income tax:				
- Origination and reversal of temporary differences	(547)	(3,120)	(547)	(3,120)
- (Over)/underprovision in in respect of previous years	(14,892)	24,765	(14,892)	24,765
	(15,439)	21,645	(15,439)	21,645
Income tax expense recognised in profit or loss	1,954,606	504,298	338,523	700,066

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	13,509,305	8,709,477	12,445,515	29,873,982
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	3,377,326	2,177,369	3,111,379	7,468,496
Adjustments:				
Income not subject to taxation	(991,783)	(549,947)	(3,071,776)	(7,160,100)
Non-deductible expenses	949,868	795,888	121,980	71,901
Benefits from previously unrecognised tax losses	(1,897,929)	(2,339,911)	-	-
Deferred tax assets recognised	-	(37,228)	-	-
Deferred tax assets not recognised	77,833	81,494	77,833	77,833
(Over)/underprovision of deferred tax in respect of previous years	(14,892)	24,765	(14,892)	24,765

9. Income tax expense (cont'd)

Reconciliation between tax expense and accounting profit (cont'd)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Underprovision of income tax expense in respect of previous years	454,183	351,868	113,999	217,171
Income tax expenses recognised in profit or loss	1,954,606	504,298	338,523	700,066

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

10. Earnings per share

a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the number of ordinary shares outstanding during the financial year.

	Group	
	2010 RM	2009 RM
Consolidated profit for the financial year	11,554,699	8,205,179
Number of ordinary shares in issue	75,000,000	75,000,000
Basic earnings per share (sen)	15.4	10.9

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.

11. Property, plant and equipment

Group

	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 31 December 2010									
Cost									
At 1 January 2010	53,785,402	100,000	1,350,000	1,150,747	35,456	119,390	3,656,887	2,200,000	62,397,882
Transfer	-	-	2,200,000	-	-	-	-	(2,200,000)	-
Additions	-	-	16,000	-	1,140	1,830	-	-	18,970
Disposals	-	(100,000)	-	(292,939)	-	-	-	-	(392,939)
Write off	-	-	-	-	-	(1,910)	-	-	(1,910)
At 31 December 2010	53,785,402	-	3,566,000	857,808	36,596	119,310	3,656,887	-	62,022,003
Accumulated depreciation									
At 1 January 2010	-	5,000	36,000	633,883	18,875	27,236	1,156,002	-	1,876,996
Depreciation charge for the year	-	500	63,828	159,650	6,101	12,036	365,689	-	607,804
Disposals	-	(5,500)	-	(292,938)	-	-	-	-	(298,438)
Write off	-	-	-	-	-	(209)	-	-	(209)
At 31 December 2010	-	-	99,828	500,595	24,976	39,063	1,521,691	-	2,186,153
Net carrying amount	53,785,402	-	3,466,172	357,213	11,620	80,247	2,135,196	-	59,835,850

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

Group (cont'd)

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

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

** Certain freehold land, freehold land and building, plant and machinery and motor vehicles amounting to RM56,322,526 (2009: RM56,810,215) are registered under the names of related companies and subsidiaries, Radiant Response Sdn. Bhd., Malpac Lands 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.

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

Company

	Motor vehicle RM	Computer equipment RM	Office equipment * RM	Total RM
At 31 December 2010				
Cost				
At 1 January 2010	3,700	19,552	109,591	132,843
Additions	-	699	1,750	2,449
Write off	-	-	(1,910)	(1,910)
At 31 December 2010	3,700	20,251	109,431	133,382
Accumulated depreciation				
At 1 January 2010	432	11,615	19,380	31,427
Depreciation charge for the year	740	3,293	10,944	14,977
Write off	-	-	(209)	(209)
At 31 December 2010	1,172	14,908	30,115	46,195
Net carrying amount	2,528	5,343	79,316	87,187
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
Disposals	(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
Disposals	(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

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

12. Land use rights

	Group 2010 RM	Group 2009 RM
Cost:		
At 1 January/31 December	46,163,622	46,163,622
Accumulated amortisation:		
At 1 January	6,594,803	4,946,103
Amortisation for the year	1,648,701	1,648,700
At 31 December	8,243,504	6,594,803
Net carrying amount	37,920,118	39,568,819
Amount to be amortised:		
- Not later than one year	1,648,701	1,648,700
- Later than one year but not later than five years	6,594,804	6,594,800
- Later than five year	29,676,613	31,325,319

The land use rights are not transferable and have a remaining tenure of 23 years (2009: 24 years).

13. Investment in subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares, at costs	167,215,202	165,015,202
Less: Accumulated impairment losses	(11,810,210)	(23,980,000)
	155,404,992	141,035,202

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010	Proportion (%) of ownership interest 2009
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	100
Held through subsidiaries:				
Radiant Response Sdn. Bhd.	Malaysia	Dormant	100	100

All subsidiaries are audited by Ernst & Young, Malaysia

13. Investment in subsidiaries (cont'd)

During the year, the Company has increased the investment in Discovery Assets Sdn Bhd by RM2,200,000 to RM2,200,002. Further, the Company reversed impairment losses of RM12,169,790 (2009: RM5,439,998) 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.

14. Investment securities

	2010		2009	
	RM Carrying amount	RM Market value of quoted investment	RM Carrying amount *	RM Market value of quoted investment
Group				
Current				
Financial assets at fair value through profit or loss				
- Equity instruments (quoted in Malaysia)	7,347,023	7,347,023	5,875,602	6,086,868
Held-to-maturity investments				
- Unquoted fixed income bonds	45,077,042	45,216,000	51,890,368	52,767,145
Available-for-sale financial assets				
- Unit trust	1,935,816	1,935,816	25,372,152	25,372,152
Total current investment securities	54,359,881		83,138,122	
Non-current				
Financial assets at fair value through profit or loss				
- Equity instruments (quoted in Malaysia)	5,183,167	5,183,167	4,506,744	4,506,744
Represented by:				
- Financial assets at fair value through profit or loss	12,530,190	12,530,190	10,382,346	10,593,612
- Held-to-maturity investments	45,077,042	45,216,000	51,890,368	52,767,145
- Available-for-sale financial asset	1,935,816	1,935,816	25,372,152	25,372,152
Total investment securities	59,543,048		87,644,866	
Company				
Current				
Held-to-maturity investments				
- Unquoted fixed income bonds	35,068,814	35,157,500	26,053,286	26,475,511
Available-for-sale financial assets				
- Unit trust	494,812	494,812	15,066,563	15,066,563
Total investment securities	35,563,626		41,119,849	

* *Prior to 1 January 2010, the current investments were carried at lower of cost and market value, determined on aggregate basis. The non-current investments are stated at costs less impairment.*

15. Trade and other receivables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade receivables				
Third parties	1,324,060	928,190	-	-
Loan receivable	2,291,047	2,291,047	-	-
Amounts owing by clients	23,292,663	23,292,663	-	-
	26,907,770	26,511,900	-	-
Less: Allowance for impairment				
Loan receivable	(2,291,047)	(2,291,047)	-	-
Amounts owing by clients	(23,292,663)	(23,292,663)	-	-
	(25,583,710)	(25,583,710)	-	-
Trade receivables, net	1,324,060	928,190	-	-
Other receivables				
Amounts due from subsidiaries	-	-	102,446	2,208,483
Advances to clients	8,508,045	8,508,045	-	-
Other receivables	1,466,219	2,205,868	1,006,004	2,194,902
Deposits	75,270	73,930	51,570	51,570
	10,049,534	10,787,843	1,160,020	4,454,955
Less: Allowance for impairment				
Advances to clients	(8,508,045)	(8,508,045)	-	-
	1,541,489	2,279,798	1,160,020	4,454,955
Total trade and other receivables	2,865,549	3,207,988	1,160,020	4,454,955
Add: Cash and bank balances (Note 16)	45,844,985	1,327,641	7,331,850	88,941
Total loans and receivables	48,710,534	4,535,629	8,491,870	4,543,896

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (2009: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	Group 2010 RM	Group 2009 RM
Neither past due nor impaired	1,324,060	928,190
Impaired	25,583,710	25,583,710
	26,907,770	26,511,900

15. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired is mainly arising from a receivable, Sri Ganda Oil Mill Sdn. Bhd. which is a creditworthy debtor with good payment records with the Group.

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Allowance for impairment of receivables

The Group has total allowance for impairment of receivables of RM25,583,710 (2009: RM25,583,710). There is no further allowance for impairment during the year.

(b) Related party balances

Amounts due from subsidiaries are unsecured and non-interest bearing.

16. Cash and bank balances

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term deposits with licensed banks	45,611,313	1,205,554	7,216,895	-
Cash at banks and on hand	233,672	122,087	114,955	88,941
Cash and bank balances	45,844,985	1,327,641	7,331,850	88,941

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

	Group		Company	
	Range of annual interest rate %	Range of maturity days	Range of annual interest rate %	Range of maturity days
As at 31 December 2010				
Deposits with licensed banks	2.00 to 3.45	1 day to 12 months	2.00 to 3.40	1 day to 12 months
As at 31 December 2009				
Deposits with licensed banks	1.00 to 3.80	1 day to 8 months	-	-

17. Share capital and share premium

	Group and Company			
	Number of ordinary shares of RM1 each	Amount		
	Share capital (Issued and fully paid)	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and Share premium RM
At 1 January/31 December 2009	75,000,000	75,000,000	24,366,593	99,366,593
At 1 January/31 December 2010	75,000,000	75,000,000	24,366,593	99,366,593

	Number of ordinary shares of RM1 each		Amount	
	2010 RM	2009 RM	2010 RM	2009 RM
Authorised share capital				
At 1 January/31 December	200,000,000	200,000,000	200,000,000	200,000,000

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

18. Fair value adjustment reserves

	Group RM	Company RM
At 1 January/ 31 December 2009	-	-
At 1 January 2010	-	-
Effects of adopting FRS 139	-	-
	-	-
Other comprehensive income:		
Gain on fair value changes	4,951	1,262
At 31 December 2010	4,951	1,262

Fair value adjustment reserves represent the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

19. 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 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2010, the Company has tax exempt profits available for distribution of approximately RM708,300 (2009: RM708,300), subject to the agreement of the Inland Revenue Board.

20. Deferred tax liabilities

	Group		Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
At 1 January	21,645	-	21,645	-
Recognised in profit or loss	(15,439)	21,645	(15,439)	21,645
At 31 December	6,206	21,645	6,206	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 of the Company:

	Group	Company
	Property, plant and equipment RM	**Property, plant and equipment RM**
At 1 January 2010	209,915	21,645
Recognised in income statement	(15,439)	(15,439)
At 31 December 2010	194,476	6,206
At 1 January 2009	137,570	-
Recognised in income statement	72,345	21,645
At 31 December 2009	209,915	21,645

20. Deferred tax liabilities (cont'd)

Deferred tax assets of the Group and of the Company:

	Group	Company
	Unutilised business losses RM	Unutilised business losses RM
At 1 January 2010	(188,270)	-
Recognised in income statement	-	-
At 31 December 2010	(188,270)	-
At 1 January 2009	(137,570)	-
Recognised in income statement	(50,700)	-
At 31 December 2009	(188,270)	-

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unutilised business losses	716,020	8,354,567	-	-

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.

21. Other payables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables	5,481,604	5,124,739	1	1
Accruals	34,000	34,000	17,000	17,000
	5,515,604	5,158,739	17,001	17,001

Included in other payables of the Group is deposit from a third party amounting to RM4,100,000 (2009: RM4,100,000) for the disposal of a subsidiary, Radiant Response Sdn. Bhd. and the leasehold plantation land. The proposed disposal is currently suspended.

22. Provisions

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
At 1 January	1,329,721	1,567,710	1,092,884	1,169,062
Additional provision	1,642,078	370,754	1,269,173	199,773
Utilisation of provision	(1,173,575)	(608,743)	(954,282)	(275,951)
At 31 December	1,798,224	1,329,721	1,407,775	1,092,884

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

23. Related party disclosures

a) Transaction with other related parties

Some properties of the Group to the value of RM1.71 million 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

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Salaries and other emoluments	947,200	742,200	797,200	692,200
Overprovision in prior year	(576,000)	-	(576,000)	-
Fee	60,000	60,000	60,000	60,000
Retirement gratuity benefits	721,500	75,000	721,500	-
	1,152,700	877,200	1,002,700	752,200

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration as disclosed in Note 8 to the financial statements.

Information regarding outstanding balances arising from related party transactions as at 31 December 2010 are disclosed in Notes 15.

24. Commitments

a) Operating lease commitments - as lessee

In addition to the land use rights disclosed in Note 12, 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.

Minimum lease payments, including amortisation of land use rights recognised in profit or loss for the financial year ended 31 December 2010 for the Group and the Company amounted to RM1,861,581 and RM193,680 (2009: RM1,866,520 and RM198,620) respectively.

24. Commitments (cont'd)

a) Operating lease commitments - as lessee (cont'd)

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Not later than 1 year	129,920	194,480	129,120	193,680
Later than 1 year and not later than 5 years	-	129,120	-	129,120
	129,920	323,600	129,120	322,800

b) Operating lease commitments - as 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 29 (i), both parties have agreed to continue to pay the rental until the litigation suit has been settled.

25. Fair value of financial instruments

a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group Carrying Amount RM	Group Fair value RM	Company Carrying Amount RM	Company Fair value RM
31 December 2010					
Unquoted equity instruments, at cost	13	-	-	155,404,992	#
Held-to-maturity investments	14	45,077,042	45,216,000	35,068,814	35,157,500
31 December 2009					
Unquoted equity instruments, at cost	13	-	-	141,035,202	#
Held-to-maturity investments	14	51,890,368	52,767,145	26,053,286	26,475,511

\# Investment in equity instruments carried at cost (Note 13)

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.

25. Fair value of financial instruments (cont'd)

b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	15
Other payables	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Quoted equity instruments and quoted government bonds

Fair value is determined directly by reference to their published market bid price at the reporting date.

26. 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, 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 current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group has significant concentration of credit risk arising from one debtor, Sri Ganda Oil Mill Sdn. Bhd., which represents 100% (2009: 100%) of the total trade receivables at the financial year end as disclosed in Note 15.

b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

26. Financial risk management objectives and policies (cont'd)

c) Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of 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.

The information on maturity dates and effective interest rates of financial assets are disclosed in their respective notes.

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

28. Segment information

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 produts 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:

28. Segment information (cont'd)

	Investment holding RM	Oil palm plantation RM	Total RM
31 December 2010			
Revenue:			
Investment holdings	-	-	-
Oil palm plantation operation	-	12,617,775	12,617,775
Total revenue	-	12,617,775	12,617,775
Results:			
Profit before tax	2,905,920	10,603,385	13,509,305
Income tax expense			(1,954,606)
Profit, net of tax			11,554,699
Assets			
Segment assets	164,630,176	41,379,374	206,009,550
Unallocated assets			28,874
Total assets			206,038,424
Liabilities			
Segment liabilities	2,770,404	5,066,250	7,836,654
Unallocated liabilities			6,202
Total liabilities			7,842,856
Other segment information			
Depreciation	242,115	365,689	607,804
Amortisation	-	1,648,701	1,648,701
31 December 2009			
Revenue:			
Investment holdings	-	-	-
Oil palm plantation operation	-	10,247,273	10,247,273
Total revenue	-	10,247,273	10,247,273
Results:			
Profit before tax	476,592	8,232,885	8,709,477
Income tax expense			(504,298)
Profit, net of tax			8,205,179
Assets			
Segment assets	149,272,306	42,997,894	192,270,200
Unallocated assets			284,447
Total assets			192,554,647
Liabilities			
Segment liabilities	2,022,210	4,466,250	6,488,460
Total liabilities			21,645
			6,510,105
Other segment information			
Depreciation	219,222	365,688	584,910
Amortisation	-	1,648,700	1,648,700

29. 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 the 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 Plantation Sdn Bhd ("GPSB") and its Directors and shareholders. GPSB is the subsidiary 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.

On the hearing on 19 November 2010, the case was withdrawn by the Plaintiffs and the Judge granted overall costs of RM5,000 to the Company.

(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 Purchases 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.

The case was part heard by the Ipoh High Court Judge from 12 to15 October 2009, 18 to 21 January 2010, 28 to 29 September 2010 and continued on 22 to 26 November 2010. Our solicitors informed the Board that upon completion of oral closing submission made by the councels on 26 November 2010, decision on the matter is now fixed for 5 May 2011.

30. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	95,217	98,717
- Unrealised	3,607	6
Retained earnings as per financial statements	98,824	98,723

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	23,610	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	14,310	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
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 (2 years)/ Tenanted	Leasehold (expiring 3.6.2108)	980 sq. feet per unit	1,287	27.6.2008
No. 16.01 PT No. 200, Seksyen 1 Bandar Tanjong Tokong Daerah Timur Laut Pulau Pinang	A 4-bedroom condominium (1 year)/ Vacant	Freehold	6,300 sq. feet	2,179	11.2.2009

ANALYSIS OF SHAREHOLDINGS
as at 27 April 2011

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	:	2,527

Directors' Shareholdings

Name of Directors	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	13,242,008	17.66	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	2,655,800**	3.54
Chew Loy Chee	3,152,188	4.20	230,000**	0.31
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	13	0.51	466	0.00
100 - 1,000	884	34.98	864,087	1.15
1,001 - 10,000	1,414	55.96	5,408,800	7.21
10,001 - 100,000	173	6.85	4,921,600	6.56
100,001 - 3,749,999*	39	1.54	28,292,843	37.73
3,750,000 and above**	4	0.16	35,512,204	47.35
	2,527	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	13,242,008	17.66	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
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	2,655,800**	3.54

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 interested by virtue of its interest in ASCSB, a wholly-owned subsidiary.*

\+ *Deemed interested by virtue of his substantial shareholdings in ASB.*

\# *Deemed interested by virtue of its substantial shareholdings in ASB.*

30 Largest Shareholders

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
1.	Lim Hong Liang	13,242,008	17.66
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	2,655,800	3.54
8.	Ng Faai @ Ng Yoke Pei	2,209,300	2.95
9.	Kan Ah Chun	2,180,260	2.91
10.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
11.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai (Margin)	1,637,400	2.18
12.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (Margin)	1,541,700	2.06
13.	Loh Siew Hooi	1,414,800	1.89

30 Largest Shareholders (cont'd)

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
14.	Yee Quek Peng	933,700	1.24
15.	Goh Siang Kuan	530,900	0.71
16.	Teo Kwee Hock	489,300	0.65
17.	Yong Toi Mee	373,400	0.50
18.	Chin Kian Fong	370,000	0.49
19.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Chee Wen	365,000	0.49
20.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	344,000	0.46
21.	Goh Ah Peng	289,600	0.39
22.	Tan Kim Tee	278,200	0.37
23.	Gan Ah Ai	270,000	0.36
24.	Tong Seow Mei	254,000	0.34
25.	Looi Lei Chow	250,000	0.33
26.	Tee Jin Gee Enterprise Sdn Bhd	245,000	0.33
27.	Tan Akuan	233,000	0.31
28.	Yap Ah Ngah @ Yap Neo Nya	230,000	0.31
29.	Yap Ah Eng @ Yap Ah Pin	210,400	0.28
30.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phng Hooi Siang @ Fong Hooi Siang	210,000	0.28
	Total	61,873,052	82.50

Number of Shares Held	

Malpac Holdings Berhad
(197424-V)

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 Twenty First Annual General Meeting of the Company to be held at Dewan Tuanku Ja'afar, Royal Sungei Ujong Club, 2A, Jalan Dato' Kelana Ma'amor, 70000 Seremban, Negeri Sembilan Darul Khusus on Tuesday, 21 June 2011 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 2010 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 2010.		
3.	To re-elect Encik Johari Low Bin Abdullah who retires 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 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 ________ , 2011

....
Signature/Common Seal

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.

4. 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.

5 Any alteration made in this form must be initialed by the person who signs it.

FOLD HERE

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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