www.mpcb.com.my
www.lakehillresortcity.com
www.aptec.com.my

Head Office:

Malaysia Pacific Corporation Berhad **(12200-M)**
21st Floor, Wisma MPL, Jalan Raja Chulan,
50200 Kuala Lumpur, MALAYSIA.
Tel: +603-2070 4488 **Fax:** +603-2070 4489

Sales Office:

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81700 Pasir Gudang, Johor Darul Takzim, MALAYSIA
Tel: +607-252 1133 **Fax:** +607-255 1815

Hong Kong Office:

17th Floor, Amber Commercial Building,
70-74 Morrison Hill Road, Causeway Bay, HONG KONG.
Tel: +852-2541 8389 **Fax:** +852-2541 8476

Email: enquiry@mpcb.com.my

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M) | ANNUAL REPORT 2009

CONTENTS

NOTICE OF THE THIRTY-SEVENTH (37TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of the Company will be held at The Royale Chulan Kuala Lumpur, Taming Sari 3, No. 6, Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 22 December 2009 at 10.00 a.m. to transact the following business:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2009 and the Reports of Directors and Auditors thereon. ***(See Note 2)***

2. To approve the payment of Directors' Fees for the financial year ended 30 June 2009. ***(Ordinary Resolution 1)***

3. To re-elect the following Directors who retire pursuant to Article 85 of the Company's Articles of Association:-

   (i) Ch'ng Soon Sen ***(Ordinary Resolution 2)***
   (ii) Datuk Kamaruddin bin Taib ***(Ordinary Resolution 3)***

4. To re-elect Dato' Seri Zulkifli bin Ali as Director who is over the age of seventy years retiring pursuant to Section 129(6) of the Companies Act, 1965. ***(Ordinary Resolution 4)***

5. To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 5)***

B. Special Business

6. To consider and if thought fit, to pass, with or without modifications, the following resolution:-

   AUTHORITY TO ISSUE SHARES

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." ***(Ordinary Resolution 6)***

C. Other Business

7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF THE THIRTY-SEVENTH (37TH) ANNUAL GENERAL MEETING (Cont'd)

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Kuala Lumpur
Date: 1 December 2009

NOTES:-

1. Appointment of Proxy

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.

(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(iii) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(iv) The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

2. Audited Financial Statements for the Financial Year Ended 30 June 2009

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Notes on Special Business

(i) Ordinary Resolution 6 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 6 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Sixth Annual General Meeting held on 23 December 2008 and which will lapse at the conclusion of the Thirty-Seventh Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s) and working capital.

STATEMENT ACCOMPANYING NOTICE OF THE THIRTY-SEVENTH (37TH) ANNUAL GENERAL MEETING

Directors who are standing for re-election/election at the 37th Annual General Meeting

The Directors who are standing for re-election/election pursuant to the relevant Articles of the Company's Articles of Association are as follows:-

Article 85
Ch'ng Soon Sen
Datuk Kamaruddin bin Taib

Section 129(6) of the Companies Act, 1965
Dato' Seri Zulkifli bin Ali

(The details of the above Directors are set out in their respective profiles of pages 10 and 11 of this Annual Report.)

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

Year 2008 was a very challenging year for Malaysia Pacific Corporation Berhad ("MPCorp" or "the Company") and its subsidiaries ("MPCorp Group" or "the Group"). MPCorp Group business performance in 2008 was as below:-

FINANCIAL HIGHLIGHTS

1. The consolidated revenue (operations and other income) of the Group for the year ended 30 June 2009 was RM81.5 million as compared to previous year of RM85.8 million was lower due to the slow take up rate in office rental and the delay in the sales launching of houses in the LakeHill Resort City development in Iskandar Malaysia because of the global economic crisis. This represents a decrease in earnings of 5% over the previous year.

2. The Group consolidated profit for the year had also reduced from previously RM56.8 million to RM53.2 million, a reduction of 6%.

3. The past delay of 12 months in the launching of the sales of houses was unavoidable owing to the global economic crisis and the low consumer general confidence and for management to restrategise on how the crisis would impact the overall property market.

4. Despite the bad economic factors, it is satisfactory to note that the Group's consolidated profit was able to report a reasonable result.

5. The new consolidated earning represents an attributable earnings per share of 31.0 sen as compared to previous year of 32.9 sen. The earnings therefore increased the Net Assets Value (NAV) per share to RM1.54 from the previous year's NAV of RM1.23 representing an increase of 25%. It is prudent to note that the NAV shown did not take into account of the surplus valuation of LakeHill Resort City as the said land was being held for development purposes.

6. We are pleased to state that we had achieved in reducing drastically the net current liabilities from a high of RM150.5 million in previous year down to a low of RM5.6 million in the year ended 30 June 2009. Our Management is confident that the net current liabilities would turn into positive net current assets position in the forth-coming financial year ending 30 June 2010.

7. On 18 September 2009, the Company had announced a proposed renounceable two-call rights issue of up to 129,447,594 ordinary shares of RM1.00 each in the Company ("Rights Shares") together with up to 129,447,594 free detachable warrants ("Warrants") at an issue price of RM1.00 per Rights Share on the basis of three (3) Rights Shares together with three free Warrants for every four (4) existing ordinary shares of RM1.00 each in MPCorp held at an entitlement cut-off date to be determined, of which the first call of RM0.42 per each Rights Share shall be payable in cash on application and the second call of RM0.58 shall be capitalized from the Company's retained earnings for each applicant.

8. The second call rights issue of RM0.58 subscribed from the Company's reserve for every Rights Shares applied would serve as a capital gain to shareholders in nature and is non-taxable is a benefit to shareholders.

9. The purpose of the rights issue is to enlarge the Group's capital base first, in line with some substantial corporate exercise in the pipeline.

10. LakeHill Resort Development Sdn Bhd and Asia Pacific Trade & Expo City Sdn Bhd are joint-venture companies between the Company and AmanahRaya Berhad representing 78% and 22% respectively. AmanahRaya Berhad is a company directly under the "Minister of Finance (Incorporated)" of the Government of Malaysia.

CHAIRMAN'S STATEMENT (Cont'd)

REVIEW OF OPERATIONS

PROPERTY INVESTMENT DIVISION

A(I) Wisma MPL, Jalan Raja Chulan, Kuala Lumpur

The Company has taken a longer time than expected to negotiate a possible joint-venture agreement with a potential partner.

We wish to move speedily for a conclusion as soon as possible. Management decided it is prudent to work toward joint-venture rather than selling it outright owing to its large underlying value upon the site being developed to its full potential.

B(I) LakeHill Resort City, Iskandar Malaysia
(II) APTEC – Asia Pacific Trade & Expo City, Iskandar Malaysia

The Company delayed sales launch of houses during the financial year but concentrate on the awareness campaign which was very successful and many potential house buyers have registered their interest.

The Iskandar Malaysia's special tax privileges and government determination to turn it a next growth city has begun to capture awareness from local and oversea investors. Also APTEC is beginning to receive increasing interests as a unique trade and distribution hub.

During the financial period, LakeHill Resort Development Sdn Bhd ("LakeHill Resort") has constructed its own new Sales and Showroom-Gallery Office in Iskandar Malaysia.

Taman Nusa Damai has in the meantime constructed two show houses called "Kenanga II" which is planned to be launched in the 2nd Quarter of coming financial year.

The anticipated revised Gross Development Value ("GDV") for completion of LakeHill Resort City and APTEC is about RM6.0 billion. The Company targets to complete within an eight (8) years time frame owing to the optimistic projection and outlook.

LakeHill Resort City and APTEC have applied to the Iskandar Region Development Authority ("IRDA") for the "Special Incentive Status" under the IRDA Act. We are cautiously optimistic that the applications would receive favorable consideration and approval.

CHAIRMAN'S STATEMENT (Cont'd)

MANAGEMENT OUTLOOK AND PROSPECTS

- The Group is in a much stronger financial position presently than a year ago and the future outlook is getting more and more optimistic; with a stage by stage corporate exercise in process.
- The only bank-debt outstanding is about RM80 million on Wisma MPL property against its book valuation of RM240.0 million, whereas the entire LakeHill Resort City & APTEC land titles are unencumbered by and bank borrowing.
- Upon the conclusion of a possible JV on Wisma MPL, the Company shall be totally debt-free;
- Currently, the Iskandar Malaysia property titles under LakeHill Resort City and APTEC are entirely free of encumbrances.

CONCLUSION

Barring any unforeseen circumstances, the Company's prospect looks bright.

APPRECIATION

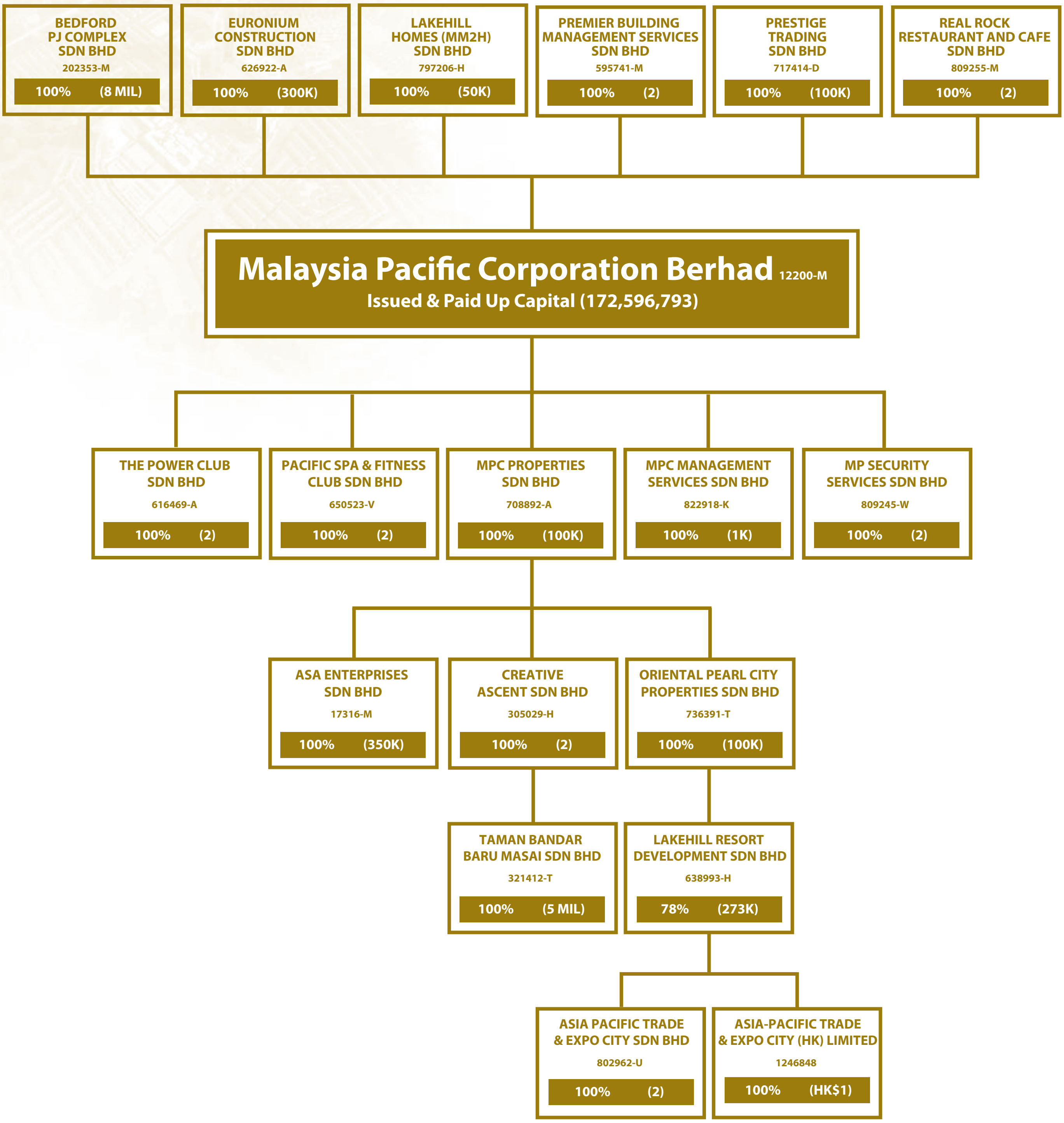
The Board of Directors and Management are grateful for the support and understanding from our shareholders, customers, tenants, suppliers, bankers, business partners and all other stakeholders.

Last but not least, we express our sincere thanks and appreciation to our employees for their untiring commitment and dedication in contributing to the success of the Group.

YBhg Dato' Seri Zulkifli bin Ali
Chairman

CORPORATE STRUCTURE WITH PAID UP CAPITAL

AS AT 30 JUNE 2009



CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg Dato' Seri Zulkifli bin Ali
Chairman and Independent & Non-Executive Director

YBhg Datuk Kamaruddin bin Taib
Independent & Non-Executive Director

Seow Thiam Fatt
Independent & Non-Executive Director

Ch'ng Soon Sen
Executive Director

YBhg Datin Kong Yuk Chu
Executive Director

YBhg Dato' Syed Hussien bin Abd Kadir
Independent & Non-Executive Director

SECRETARIES

Lim Poh Yen (MAICSA 7009745)

Ng Yen Hoong (LS 008016)

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 8888
Fax : 03 - 2264 8997/8

REGISTRAR

Tricor Investor Services Sdn Bhd
(Formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 3883
Fax : 03 - 2282 1886

PRINCIPAL PLACE OF BUSINESS

Level 21, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03 - 2070 4488
Fax : 03 - 2070 4489

AUDITORS

Messrs BDO Binder (AF 0206)
Chartered Accountants
12th Floor, Menara Uni. Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03 - 2616 2888
Fax : 03 - 2616 3190

STOCK EXCHANGE LISTING

Main Market
of Bursa Malaysia Securities Berhad
Stock Name : MPCORP
Stock Code : 6548

BOARD OF DIRECTORS' PROFILE

Y. BHG DATO' SERI ZULKIFLI BIN ALI
Chairman and Independent & Non-Executive Director

Dato' Seri Zulkifli Bin Ali, aged 78, a Malaysian, has held many high esteemed positions in his career, as a senior banker and a Law enforcement officer. He has held position as Chairman of MIMB Investment Bank Bhd since 1 August, 2003 till 31 May 2008. He has spent 32 years in the Malaysian Police Force, serving at various high positions as Commandant of the Police Training School, Deputy Director of Logistics, Commissioner of Police Sarawak and Director of Management Police Diraja Malaysia.

Dato' Seri Zulkifli was appointed to the Board as Chairman and Independent & Non-Executive Director on 23 December 2008.

He does not have any family relationship with any Director and/or Major Shareholder of MPCorp, nor any personal interest in any business arrangements involving MPCorp.

He has not been convicted of any offences within the past 10 years.

He attended three (3) out of three (3) meetings held in the financial year ended 30 June 2009.

Y. BHG DATUK KAMARUDDIN BIN TAIB
PJN
Independent & Non-Executive Director

Datuk Kamaruddin Bin Taib, aged 52, a Malaysian, holds a Bachelor of Science Degree in Mathematics from the University of Salford (UK).

His first job was with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private companies as well as companies listed on Bursa Malaysia Securities Berhad (Bursa Securities). Apart from the experience of serving on the Board of Companies listed on BURSA, Datuk Kamaruddin's experience also include previously serving on the Board of Companies listed on the Stock Exchange of India and on NASDAQ.

Datuk Kamaruddin is a shareholder and director of several private companies. He is also an Independent and Non-Executive Director of IRIS Corporation Berhad, a company listed on MESDAQ.

He does not have any family relationship with any Director and/or Major Shareholder of MPCorp, nor any personal interest in any business arrangements involving MPCorp.

He has not been convicted of any offences within the past 10 years.

Recently he was also appointed as an Independent and Non-Executive Director of Unicorn International Islamic Bank Berhad, a wholly-owned subsidiary of Unicorn Investment Bank B.S.C (c) (Kingdom of Bahrain) which has been licensed by Bank Negara Malaysia to conduct a full range of non-Malaysian Ringgit banking activities under the Malaysia International Islamic Finance Centre (MIFC) initiative.

He attended seven (7) out of nine (9) Board meetings held in the financial year ended 30 June 2009.

BOARD OF DIRECTORS' PROFILE (Cont'd)

MR SEOW THIAM FATT

Independent & Non-Executive Director

Mr. Seow Thiam Fatt, aged 68, a Malaysian and Chartered Accountant by profession is also a Corporate Consultant and Business Advisor. He is an Independent and Non-Executive Director of Tan Chong Motor Holdings Bhd, Warisan T C Holdings Berhad, Affin Investment Bank Berhad and ING Funds Berhad.

Mr. Seow is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and a past Fellow of the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He was also a past President of the Lions Club of Petaling Jaya and a past Council Member of the Malaysian Institute of Chartered Secretaries and Administrators.

Mr Seow has more than 20 years professional experience as a practicing accountant in the capacity of a Senior Partner of Larry Seow & Co./Moores & Rowland and a Partner of Arthur Young. He diverted from professional practice in 1994 and was previously on the Board of several private and public companies. He has held senior positions as the Finance Director of AC Nielsen (Malaysia) Sdn Bhd and Business Development Manager of Bolton Berhad. His regulatory work experience includes a two-year contract with the Securities Commission of Malaysia as the General Manager of the Financial Reporting Surveillance and Compliance Department.

He does not have any family relationship with any Director and/or Major Shareholder of MPCorp, nor any personal interest in any business arrangements involving MPCorp.

He has not been convicted of any offences within the past 10 years.

He attended eight (8) out of nine (9) meetings held in the financial year ended 30 June 2009.

MR CH'NG SOON SEN

Executive Director

Mr Ch'ng Soon Sen, aged 27, holds a degree in Business Management (Hons) from the University of Sunderland, UK.

He also possesses an Advance Diploma in Business Administration accorded by the Association of Business Executives (ABE), UK. He completed a one year course in B.Sc (Hons) in Computing and Business in Kingston University, London, UK, and one year in B.A (Hons) Architecture in University of Brighton, UK.

He is currently a director of Top Lander Offshore Inc, which is the majority shareholder of Malaysia Pacific Corporation Berhad. He is also a director of Steady Essence Sdn Bhd.

He is the son of Dato' Bill Ch'ng and Datin Kong Yuk Chu.

He has not been convicted of any offences within the past 10 years.

He attended nine (9) out of nine (9) meetings held in the financial year ended 30 June 2009.

BOARD OF DIRECTORS' PROFILE (Cont'd)

Y. BHG DATIN KONG YUK CHU

Executive Director

Datin Kong Yuk Chu, aged 61, born in China, a Hong Kong SAR National, is a permanent resident of Malaysia. Datin Kong is a substantial shareholder of Seacrest Land Limited and Top Lander Offshore Inc. (Top Lander) which in turn owns and controls 59.24% of Malaysia Pacific Corporation Berhad (MPCorp), jointly with her spouse, Dato' Bill C.P. Ch'ng who is also the Chief Executive Officer of MPCorp.

Datin Kong has several years of working experience as a Director of public listed companies in Hong Kong. She was a Director of IHD Holdings Limited (1986 – 1993) and Non-Executive Chairman and Director of China Everbright – IHD Pacific Limited (1994–1996). She was also a Director in Emporium Department Store and Supermarket (HK) Limited, Hong Kong (1989–1996).

Datin Kong has many years of experience in the design and retail of jade jewellery in Hong Kong and Malaysia. She is the Managing Director of Jacmoli Design Jewellers (HK) Limited, Hong Kong and Jacmoli Design & Jewellers (M) Sdn Bhd, Malaysia. She is also a Director of Power Pacific Petroleum (M) Sdn Bhd.

She has not been convicted of any offences within the past 10 years.

She attended six (6) of nine (9) meetings held in the financial year ended 30 June 2009.

Y. BHG DATO' SYED HUSSIEN BIN ABD KADIR

Independent & Non-Executive Director

Dato' Syed Hussien Abd Kadir, aged 60, a graduate from the University of Sains Malaysia, is also a respected product of the Fletcher School of Law and Diplomacy, University of Tufts USA where he obtained his M.A in International Relation. Dato' Syed Hussien has been conferred with many awards and titles in recognition of his remarkable achievements especially in his tenure as the first Malaysian Ambassador to the United Arab Emirates. Such awards and titles include Darjah Paduka Mahkota Johor (DPMJ), Darjah Indera Mahkota Pahang (DIMP), Johan Setia Di Raja (JSD), Setia Di Raja Kedah (SDK), Darjah Johan Negeri (DJN), among others.

Dato' Syed Hussien was appointed to the Administrative and Diplomatic Service of Malaysia in 1997 and has served as Assistant Secretary at the Ministry of Foreign Affairs. From there, his credentials grew by leaps and bounds. He has added to his repertoire a host of other posts such as Principal Assistant Secretary (Organization of Islamic Conference) Ministry of Foreign Affairs; First Secretary, Embassy of Malaysia in Rabat, Morocco; Counselor, Embassy of Malaysia in Moscow; Consul General of Malaysia, Jeddah, Saudi Arabia. At the same time also holding the post as Deputy Permanent Representive of the OIC Secretariat in Jeddah.

He is also presently the Secretary-General of the National Chamber of Commerce & Industry Malaysia; Group Chairman Axisjaya Group; Chairman Malaysia/Gulf Business Council; Advisor Yasmin Holding; Chairman Flexoffice; Director of H20 Sports; including Chairman of IIUM Trading Sdn. Bhd.

He does not have any family relationship with any Director and/or Major Shareholder of MPCorp, nor any personal interest in any business arrangements involving MPCorp.

He has not been convicted of any offences within the past 10 years.

He attended nine (9) out of nine (9) meetings held in the financial year ended 30 June 2009.

CEO'S PROFILE

Y. BHG DATO' BILL C.P. CH'NG
Chief Executive Officer

Dato' Bill C.P. Ch'ng, a Malaysian, aged 70, has been appointed the Chief Executive Officer since 29 December 2005.

Dato' Bill C.P. Ch'ng obtained his Bachelor of Architecture from University of New South Wales, Australia in 1964. He is a Fellow of the Royal Australian Institute of Architects (FRAIA), Associate of the Royal Institute of British Architects (RIBA) and Pertubuhan Akitek Malaysia (PAM) between 1966 and 1968.

Dato' Bill C.P. Ch'ng was the first Asian partner of Messrs James Cubitt & Partners (JCP) and he designed the University of Malaysia Medical Faculty Campus and the University Teaching Hospital, Petaling Jaya.

He was Chairman of PRC Engineering (Malaysia) Sdn Bhd in the 1970's. PRC Engineering USA was one of the largest engineering firms in the world which was a consultant to NASA's first space shuttle programme, named the "Columbia Space Shuttle".

He won 1st Prize in the design of "Pusat Sivik Petaling Jaya" in 1971. His Singapore firm also won the 1st Prize for the design of "Jurong Science Centre", Jurong, Singapore in the same year.

He was pioneer architect/planner and founding member of Genting Highland Casino Hill Resort started from 1965 with the application of land, casino license and subsequent listing on the KLSE. He resigned in 1972 (for personal reason) and kept the copyright of his original theme mountain resort Master Layout and Design Plan.

Dato' Bill C.P. Ch'ng divested into property development, construction, retail, hotel and financial services in Malaysia, Singapore, Hong Kong and China from 1982. During different periods, he was Chairman and/or CEO of Q-Built System, IHD Holdings Limited Hong Kong, Telequote Malaysia Sdn Bhd, Sheraton-Imperial Hotel Sdn Bhd, Emporium Department Stores and Supermarkets Singapore Limited, Boustead PLC London and Bousteadco Singapore Limited.

The Malaysian Government granted him multi-entry permit to work as advisor on planning and promotion of foreign direct investments in China from 1983 to 1989 and financing and constructions involving projects such as Daya Bay Nuclear Power Plant, Xiamen and Fuzhou Power Plants and the first 3-star hotel in Fuzhou in 1984 to 1985.

He acted as special emissary to Wisma Putra Malaysia in bridging closer China-Malaysia Political and Economic ties beginning with the arrangement of the First Official Visit of the 4th Prime Minister of Malaysia, Y.A.B. Tun Dr. Mahathir Mohamad to China in 1985.

Dato' Bill C.P. Ch'ng is a Member of Standing Committee of Quanzhou Overseas Fraternity Association and a Council Member of Malaysia-China Business Council.

He was named one of Asia's 50 Top Corporate CEOs by Business International in 1989. Dato' Bill C.P. Ch'ng is also the winner of "Asia Pacific Outstanding Entrepreneurs Awards 2009" awarded by Asia Enterprise.

In 2005, he was invited as Advisor to the Board of Malaysia Pacific Corporation (MPCorp) and later appointed as CEO in December 2009. In December 2006, his family acquired the majority stake of MPCorp.

Dato' Bill C.P. Ch'ng resided in Hong Kong for 21 years from 1984 to 2005 and became a permanent resident in 1998. He has not committed any offences within the past 10 years.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP AND MEETINGS OF THE BOARD AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

The ARMC comprises the following members and details of attendance of each member at meetings held during financial year ended 30 June 2009 are as follows:

Directors	Position	No. of Meetings Attended
Seow Thiam Fatt	Independent & Non-Executive Director and Chairman of the ARMC	4/5
YBhg Datuk Kamaruddin bin Taib	Independent & Non-Executive Director	4/5
YBhg Dato' Syed Hussien bin Abd Kadir	Independent & Non-Executive Director	5/5
YBhg Dato' Seri Zulkifli bin Ali *(appointed on 23 December 2008)*	Independent & Non-Executive Director	1/1

TERMS OF REFERENCE

1. Composition

(a) The ARMC shall be appointed by the Board from amongst their members and shall consist of at least three (3) members, the majority of whom are independent directors. All members of ARMC shall be non-executive directors.

(b) The Chief Executive Officer and/or alternate director(s) shall not be a member of ARMC.

(c) The members of the ARMC shall elect a Chairman from amongst its members who shall be an independent non-executive director.

(d) At least one member of the ARMC should be a member of the Malaysian Institute of Accountants (MIA); or possess at least 3 years of working experience and has passed the examinations sets out in Part I of the First Schedule or a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act, 1967 respectively or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities")

(e) In the event of any vacancy which results the number of members in the ARMC reduced to below three (3), the vacancy must be filled within three (3) months.

2. Procedure of Meetings

2.1 Frequency and Proceedings of Meetings

(a) The ARMC shall meet at least four (4) times a year and as many times as the ARMC deem necessary with due notice of issues to be discussed. The meeting and proceedings of any ARMC, where applicable, shall be governed by the provisions of the Articles of Association regulating the meetings and proceedings of Directors.

(b) The quorum for meeting of the ARMC shall be two (2) members of which the majority of members present must be independent non-executive directors.

(c) A meeting of the ARMC may be held by means of video conference or telephone conference or other telecommunication facilities which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and be counted in a quorum and be entitled to vote and the meeting shall be deemed to have been held in Malaysia.

(d) A notice of meeting may be served by the Company or the Secretary upon any ARMC member as the case maybe either personally, by telephone, facsimile or by sending it through the post addressed to such member as the case maybe, at least seven (7) days before the meeting or such shorter notice as may be mutually agreed upon all the ARMC members.

(e) Questions arising at any meeting shall be decided by a simple majority of votes except for related party transaction where the interested ARMC members shall abstain from deliberation and voting.

(f) A resolution in writing signed by a majority in number of the ARMC members shall be as effective for all purposes as a resolution passed at a meeting of the ARMC duly convened, held and constituted and may consist of several documents in like form, each signed by one or more of the ARMC members. Any such documents may be accepted as sufficiently signed by an ARMC member if transmitted to the Company by any technology to include a signature and/or electronic signature of the ARMC member.

(g) The Company Secretary shall be the Secretary of the ARMC.

(h) In the event if the elected Chairman is not able to attend a meeting, a member who is an independent director shall be nominated as Chairman for the meeting

2.2 Minutes

(a) The ARMC shall cause minutes of all proceedings of the ARMC meetings to be duly entered in books provided for the purpose:

- of all appointments of sub-committees;
- of all the names of the ARMC present at each meeting of the ARMC;
- of all resolutions and proceedings of meetings of the ARMC; and
- of all orders made by the ARMC.

(b) Any such minutes of any meeting of the ARMC, if signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be prima facie evidence of the proceedings to which it relates.

(c) The books containing the minutes of proceedings of any ARMC Meeting shall be kept by the Company at the Registered Office of the Company and shall be opened to the inspection of any ARMC members or Directors of the Company.

3. Authority

The ARMC shall in accordance with the procedure determined by the Board and at the cost of the Company:-

(a) have the authority to appoint the Internal Auditor of the Company and establish an internal audit function which is independent of the activities and ensure that the Internal Auditor reports directly to the ARMC.

(b) have explicit authority to investigate any matter within the terms of reference;

(c) have the resources which the ARMC require to perform the duties;

(d) have full and unrestricted access to any information which the ARMC require in the course of performing the duties.

(e) have unrestricted access to the Chief Executive Officer of the Company;

(f) have direct communication channels with the external auditors and internal auditors;

(g) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and

(h) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

(i) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other executive Board members and employees of the Company, whenever deemed necessary.

4. Duties and Responsibilities

4.1 Matters relating to External Audit:-

(a) To nominate and recommend for the approval of the Board a person or persons as external auditors and review audit fee and any question of resignation or dismissal.

(b) To review the nature, scope and quality of external audit plan/arrangements.

(c) To review the external auditors' audit report and audit findings and the management's response thereto.

(d) To review quarterly reports and annual financial statements of the Company and of the Group, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, prior to approval by the Board.

(e) To review the assistance given by the Group's officers to the external auditors.

4.2 Matters relating to Internal Audit

(a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that has the necessary authority to carry out its work.

(b) To review the Internal Audit programme, processes the results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendation of the internal audit functions.

(c) To review the reports and findings of the Internal Audit Department including any findings of the internal investigations and the management's response thereto.

(d) To review the adequacy and integrity of internal control systems including risk management and management information system.

(e) To approve any appointment or termination of senior staff members of the internal audit functions.

(f) To take cognizance of resignations from internal audit staff members and provide and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.3 Roles and Rights of the ARMC

(a) To review and monitor the business and financial risks facing the Group and to ensure that all high impact risks are adequately managed at various levels within the Group;

(b) To review any related party transactions and any other significant transaction which are not within the normal course of business that may arise within the Company or the Group;

(c) To report to Bursa Securities on any matter reported by the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities.

(d) To carry out any other functions that may be mutually agreed by the ARMC and the Board which would be beneficial to the Company and ensure the effective discharge of the ARMC's duties and responsibilities.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

SUMMARY OF ACTIVITIES

The activities of the ARMC for the financial year were summarised as follows:

1) Financial Results

(a) Reviewed the quarterly and yearly unaudited financial results of the Group before recommending them for approval of the Board of Directors.

(b) Reviewed the annual audited financial statements of the Company and its subsidiaries with the external auditors prior to submission to the Board of Directors for their approval.

2) Internal Audit

(a) Reviewed the annual audit plan to ensure adequate scope on the audit activities of the Group.

(b) Reviewed the effectiveness of the audit process, resource requirements for the year.

(c) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations. Where appropriate, the ARMC has directed action to be taken by the management to rectify and improve systems of internal controls and procedures based on the internal auditor's recommendation for improvements.

(d) Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

(e) Reviewed the staffing requirements of Internal Audit Department.

3) External Audit

(a) Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board of Directors for their approval.

(b) Monitored the implementation of the audit recommendations to ensure that all the key risks and controls have been addressed.

(c) Reviewed with the external auditors:

(i) their scope of work and audit plan for the year;
(ii) the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditor.

(d) Reviewed the independence and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

(e) Reviewed the annual report statement inclusive of the Board Audit & Risk Management Committee Report, Statement of Corporate Governance and the Statement on Internal Control.

4) Related Party Transactions

Reviewed the related party transactions entered into by the Group.

SUMMARY OF INTERNAL AUDIT FUNCTION

The Internal Audit Department assisted the ARMC in the discharge of its duties and responsibilities. Its role is to provide independent and reasonable assurance that the systems of internal controls are adequate and effective to mitigate the risks identified. The internal audit covers the review of the adequacy of risk management, operational controls, management efficiency and compliance with established procedures and guidelines, amongst others.

STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 respectively of the Malaysian Code on Corporate Governance (Revised 2007) [the "Revised Code"].

Compliance Statement

The Group has complied throughout the year ended 30 June 2009 with all the best practices of the corporate governance set out in Part 2 of the Revised Code.

Principles Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Revised Code. The principles are dealt with under the following headings: Board of Directors, Directors' Remuneration, Shareholders and Accountability and Audit.

A. DIRECTORS

The Board

The Board of Directors ("Board") recognizes the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of the company and the Group. The Board has established the term of reference to assist in the discharge of its responsibilities.

Board Balance

Currently the Board comprises two (2) Executive Directors and four (4) Non-Executive Directors. During the year there was one (1) appointment. The new appointed Director was Dato' Seri Zulkifli bin Ali, who was appointed on 23 December 2008. The total numbers of Independent Directors are four (4) which constitute more than a third of the total Board Composition.

The profiles of the members of the Board are set out in pages 10 to 12 of this Annual Report. The Board is of the opinion that the composition of the Board fairly reflects the investment of the Company by all the shareholders.

Board Meetings

Attendance of present directors during their office tenure:

Directors	No of Meetings Attended
YBhg Dato' Seri Zulkifli bin Ali (Chairman and Independent & Non-Executive Director) *Appointed on 23 December 2008*	3/3
YBhg Datuk Kamaruddin bin Taib (Independent & Non-Executive)	7/9
Seow Thiam Fatt (Independent & Non-Executive)	8/9
Ch'ng Soon Sen (Executive Director)	9/9
YBhg Datin Kong Yuk Chu (Executive Director)	6/9
YBhg Dato' Syed Hussien bin Abdul Kadir (Independent & Non-Executive)	9/9

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Director's Training

The directors are encouraged to attend talks, training programmes and seminars as they consider necessary or deem fit to update themselves on new developments in the business environment to enable them to contribute effectively to the Company.

During the year, the Directors have attended various training programmes and seminars as set out below:-

Name of Seminars	Number of Director(s) who Attended
The Art Of Changing Our Own And Other People Minds	1
Green Building Forum 09	1
Managing Strategic Corporate Planning	1
BNM Directors Programme	1
Strategy Session on Global Financial Crisis...Mapping the Blueprint for Survival with Y.A.Bhg Tun Dr Mahathir Mohamad	1
FRS 139, Financial Instruments: Recognition and Measurement	1
High Level Forum for Directors of Listed Issuers - Enhancing Corporate Governance & Enforcement	1
SC-Bursa Malaysia Corporate Governance Week 2009	5

Conduct of Meetings

The Board ensures that any potential conflict of interest is avoided by requesting the Director(s) concerned to declare his/their interests and abstain from the decision making process.

Supply of Information

The Directors are provided with the relevant agenda and Board papers detailing the agenda to be discussed at the meeting, in sufficient time prior to the meeting to enable the Directors to obtain further information and clarification before the meeting. The Board papers include reports on the Group's financial, operational and Corporate Development.

Appointments to the Board

The Nomination Committee is responsible for identifying and recommending capable nominees for appointment to the Board. The new appointees for directorship required mix of skills, experience and core competencies for the Board to discharge its duties effectively.

The Committee will put the candidates to be approved and appointed by the Board. The Company Secretary will ensure all appointments are properly made and met with legal and regulatory obligations.

Re-election of Directors

Any Director appointed during the year is required under the Company's Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election at least one in every three years.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

B. DIRECTORS' REMUNERATION

The fees for Directors for the financial year ended 30 June 2009 are recommended by the Board for approval by shareholders of the Company at its Annual General Meeting.

I. Aggregate Directors' Remuneration paid or payable to all Directors of the Company by the Group

		RM'000		
		Fees	Salaries and other emoluments	Total
a	Executive	175	126	301
b	Non-Executive	308	6	314
		483	132	615

II. Directors' Remuneration bands

	Executive	Non-Executive
RM 1 – RM 50,000	–	–
RM 50,000 – RM100,000	–	4
> RM100,000	2	–

C. BOARD COMMITTEE

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Board Audit & Risk Management Committee (ARMC) and the Nominating & Remuneration Committee in order to enhance business, corporate efficiency and effectiveness. These Committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

Board Audit & Risk Management Committee

Composition of the Board Audit & Risk Management Committee, its terms of reference and a summary of its activities are set out on pages 14 to 17 of this Annual Report.

Nominating & Remuneration Committee

The Nominating & Remuneration Committee consists of three (3) Independent Non-Executive directors.

The primary function of the Nominating & Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the executive directors. The determination of the remuneration for the Non-executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

The members of the Nominating & Remuneration Committee are as follows: -

YBhg Datuk Kamaruddin bin Taib
Chairman
(Independent & Non-Executive Director)

Seow Thiam Fatt
(Independent & Non-Executive Director)

YBhg Dato' Syed Hussien bin Abdul Kadir
(Independent & Non-Executive Director)

D. SHAREHOLDERS

The Board recognises the importance of regular communication with the investors of the Company that enables the Board and the management to convey information about the Group's performance, corporate strategy and other matters affecting the shareholders' interest. Announcements are made through Bursa Securities during the year pertaining to the performance of the Company via quarterly financial reports, circulars to shareholders, press releases and the annual reports.

Forums such as the Annual General Meeting and Extraordinary General Meeting provide an opportunity for dialogue with the shareholders, whereby the shareholders have direct access to the Board and are given the opportunity to raise questions pertaining to the resolutions being proposed or about the Group's operations in general.

Notice of the Annual General Meeting and Extraordinary General Meeting and Annual Reports are sent out with sufficient notice before the date of meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making.

Shareholders, investors and the general public can also obtain information on the Company by accessing the Company's website at www.mpcb.com.my. The shareholders are able to access the latest corporate, financial and market information of the Company via Bursa Securities website at www.bursamalaysia.com.

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements are prepared in accordance with the requirements of the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia to ensure that the financial statements of the Company present a balanced and fair assessment of the state of affairs of the company. In presenting the financial statements, the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and prepared on an ongoing basis.

The ARMC assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness. The composition, summary of activities and terms of reference of the ARMC can be found in the Board Audit & Risk Management Committee Report on pages 14 to 17 of this Annual Report. .

Internal Control

The Group's internal audit function is independent of the activities. The audit is performed with impartiality, proficiency and due professional care. The internal audit review of the operating units by the internal audit department is an independent and objective assessment of a unit's compliance with internal controls.

An internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements. A Statement on Internal Control is set out on pages 23 and 24 of this Annual Report.

Relationship with Auditors

Through the ARMC, the company has established a transparent and appropriate relationship with the external auditors. The external auditors have an obligation to bring any significant defects in the Group's system of internal control and compliance to the attention of the management and if necessary to the ARMC and the Board. The functions of the ARMC and its relations with the external auditors are set out in the Board Audit & Risk Management Committee Report on pages 14 to 17 of this Annual Report.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Listing Requirements of Bursa Securities require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2009, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant accounting standards have been followed in the preparation of these financial statements.

G. RISK MANAGEMENT

The Board of Directors is aware and recognizes the various types of risks, which the Group faces from time to time. The ARMC is constantly monitoring such risk factors and measures are taken to eliminate, control or manage suck risks. Efforts are being made to establish proper risk management to identify, evaluate and manage the risks.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound internal control system to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires directors of listed companies to include a statement in their annual reports on the state of their internal controls. Paragraph 15.23 of the Main Market Listing Requirements states that the external auditors must review the statement made by the Board with regard to the state of internal control and reports the results thereof to the Board.

BOARD RESPONSIBILITIES

Pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on the Bursa Securities, the Board of Directors ("the Board") affirms its responsibility under the Main Market Listing Requirements of Bursa Securities to:-

- Identify principal risks and ensure implementation of appropriate control measures to manage the risks.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group's system of internal control is designed to manage rather than to eliminate the risks involved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has in place an ongoing process, for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period.

RISK MANAGEMENT

Appropriate system of internal control has been implemented to monitor and control risk to ensure the long term viability of the Group. The internal control is embedded in the operations of the Group and forms part of its work culture.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department ("IAD") which assists Audit and Risk Management Committee ("ARMC") to review, appraise and recommend ways of improving the system.

During the financial year under review, the IAD performed departmental risk assessment to identify the level of risks associated throughout the Group. It aims to assess the controls effectiveness and to provide recommendations to improve the controls. It is also to audit, identify gaps and to ensure action plans are in place.

The IAD's activities are based on the annual internal audit plan which is reviewed and approved by ARMC. The ARMC has full access to both the internal and external auditors and receives reports on all audit performed. IAD submits its internal audit reports to the ARMC which reviews the audit findings and recommendations with the management at its Audit and Risk Management Committee Meetings. The IAD adopts a risk-based approach when establishing its audit plan and strategy. The responses from management and action plans are regularly reviewed and followed up by the IAD and the ARMC.

STATEMENT OF INTERNAL CONTROL (Cont'd)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of the Group's Internal Control System include:-

- Clearly defined organisation structure and reporting lines; and

- Various Committees have been established to assist the Board in discharging its duties. Among the Committees are:-

  – Audit and Risk Management Committee;
  – Nominating and Remuneration Committee;
  – Policies, Procedures and Standard Operating Procedures for key processes to guide staff;
  – Systems of operational and financial reporting to the Board on quarterly basis;
  – Adequate insurances of the major assets and resources of the Group are in place to ensure that these are sufficiently covered against any mishap that may result in material losses to the Group; and
  – Regular visits to operating units by Directors and Senior Management.

CONCLUSION

The Board is of the opinion that the system of internal control is adequate to achieve the Group's business objectives. There is an ongoing process in evaluating and managing significant risks. The Board continues to take measures to strengthen the internal control environment within the Group.

This statement is made at the Board of Directors' meeting held on 26 November 2009 and had been reviewed by the external auditors.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

MPCorp Group has great interest in making corporate social responsibility ("CSR") a fundamental part of our business activities and being a socially responsible organisation. The welfare of the communities, employees, business associates and not least environment is pivotal for the balanced growth of our business. We aim to incorporate CSR principles into current and future development and business plans and set exemplary examples for the market players. Our development at LakeHill Resort City and APTEC will be eco-friendly with go-green concepts, utilising natural resources like solar and recyclable energy to power our street lights and even buildings. Community welfare like job opportunities, education, medical facilities, healthy lifestyle living inculcating cultural values will be the premise for LakeHill Resort City and APTEC development. A long term benefit to the community and environment will be our goal in our developments.

In the financial year 2008/2009, the Group had contributed/donated to the community and the activities are as follows:-

a) Kuala Lumpur Foundation to Criminalise War;
b) Yayasan Harapan Kanak-Kanak Malaysia;
c) "Konsert Amal" organised by Alzheimer's Disease Foundation Malaysia;
d) Kesatuan Pekerja Bomba;
e) PIBG SRJK (Tamil) Buidling Opening Ceremony;
f) Persatuan Anak Melayu Johor;
g) KPRA-PBT Negeri Johor; and
h) WAO-Melium & Malaysia Tatler Charity Action 2009

OTHER COMPLIANCE STATEMENTS

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

2. SHARE BUY-BACKS

There were no Share Buy-Backs during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no Warrants, Redeemable Convertible Secured Loan Stocks or Employee Share Option Scheme exercised during the financial year.

4. AMERICAN DEPOSITORY RECEIPT (“ADR”)/GLOBAL DEPOSITORY RECEIPT (“GDR”)

There were no ADR/GDR programme sponsored by the Company during the financial year.

5. SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

There were no non-audit fees paid to external auditors during the financial year.

7. VARIATION IN RESULTS

There is no significant variance result between the audited results for the financial year and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the year, there were no profit guarantee given by the Company.

9. MATERIAL CONTRACT

There were no material contracts entered into by the Company and its subsidiaries which involved Director’s and major shareholders’ interest still subsisting, entered into since the end of the previous financial year.

10. REVALUATION POLICY

The Group’s revaluation policy is stated in Note 4.5 to the financial statement.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The details of the transaction with related parties undertaken by the Group during the financial year are disclosed in Note 31 on pages 84 and 85 of this Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	53,221	(4,837)
Attributable to:		
Equity holders of the Company	53,536	(4,837)
Minority interest	(315)	–
	53,221	(4,837)

DIVIDENDS

No dividend was paid, declared or proposed 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.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

WARRANTS 2004/2009

The Company had, on 11 May 2004, issued 27,500,000 detachable warrants. The details of the warrants are as follows:

(a) The warrants were constituted by a Deed Poll dated 27 February 2004.

Each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1.00 in the Company at an exercise price of RM1.00 per new ordinary share.

WARRANTS 2004/2009 (Cont'd)

(b) The new ordinary shares issued upon exercise of the warrants shall be fully paid-up and shall rank pari-passu in all respects with the existing ordinary shares of the Company except that these new shares shall not be entitled to any dividends, rights, allotment or other distributions if the date of the new shares to be issued pursuant to the exercise of the warrants is after the Record Date (means the date as at the close of business on which shareholders must be registered in the Record of Depository with Bursa Malaysia Depository Sdn. Bhd. in order to participate in any dividends, rights, allotments or other distributions). The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised.

No exercise of warrants had taken place during the financial year ended 30 June 2009, and the warrants expired on 10 May 2009.

DIRECTORS

The Directors who have held for office since the date of the last report are:

YBhg. Dato' Seri Zulkifli Bin Ali *(Appointed on 23 December 2008)*
YBhg. Datuk Kamaruddin Bin Taib
Seow Thiam Fatt
Ch'ng Soon Sen
YBhg. Datin Kong Yuk Chu
YBhg. Dato' Syed Hussien Bin Abd Kadir

In accordance with Article 85 of the Company's Articles of Association, YBhg. Datuk Kamaruddin Bin Taib and Ch'ng Soon Sen retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

YBhg. Dato' Seri Zulkifli Bin Ali who was appointed to the Board after the last Annual General Meeting, retires under Section 129(6) of the Companies Act, 1965 at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings which are required to be kept under Section 134 of the Companies Act, 1965, none of the directors in office at the end of the financial year ended 30 June 2009 have any interest in shares in the Company and its related corporations except as stated below:

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.7.2008	**Bought**	**Sold**	**Balance as at 30.6.2009**
Shares in the Company - Malaysia Pacific Corporation Berhad				
Direct interests:				
Seow Thiam Fatt	50,000	10,000	–	60,000
Indirect interests:				
YBhg. Datin Kong Yuk Chu	86,821,457	15,427,000	–	102,248,457

By virtue of her interest in the ordinary shares of the Company, YBhg. Datin Kong Yuk Chu is also deemed interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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 except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as Directors of those corporations and the significant related party transactions as disclosed in Note 31(b) to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book value in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the gain on partial disposal of shares in a subsidiary amounting to approximately RM67,517,000 as disclosed in Note 26 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) 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) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (Cont'd)

(III) AS AT THE DATE OF THIS REPORT (Cont'd)

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event subsequent to the balance sheet date are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

....
YBhg Datuk Kamaruddin Bin Taib
Director

....
Ch'ng Soon Sen
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 35 to 92 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....	....
YBhg Datuk Kamaruddin Bin Taib	**Ch'ng Soon Sen**
Director	Director

Kuala Lumpur

STATUTORY DECLARATION

I, Cheong Kee Yoong, being the officer primarily responsible for the financial management of Malaysia Pacific Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 92 are, to the best of my knowledge and belief, 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 at)
Kuala Lumpur this)
)

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Pacific Corporation Berhad, which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 92.

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 applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of 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 applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4.1 in the financial statements which discloses the premise upon which the Group has prepared its financial statements by applying the going concern assumption, notwithstanding that the Group's current liabilities exceeded its current assets by RM5,606,000, thereby indicating the existence of an uncertainty which may cast doubt about the Group's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Cont'd)
TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965, 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 its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

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

BDO Binder
AF : 0206
Chartered Accountants

Law Kian Huat
2855/07/10 (J)
Partner

Kuala Lumpur
29 October 2009

BALANCE SHEETS
AS AT 30 JUNE 2009

	NOTE	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	4,311	4,417	2,815	3,601
Investment property	8	240,183	240,123	208,860	208,800
Investments in subsidiaries	9	–	–	8,551	8,551
Land held for property development	10	77,279	139,320	–	–
		321,773	383,860	220,226	220,952
Current assets					
Property development costs	11	124,165	56,247	–	–
Trade and other receivables	12	4,171	2,461	190,022	167,841
Tax recoverable		773	420	717	381
Cash and cash equivalents	13	409	578	8	42
		129,518	59,706	190,747	168,264
TOTAL ASSETS		451,291	443,566	410,973	389,216
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	172,597	172,597	172,597	172,597
Reserves	15	93,866	40,306	95,368	100,205
		266,463	212,903	267,965	272,802
Minority interest		29,187	–	–	–
TOTAL EQUITY		295,650	212,903	267,965	272,802
LIABILITIES					
Non-current liabilities					
Borrowings	16	582	723	335	464
Deferred tax liabilities	20	19,935	19,739	317	121
Total non-current liabilities		20,517	20,462	652	585

BALANCE SHEETS (Cont'd)
AS AT 30 JUNE 2009

	NOTE	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current liabilities					
Trade and other payables	21	54,338	28,130	63,714	39,847
Borrowings	16	78,697	178,004	78,642	75,982
Provision for liquidated and ascertained damages	22	257	2,199	–	–
Tax liabilities		1,832	1,868	–	–
		135,124	210,201	142,356	115,829
TOTAL LIABILITIES		155,641	230,663	143,008	116,414
TOTAL EQUITY AND LIABILITIES		451,291	443,566	410,973	389,216

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		Group		Company	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	23	10,841	12,430	10,254	8,849
Cost of sales	24	(6,221)	(7,853)	(5,257)	(5,195)
Gross profit		4,620	4,577	4,997	3,654
Other operating income					
- Provision for liquidated and ascertained damages no longer required	22	1,921	–	–	–
- Interest income from subsidiaries	31(b)	–	–	5,773	5,209
- Changes in fair value of investment property	8	–	73,000	–	56,880
- Gain on partial disposal of shares in a subsidiary		67,517	–	–	–
- Others		1,243	357	504	1,896
Administration expenses		(10,065)	(5,833)	(4,528)	(4,164)
Other operating expenses		(250)	(123)	(2,714)	(66)
Selling and distribution costs		(147)	(284)	(145)	(267)
Finance costs	25	(11,484)	(15,322)	(8,578)	(7,395)
Profit/(Loss) before tax	26	53,355	56,372	(4,691)	55,747
Tax (expense)/income	27	(134)	415	(146)	(318)
Net profit/(loss) for the financial year		53,221	56,787	(4,837)	55,429
Attributable to:					
Equity holders of the Company		53,536	56,787	(4,837)	55,429
Minority interest		(315)	–	–	–
		53,221	56,787	(4,837)	55,429
Earnings per ordinary share attributable to equity holders of the Company (Sen):					
Basic earnings per ordinary share	28	31.02	32.90		
Fully diluted earnings per ordinary share	28	–	–		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

Group	Ordinary share capital RM'000	Exchange translation reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Balance as at 30 June 2007	172,597	–	(16,481)	156,116	–	156,116
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	56,787	56,787	–	56,787
Balance as at 30 June 2008	172,597	-	40,306	212,903	–	212,903
Changes in equity interest in a subsidiary	–	–	–	–	29,502	29,502
Gain on foreign exchange translation	–	24	–	24	–	24
Net income recognised directly in equity	–	24	–	24	29,502	29,526
Net profit/(loss) for the financial year	–	–	53,536	53,536	(315)	53,221
Total recognised income and expense for the financial year	–	24	53,536	53,560	29,187	82,747
Balance as at 30 June 2009	172,597	24	93,842	266,463	29,187	295,650

Company	Ordinary share capital RM'000	Retained earnings RM'000	Total RM'000
Balance as at 30 June 2007	172,597	44,776	217,373
Profit for the financial year, representing total recognised income and expense for the financial year	–	55,429	55,429
Balance as at 30 June 2008	172,597	100,205	272,802
Loss for the financial year, representing total recognised income and expense for the financial year	–	(4,837)	(4,837)
Balance as at 30 June 2009	172,597	95,368	267,965

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		Group		Company	
	NOTE	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		53,355	56,372	(4,691)	55,747
Adjustments for:					
Allowance for doubtful debts		245	123	2,708	66
Allowance for doubtful debts no longer required		(262)	(58)	(176)	(53)
Bad debts written off		9	–	6	–
Depreciation of property, plant and equipment	7	1,054	922	820	881
Unrealised loss on foreign exchange		2	–	–	–
Changes in fair value of investment property	8	–	(73,000)	–	(56,880)
Gain on disposal of property, plant and equipment		(14)	–	(14)	–
Gain on partial disposal of shares in a subsidiary		(67,517)	–	–	–
Provision for liquidated and ascertained damages no longer required	22	(1,921)	–	–	–
Interest expense		11,484	15,322	8,578	7,395
Interest income		(53)	(159)	(5,777)	(5,274)
Operating (loss)/profit before working capital changes		(3,618)	(478)	1,454	1,882
Increase in property development costs	11	(3,695)	–	–	–
Decrease in inventories		–	2,550	–	–
Decrease/(Increase) in trade receivables		96	1,459	105	(432)
(Increase)/Decrease in other receivables, deposits and prepayments		(1,814)	(434)	(2,194)	63
(Decrease)/Increase in trade payables		(1,210)	268	(200)	77
Increase in other payables, accruals and deposits		2,579	4,407	1,542	3,982
Cash (used in)/generated from operations		(7,662)	7,772	707	5,572
Interest received		53	159	4	5,274
Interest paid		(8,923)	(4,447)	(6,236)	(4,530)
Liquidated and ascertained damages paid	22	(21)	(10)	–	–
Tax paid		(327)	(677)	(286)	(607)
		(9,218)	(4,975)	(6,518)	137
Net cash (used in)/from operating activities		(16,880)	2,797	(5,811)	5,709

CASH FLOW STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	NOTE	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Addition of investment property	8	(60)	–	(60)	–
Acquisitions of subsidiaries	9	–	–	–*	(51)
Advances from related parties		22,357	427	21,282	427
Proceeds from partial disposal of shares in a subsidiary, net of participation fee of RM1.98 million		97,020	–	–	–
Proceeds from disposal of property, plant and equipment		15	–	14	–
Development expenditure incurred in land held for property development	10	(2,182)	(1,865)	–	–
Purchase of property, plant and equipment	7(b)	(901)	(840)	(51)	(385)
Net cash from/(used in) investing activities		116,249	(2,278)	21,185	(9)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances to subsidiaries		–	–	(17,914)	(9,016)
Interest paid		(42)	(38)	(25)	(32)
Repayments of bank borrowings		(81,006)	(2,580)	–	–
Repayments of hire-purchase creditors		(179)	(174)	(132)	(157)
Net cash used in financing activities		(81,227)	(2,792)	(18,071)	(9,205)
Net increase/(decrease) in cash and cash equivalents		18,142	(2,273)	(2,697)	(3,505)
Cash and cash equivalents at beginning of financial year		(70,542)	(68,269)	(50,104)	(46,599)
Cash and cash equivalents at end of financial year	13	(52,400)	(70,542)	(52,801)	(50,104)

* *Represents amount less than RM1,000*

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2009

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 21st Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

These financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 October 2009.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and also on the basis of accounting principles applicable to a going concern.

As at 30 June 2009, even though the Group's current liabilities exceeded its current assets by RM5,606,000, the Directors are confident that the Group would be able to meet its liabilities as and when they fall due and to continue as a going concern.

The Group is proposing to undertake a proposed renounceable two-call rights issue of up to 129,447,594 ordinary shares of RM1.00 each in the Company ("MPCorp") ("Rights Shares") together with up to 129,447,594 free detachable warrants ("Warrants") at an issue price of RM1.00 per Rights Share, of which the first call of RM0.42 per rights share will be payable in full on application in cash and second call of RM0.58 is to be capitalised from the retained earnings, on the basis of three (3) Rights Shares together with three (3) Warrants for every four (4) existing ordinary shares of RM1.00 each in MPCorp ("MPCorp Shares" or "Shares") held at an entitlement date to be determined later ("Proposed Rights Issue").

The Directors confirm that the subscribing shareholders of the Rights Shares will not have to bear any further cash payment after the first call of RM0.42 per Rights Share, amounting up to approximately RM54.4 million in total.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.1 Basis of accounting (Cont'd)

The Directors are also confident that the existing financial institutions would continue to extend the facilities currently enjoyed by the Group and where necessary, would restructure the facilities to enable the Group to meet its financial obligations.

The Directors have considered the application of the going concern basis in the preparation of financial statements to be appropriate in these circumstances, given the positive indication that the implementation of the above proposed two-call rights issue together with free warrants will be successful and will be able to meet its financial obligations as and when they fall due.

In the event that the going concern basis of preparing the financial statements of the Group be inappropriate, adjustments will have to be made to reclassify non-current assets and non-current liabilities as current assets and current liabilities, to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities, which may arise.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgment in the process of applying the Group's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair value at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of consolidation (Cont'd)

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group, it is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary, the excess and further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and equity holders of the Group.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefit associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Property, plant and equipment and depreciation (Cont'd)

Renovation-in-progress and freehold land are not depreciated. Renovation in-progress is not depreciated until such time when the assets are available for use. Depreciation is calculated to write off the cost of the assets to their residual values on the straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Plant and machinery	5% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovation	20%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount. (see Note 4.9 to the financial statements on impairment of assets)

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in the income statement.

4.4 Lease and hire purchase

(a) Hire purchase

Assets acquired under hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the term of the hire-purchase to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.6 Investments in subsidiaries

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

An investment in subsidiary which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.7 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.7 Property development activities (Cont'd)

(b) Property development cost

Property development cost comprises all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in the profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current asset. When progress billings exceed revenue recognised in the profit or loss, the balance is classified as progress billings under current liabilities.

4.8 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract, and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4.9 Impairment of assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, property development costs, investment property measured at fair value and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 risk specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 Impairment of assets (Cont'd)

The impairment loss is recognised in the income statement immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the profit or loss.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of completed properties held for sale comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4.11.1 Financial instruments recognised on the balance sheet

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.11 Financial instruments (Cont'd)

4.11.1 Financial instruments recognised on the balance sheet (Cont'd)

(a) Receivables

Trade receivables and other receivables, including amounts owing by related parties, are classified as loans and receivables under *FRS 132 Financial Instruments: Disclosure and Presentation*.

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits with licensed banks and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties are recognised at fair value of the consideration to be paid in the future for goods and services received.

(d) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(e) Interest bearing loan and borrowings

All loan and borrowings are recognised at the fair value of the consideration received less directly attributable costs.

4.11.2 Financial instruments not recognised on the balance sheets

There were no financial instruments not recognised on the balance sheets.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Borrowing costs

Borrowing cost that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing cost eligible for capitalisation is the actual borrowing cost incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the income statement comprises current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is 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 have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charges, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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 by the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for liquidated ascertained damages in respect of projects undertaken by certain subsidiaries is recognised based on the estimated claim in reference to the applicable sale and purchase agreements.

4.15 Employee benefits

4.15.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.15.2 Defined contribution plan

The Company and subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and recognise the contribution payable after deducting any contributions already paid as liability and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of completed properties

Revenue from sale of completed properties is recognised in the income statement when significant risk and rewards of ownership have been transferred to the customers.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

(c) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(d) Revenue from provision of property management services

Revenue from provision of property management services is recognised upon rendering of these services unless collectibility is in doubt.

(e) Construction contracts

Profits from contracts works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.16 Revenue recognition (Cont'd)

(f) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(g) Dividend income

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

4.17 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risk and returns. The primary reporting segment information is in respect of business segments as the Group's risk and returns are affected predominantly by differences in the products it produces. The activities of the Group are carried out predominantly in Malaysia and as such segment reporting by geographical location is not presented.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprise within a single element.

4.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

5. ADOPTION OF NEW AND REVISED FRS

5.1 New FRS not adopted

(a) FRS 8 Operating Segments and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

The adoption of this Standard will only impact the form and content of disclosure presented in the financial statements.

(b) FRS 4 Insurance Contracts and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} General Insurance Business and FRS 203_{2004} Life Insurance Business.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

FRS 4 is not relevant to the Group's operations

(c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the Company's and the Group's financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any material impact on the financial statements arising from the adoption of this Standard.

(e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the Company's and the Group's financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

(f) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Company and the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

These Amendments are not relevant to the Group's operations.

(g) 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* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the Group's financial statements arising from the adoption of these amendments.

(h) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any material impact on the Group's financial statements arising from the adoption of this Interpretation.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this Interpretation in the future.

(j) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Group grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company and the Group to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Group to its employees, this Interpretation requires the Company and the Group to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

This Interpretation is not relevant to the Group's operations.

(k) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Company shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

IC Interpretation 13 is not relevant to the Group's operations.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(l) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

IC Interpretation 14 FRS 119 is not relevant to the Group's operations.

(m) FRS 101 *Presentation of Financial Statements (revised in 2009)* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the consolidation financial statements arising from the adoption of this Standard.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(n) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any material impact on the consolidated financial statements arising from the adoption of the amendment to IC Interpretation 9.

(o) Amendments to *FRS 132 Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rate share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (Cont'd)

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 110 Events after the Reporting Period clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining to the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 Revenue rather than FRS 5. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 117 removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made prospectively in accordance with FRS 108.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (Cont'd)

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 8 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in the Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW AND REVISED FRS (Cont'd)

5.1 New FRS not adopted (Cont'd)

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (Cont'd)

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

The following is the judgement made by the management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in these financial statements.

(a) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

(b) Operating lease commitments – the Group as lessor

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

6.2 Key sources of estimation uncertainty

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

(a) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

6.2 Key sources of estimation uncertainty (Cont'd)

(c) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets based on 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.

(d) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

(e) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(f) Impairment of assets

The Group reviews the carrying amount of their non-current assets, which include land held for property development and property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss. Significant judgement is required to determine the extent and amount of the impairment loss, if any.

(g) Impairment of investments in subsidiaries

The Company determines whether investments in subsidiaries are impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries. Estimating value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of investments in subsidiaries as at 30 June 2009 less accumulated impairment losses, if any, were RM8,551,013 (2008: RM8,551,007) respectively.

7. PROPERTY, PLANT AND EQUIPMENT

Group 30.6.2009 Carrying amount	Balance as at 1.7.2008 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the year RM'000	Balance as at 30.6.2009 RM'000
Freehold land	442	–	–	–	442
Plant and machinery	223	5	–	(41)	187
Furniture, fittings and equipment	2,882	156	(1)	(577)	2,460
Motor vehicles	870	55	–	(318)	607
Renovation	–	733	–	(118)	615
	4,417	949	(1)	(1,054)	4,311

	As at 30.6.2009		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	442	–	442
Plant and machinery	9,391	(9,204)	187
Furniture, fittings and equipment	8,257	(5,797)	2,460
Motor vehicles	1,952	(1,345)	607
Renovation	733	(118)	615
	20,775	(16,464)	4,311

Group 30.6.2008 Carrying amount	Balance as at 1.7.2007 RM'000	Additions RM'000	Reclassi-fications RM'000	Depreciation charge for the year RM'000	Balance as at 30.6.2008 RM'000
Freehold land	–	442	–	–	442
Plant and machinery	289	1	-	(67)	223
Furniture, fittings and equipment	2,921	353	168	(560)	2,882
Motor vehicles	856	309	-	(295)	870
Renovation-in-progress	168	–	(168)	–	–
	4,234	1,105	–	(922)	4,417

	As at 30.6.2008		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	442	–	442
Plant and machinery	9,412	(9,189)	223
Furniture, fittings and equipment	8,115	(5,233)	2,882
Motor vehicles	1,950	(1,080)	870
Renovation-in-progress	–	–	–
	19,919	(15,502)	4,417

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company 30.6.2009	Balance as at 1.7.2008 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the year RM'000	Balance as at 30.6.2009 RM'000
Carrying amount					
Plant and machinery	185	–	–	(33)	152
Furniture, fittings and equipment	2,891	51	(17)	(554)	2,371
Motor vehicles	525	–	–	(233)	292
	3,601	51	(17)	(820)	2,815

	As at 30.6.2009 Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plant and machinery	8,960	(8,808)	152
Furniture, fittings and equipment	7,878	(5,507)	2,371
Motor vehicles	1,340	(1,048)	292
	18,178	(15,363)	2,815

Company 30.6.2008	Balance as at 1.7.2007 RM'000	Additions RM'000	Reclassi-fications RM'000	Depreciation charge for the year RM'000	Balance as at 30.6.2008 RM'000
Carrying amount					
Plant and machinery	245	–	–	(60)	185
Furniture, fittings and equipment	2,890	385	170	(554)	2,891
Motor vehicles	792	–	–	(267)	525
Renovation-in-progress	170	–	(170)	–	–
	4,097	385	–	(881)	3,601

	As at 30.6.2008 Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plant and machinery	8,960	(8,775)	185
Furniture, fittings and equipment	7,857	(4,966)	2,891
Motor vehicles	1,393	(868)	525
	18,210	(14,609)	3,601

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(a) Included in property, plant and equipment of the Group and of the Company are motor vehicles, which were acquired under hire-purchase arrangements with carrying amounts of RM607,688 and RM292,343 (2008: RM870,545 and RM524,977) respectively.

(b) The Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Purchase of property, plant and equipment	949	1,105	51	385
Less: Financed by hire-purchase arrangements	(48)	(265)	–	–
Cash payments on purchase of property, plant and equipment	901	840	51	385

8. INVESTMENT PROPERTY

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At fair value				
Balance as at 1 July	240,123	167,123	208,800	151,920
Additions	60	–	60	–
Changes in fair value	–	73,000	–	56,880
Balance as at 30 June	240,183	240,123	208,860	208,800

(a) The fair value of the Group's and of the Company's investment property, which comprise office buildings and shoplots, have been arrived at on the basis of valuation carried out by an independent firm of professional valuer, JB Jurunilai Bersekutu (KL) Sdn. Bhd. at an approximate value of RM240 million using the comparison method.

(b) Direct operating expenses arising from the investment property, which are recognised in profit and loss are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Quit rent and assessment	1,137	1,169	1,079	1,070

(c) The investment property of the Group and of the Company are charged to financial institutions for credit facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM'000	Company 2008 RM'000
Unquoted equity shares, at cost	8,551	8,551

Details of the subsidiaries, which are all incorporated in Malaysia unless otherwise stated are as follows:

Name of company	Interest in equity held by Company 2009 %	Company 2008 %	Subsidiaries 2009 %	Subsidiaries 2008 %	Principal activities
Bedford PJ Complex Sdn. Bhd.	100	100	–	–	Dormant
Euronium Construction Sdn. Bhd.	100	100	–	–	Construction projects, property management, engineering and trading
MPC Properties Sdn. Bhd.	100	100	–	–	Property investment and property development
Pacific Spa & Fitness Club Sdn. Bhd.	100	100	–	–	Dormant
Premier Building Management Services Sdn. Bhd.	100	100	–	–	Property management services
Prestige Trading Sdn. Bhd.	100	100	–	–	Dormant
The Power Club Sdn. Bhd.	100	100	–	–	Dormant
Lakehill Homes (MM2H) Sdn. Bhd.	100	99.99	–	–	Dormant
MPC Management Services Sdn. Bhd.	100	99.99	–	–	Management services
MP Security Services Sdn. Bhd.	100	–	–	–	Dormant
Real Rock Restaurant and Café Sdn. Bhd.	100	–	–	–	Dormant
Subsidiaries of MPC Properties Sdn. Bhd.					
ASA Enterprises Sdn. Bhd.	–	–	100	100	Letting of investment properties
Oriental Pearl City Properties Sdn. Bhd.	–	–	100	100	Investment holding
Creative Ascent Sdn. Bhd.	–	–	100	100	Investment holding, project management and property co-development

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of company	Interest in equity held by Company 2009 %	Company 2008 %	Subsidiaries 2009 %	Subsidiaries 2008 %	Principal activities
Subsidiary of Oriental Pearl City Properties Sdn. Bhd.					
Lakehill Resort Development Sdn. Bhd.	–	–	78	100	Property management and property development
Subsidiary of Creative Ascent Sdn. Bhd.					
Taman Bandar Baru Masai Sdn. Bhd.	–	–	100	100	Property development
Subsidiaries of Lakehill Resort Development Sdn. Bhd.					
Asia Pacific Trade and Expo City Sdn. Bhd.	–	100*	100	–	Dormant
Asia Pacific Trade & Expo City (HK) Limited # (Incorporated in Hong Kong)	–	100*	100	–	Provision of corporate management services

not audited by BDO Binder
* the Company's shareholdings in the subsidiaries were transferred to its subsidiary, Lakehill Resort Development Sdn. Bhd. during the financial year

During the financial year, the additional Group's investments in subsidiaries are as follows:

(a) On 21 August 2008, the Company acquired the remaining 0.01% equity interest in MPC Management Services Sdn. Bhd. comprising one (1) ordinary share of RM1.00 each for a cash consideration of RM1. Consequently, the Group's effective equity interest in MPC Management Services Sdn. Bhd. increased from 99.99% to 100%.

(b) On 11 September 2008, the Company acquired 100% equity interests comprising two (2) ordinary shares of RM1.00 each in both MP Security Services Sdn. Bhd. and Real Rock Restaurant and Café Sdn. Bhd., for a cash consideration of RM2 each respectively.

(c) On 12 September 2008, the Company acquired additional one (1) ordinary share of RM1.00 of each in Lakehill Homes (MM2H) Sdn. Bhd., for a total cash consideration of RM1. Consequently, the Company's effective equity interest in Lakehill Homes (MM2H) Sdn. Bhd. increased from 99.99% to 100%.

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

The summary of effects on acquisitions of subsidiaries during the financial year is as follows:-

	Acquirees' carrying amounts RM	Fair value recognised on acquisitions RM
Net assets/Total cost of acquisitions	4	4

	30.6.2009 RM
The cash outflow on acquisitions is as follows:	
Purchase consideration settled in cash	4
Cash and cash equivalents of subsidiaries acquired	(4)
Net cash outflow of the Group on acquisitions	–

The above acquisitions do not have any material impact on the financial position and results of the Group.

On 22 September 2008, Oriental Pearl City Properties Sdn. Bhd. ("OPCP") (a wholly owned subsidiary of the Company) acquired the entire equity interest in Lakehill Resort Development Sdn. Bhd. ("LHRD") comprising 250,000 ordinary shares of RM1.00 each for a total consideration of RM250,000 from MPC Properties Sdn. Bhd.. Subsequently, on 30 September 2008, LHRD increased its issued and paid-up capital from RM250,000 to RM350,000 by way of issue of 100,000 ordinary shares of RM1.00 each at an issue price of RM1,353.46 per share at a total consideration of RM135,346,000. The total consideration was set-off by way of capitalising the inter-company debts.

On 31 October 2008, the Group entered into an agreement whereby, Amanah Raya Development Sdn. Bhd. ("ADSB") invested a sum of RM99,000,000 for the acquisition of 22% equity interest in LHRD and to partake 22% profit entitlement in LHRD. Consequently, the Group's effective equity interest in LHRD decreased from 100% to 78%.

In the previous financial year, the Group acquired/incorporated the following subsidiaries:

(a) The Company subscribed for 99.00% equity interest in a newly incorporated subsidiary, Lakehill Homes (MM2H) Sdn. Bhd. comprising 99 ordinary shares of RM1.00 each for a total cash consideration of RM99.

Subsequently, Lakehill Homes (MM2H) Sdn. Bhd. increased its issued and paid up capital from RM100 to RM50,000 by way of issue of 49,900 ordinary shares of RM1.00 each at par, which was fully subscribed by the Company for a total cash consideration of RM49,900.

Consequently, the Company's effective equity interest in Lakehill Home (MM2H) Sdn. Bhd. increased from 99.00% to 99.99%.

(b) The Company acquired the entire equity interest in Asia Pacific Trade and Expo City Sdn. Bhd. comprising two (2) ordinary shares of RM1.00 each for a total cash consideration of RM2.

(c) The Company subscribed for the entire equity interest in a newly incorporated subsidiary, Asia Pacific Trade and Expo City (HK) Ltd. comprising one (1) ordinary share of HK1.00 each for a total cash consideration of HK1.00 (equivalent to RM0.55).

9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) The Company subscribed for 99.99% equity interest in a newly incorporated subsidiary, MPC Management Services Sdn. Bhd. comprising 999 ordinary shares of RM1.00 each for a total cash consideration of RM999.

The above acquisitions do not have any material impact on the financial position and results of the Group.

The summary of effects on acquisitions/incorporation of the subsidiaries in the previous financial year was as follows:-

	Acquirees' carrying amounts RM'000	Fair value recognised on acquisitions RM'000
Net assets/Total cost of acquisitions	51	51

	30.6.2008 RM'000
The cash outflow on acquisitions is as follows:	
Purchase consideration settled in cash	51
Cash and cash equivalents of subsidiaries acquired	(51)
Net cash outflow of the Group on acquisitions	–

10. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2009 RM'000	Group 2008 RM'000
Cost		
At beginning of financial year	156,222	154,357
Additions during the financial year	2,182	1,865
Transferred to property development costs (Note 11)	(64,223)	–
	94,181	156,222
Less: Accumulated impairment losses		
At beginning of financial year	(16,902)	(16,902)
Recognised during the financial year	–	–
	(16,902)	(16,902)
At end of financial year	77,279	139,320

10. LAND HELD FOR PROPERTY DEVELOPMENT (Cont'd)

	Group	
	2009 RM'000	2008 RM'000
At carrying value		
Freehold land, at cost	27,496	53,509
Development expenditure	49,783	85,811
	77,279	139,320

11. PROPERTY DEVELOPMENT COSTS

	Group	
	2009 RM'000	2008 RM'000
At beginning of financial year		
Freehold land, at cost	48,013	48,013
Development expenditure	130,909	130,909
	178,922	178,922
Cost incurred during the financial year		
Development expenditure	3,695	–
Transferred during the financial year		
Transferred from land held for property development (Note 10)	64,223	–
Recognised as an expense in the income statement		
In previous years	(98,651)	(98,651)
During the financial year	–	–
	(98,651)	(98,651)
Less: Accumulated impairment losses		
At beginning of financial year	(24,024)	(24,024)
Recognised during the financial year	–	–
	(24,024)	(24,024)
At end of financial year	124,165	56,247

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	1,788	3,605	489	2,039
Less: Allowance for doubtful debts	(225)	(1,955)	(1)	(1,419)
	1,563	1,650	488	620
Other receivables	49	499	27	61
Less: Allowance for doubtful debts	(20)	(20)	(20)	(20)
	29	479	7	41
Deposits	345	304	34	34
Prepayments	2,234	28	2,229	–
Amounts owing by subsidiaries	–	–	189,775	167,146
Less: Allowance for doubtful debts	–	–	(2,511)	–
	–	–	187,264	167,146
	4,171	2,461	190,022	167,841

Included in prepayments of the Group and of the Company are interest pre-paid for bank borrowing amounting to RM2,200,000 (2008: Nil).

The credit terms offered by the Group in respect of trade receivables ranged from 14 to 30 days (2008: 14 to 30 days) from the date of invoice and progress billings.

	Company	
	2009 RM'000	2008 RM'000
Amounts owing by subsidiaries		
Interest bearing advances	144,234	164,987
Non-interest bearing advances	45,541	2,159
	189,775	167,146

Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and repayable on demand. Advances amounting to RM144,234,000 (2008: RM164,987,000) bear interest ranging from 4.45% to 18% (2008: 4.45%) per annum.

The allowance for doubtful debts is net of bad debts written off as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bad debts written off	1,713	–	1,439	–

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	159	335	8	42
Deposit with a licensed bank	250	243	–	–
As reported in balance sheets	409	578	8	42
Less: Bank overdrafts (Note 19)	(52,809)	(71,120)	(52,809)	(50,146)
As reported in cash flow statements	(52,400)	(70,542)	(52,801)	(50,104)

Group

Included in the Group's cash and bank balances is an amount of RM39,364 (2008: RM35,750) held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

The fixed deposit of the Group as at 30 June 2009 has a maturity period of three (3) months (2008: 3 months).

14. SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid	172,597	172,597	172,597	172,597

Warrants 2004/2009

The Company had, on 11 May 2004, issued 27,500,000 detachable warrants. No exercise of warrants had taken place during the financial year ended 30 June 2009, and the warrants have expired on 10 May 2009.

15. RESERVES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Distributable:				
Retained earnings	93,842	40,306	95,368	100,205
Non-distributable:				
Exchange translation reserve	24	–	–	–
	93,866	40,306	95,368	100,205

(a) Retained earnings

Effective from 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or to continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has not elected to move to the single tier system, therefore, subject to the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends amounting to RM36,158,000 out of its retained earnings as at 30 June 2009. Retained earnings not covered by tax credit amounted to RM59,210,000.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

16. BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current liabilities				
Bank loans (Note 17)	25,704	106,710	25,704	25,704
Hire-purchase creditors (Note 18)	184	174	129	132
Bank overdrafts (Note 19)	52,809	71,120	52,809	50,146
	78,697	178,004	78,642	75,982
Non-current liabilities				
Hire-purchase creditors (Note 18)	582	723	335	464
Total borrowings				
Bank loans (Note 17)	25,704	106,710	25,704	25,704
Hire-purchase creditors (Note 18)	766	897	464	596
Bank overdrafts (Note 19)	52,809	71,120	52,809	50,146
	79,279	178,727	78,977	76,446

17. BANK LOANS - SECURED

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current liabilities				
Revolving credits	25,704	25,704	25,704	25,704
Loans				
Term loan	–	27,081	–	–
Bridging loan	–	53,925	–	–
	–	81,006	–	–
	25,704	106,710	25,704	25,704

The revolving credits are secured by a fixed charge over the Group's investment property as disclosed in Note 8 to the financial statements.

18. HIRE-PURCHASE CREDITORS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Minimum hire-purchase payments:				
- not later than one year	218	214	148	156
- later than one year and not later than five years	569	729	355	504
- later than five years	66	74	–	–
	853	1,017	503	660
Less: Future interest charges	(87)	(120)	(39)	(64)
Present value of hire-purchase liabilities	766	897	464	596
Repayable as follows:				
Current liabilities:				
- not later than one year	184	174	129	132
Non-current liabilities:				
- later than one year and not later than five years	512	593	335	426
- later than five years	70	130	–	38
	582	723	335	464
	766	897	464	596

19. BANK OVERDRAFTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bank overdrafts				
- secured	51,254	69,669	51,254	48,695
- unsecured	1,555	1,451	1,555	1,451
	52,809	71,120	52,809	50,146

The bank overdrafts are secured by a charge over the Group's investment property as disclosed in Note 8 to the financial statements.

20. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of financial year	19,739	20,586	121	184
Recognised in the income statements (Note 27)				
- current year	(9)	–	(9)	–
- under/(over) provision in prior year	205	(58)	205	(58)
- relating to changes in tax rate	–	(789)	–	(5)
	196	(847)	196	(63)
At end of financial year	19,935	19,739	317	121

(b) The movements of the deferred tax liabilities during the financial year are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of financial year	19,739	20,586	121	184
Recognised in the income statements				
- excess of capital allowance over corresponding depreciation	168	(63)	168	(63)
- realisation of deferred tax upon sale of development properties	–	(484)	–	–
- temporary differences arising from interest capitalised into development expenditure	–	(300)	–	–
- others	28	–	28	–
	196	(847)	196	(63)
At end of financial year	19,935	19,739	317	121

20. DEFERRED TAX LIABILITIES (Cont'd)

(c) The components of deferred tax liabilities at the end of the financial year comprise the tax effects of:

	2009 RM'000	2008 RM'000
Group		
Excess of capital allowances over corresponding depreciation	289	121
Revaluation surplus arising from subsidiary's development properties	12,118	12,118
Temporary differences arising from interest capitalised into development properties	7,500	7,500
Others	28	–
	19,935	19,739
Company		
Excess of capital allowances over corresponding depreciation	289	121
Others	28	–
	317	121

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group	
	2009 RM'000	2008 RM'000
Unabsorbed capital allowances	132	88
Unutilised tax losses	57,933	46,639
Other deductible temporary differences	213	2,159
	58,278	48,886

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

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	4,148	5,358	–	200
Other payables and accruals	45,870	18,856	41,839	16,029
Purchasers' deposits	698	711	–	–
Tenants' deposits	3,622	3,205	221	1,090
Amounts owing to subsidiaries	–	–	21,654	22,528
	54,338	28,130	63,714	39,847

The credit terms available to the Group and the Company in respect of trade payables ranged from 30 to 90 days (2008: 30 to 90 days) from the date of invoice and progress billing.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
30 JUNE 2009

21. TRADE AND OTHER PAYABLES (Cont'd)

Included in other payables and accruals are the following:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest accrued	5,612	7,289	5,612	4,489
Amounts owing to companies in which certain Directors have financial interests	28,652	4,900	27,577	4,900
Deferred income	–	–	3,189	3,189

The amounts owing to companies in which certain Directors of the Company have financial interests is unsecured, repayable on demand and interest rates ranged from 13% to 15% (2008: 15%) per annum.

Amounts owing to subsidiaries represent trade transactions, advances and payments made on behalf, which are unsecured, interest-free and repayable on demand.

22. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group	
	2009 RM'000	2008 RM'000
At 1 July 2008/2007	2,199	2,209
Provision for liquidated and ascertained damages no longer required	(1,921)	–
Amount paid during the financial year	(21)	(10)
At 30 June	257	2,199

23. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental and property management services	10,841	9,869	10,254	8,849
Sale of development properties	–	2,561	–	–
	10,841	12,430	10,254	8,849

24. COST OF SALES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental and property management services	6,221	4,297	5,257	5,195
Sale of development properties	–	3,556	–	–
	6,221	7,853	5,257	5,195

25. FINANCE COSTS

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Interest expense on:				
- bank overdrafts	5,084	5,696	4,509	4,131
- term loans	786	1,945	–	–
- bridging loan	1,326	3,826	–	–
- hire-purchase	42	38	25	32
- revolving credits	2,818	2,748	2,818	2,748
- others	1,428	1,069	1,226	484
	11,484	15,322	8,578	7,395

26. PROFIT/ (LOSS) BEFORE TAX

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration:					
- current financial year					
- statutory audit		92	82	45	40
- non-statutory		61	–	60	–
- under/(over) provision in prior financial year		8	(1)	2	–
Allowance for doubtful debts:					
- trade		245	123	197	66
- non trade		–	–	2,511	–
Bad debts written off		9	–	6	–
Depreciation of property, plant and equipment	7	1,054	922	820	881
Directors' remuneration:					
- fees					
- current year		489	283	489	283
- overprovision in prior year		(6)	–	(6)	–
- emoluments other than fees		132	140	24	140
Interest expense on:					
- hire-purchase		42	38	25	32
- bank loans		2,112	5,771	–	–
- bank overdrafts		5,084	5,696	4,509	4,131
- revolving credits		2,818	2,748	2,818	2,748
- others		1,428	1,069	1,226	484
Rental of premises		418	6	–	–
Management fees	31(b)	32	–	918	–
Unrealised loss on foreign exchange		2	–	–	–

26. PROFIT/ (LOSS) BEFORE TAX (Cont'd)

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
And crediting:					
Allowance for doubtful debts no longer required:	12				
- trade		262	5	176	–
- non trade		–	53	–	53
Interest income from:					
- subsidiaries		–	–	5,773	5,209
- others		53	159	4	65
Provision for liquidated and ascertained damages no longer required	22	1,921	–	–	–
Rental income		9,418	7,919	9,056	7,711
Gain on disposal of property, plant and equipment		14	–	14	–
Gain on partial disposal of shares in a subsidiary		67,517	–	–	–
Changes in fair value of investment property	8	–	73,000	–	56,880

27. TAX EXPENSE/(INCOME)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense based on taxable profit for the financial year:				
Malaysian income tax	–	417	–	381
(Over)/Under provision in prior years:				
Malaysian income tax	(62)	15	(50)	–
	(62)	432	(50)	381
Deferred tax liabilities (Note 20):				
Current year	(9)	–	(9)	–
Relating to changes in tax rate	–	(789)	–	(5)
Under/(Over) provision in prior years	205	(58)	205	(58)
	196	(847)	196	(63)
	134	(415)	146	318

27. TAX (INCOME)/EXPENSE (Cont'd)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 25% from the previous financial year's rate of 26% for the fiscal year of assessment 2008. The computation of deferred tax as at 30 June 2009 has reflected these changes.

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses of approximately RM57,933,000 (2008: RM46,639,000) and unabsorbed capital allowances of approximately RM132,000 (2008: RM88,000) available to set-off against future taxable income.

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group relief	–	–	509	205

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax at Malaysian statutory tax rate of 25% (2008: 26%)	13,338	14,657	(1,173)	14,494
Tax effects in respect of:				
Non-allowable expenses	4,198	4,348	3,122	2,249
Non-taxable income	(19,857)	(20,333)	(1,449)	(16,157)
Utilisation of group relief	–	–	(509)	(205)
Deferred tax assets not recognised	2,348	1,770	–	–
Effect of changes in tax rate on deferred tax	–	(789)	–	(5)
Reduction in statutory tax rate on first RM500,000 of chargeable income for a subsidiary	–	(10)	–	–
Lower tax rates in foreign jurisdiction	(36)	(15)	–	–
	(9)	(372)	(9)	376
Under/(Over) provision of deferred tax in prior years	205	(58)	205	(58)
(Over)/Under provision of income tax in prior years	(62)	15	(50)	–
	134	(415)	146	318

28. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	Group	
	2009	**2008**
	RM'000	**RM'000**
Consolidated profit attributable to equity holders of the Company	53,536	56,787
Number of ordinary shares in issue ('000)	172,597	172,597
Basic earnings per ordinary share (sen)	31.02	32.90

(b) Diluted

The diluted earnings per ordinary share is not presented as the warrants have expired on 10 May 2009.

29. CONTINGENT LIABILITIES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured:				
Corporate guarantee given to financial institutions for credit facilities granted to a Subsidiary - secured against the Company's undertaking for registration of a legal charge over the Company's investment property	–	–	–	99,940
Unsecured:				
Corporate guarantee given to financial institutions for trade facilities granted to a subsidiary	–	–	–	3,500
Claim for defamatory suit as disclosed in Note 30 (d) to the financial statements	1,000	1,000	1,000	1,000

29. CONTINGENT LIABILITIES (Cont'd)

Pursuant to the Joint Venture Agreement ("JVA") dated 20 August 2008 between Amanah Raya Development Sdn. Bhd. ("ADSB") and Oriental Pearl City Properties Sdn. Bhd. ("OPCP"), an indirectly wholly-owned subsidiary of the Company, OPCP has granted ADSB a put option requiring ("OPCP") to purchase ADSB's participation in the Joint Venture Entity, Lakehill Resort Development Sdn. Bhd. ("LHRD') ("Put Option"). The Put Option is exercisable by ADSB during a fixed period of three (3) months commencing from the day immediately after thirty-six (36) months from the effective date of the JVA ("Option Period"), which is 31 October 2008.

The exercise price of the Put Option shall not be less than RM99.00 million based on ADSB's original investment cost for the acquisition of 22% equity interest in LHRD to partake 22% profit entitlement of LHRD ("Base Price"), plus an additional premium of 12% over the Base Price ("Put Option Price"). The 12% premium shall be subject to a deduction of whatever dividends previously in total paid or payable (accumulated dividends) from LHRD to ADSB prior to the date of exercise of the Put Option during the Option Period. If the Put Option is not exercised during the Option Period, the Put Option shall automatically lapse.

There is an outstanding contingent liability to the Group arising from the abovementioned Put Option being granted by OPCP to ADSB of RM99.00 million plus an additional premium of 12% over the Put Option Price. A contingent loss may also arise should there be a shortfall in the share of the carrying amount of the net assets of the Joint Venture Entity compared against the exercise price of the Put Option. This will have an adverse impact on the retained earnings of the Group.

30. MATERIAL LITIGATIONS

(a) Kuala Lumpur High Court Suit No. S4-22-82-2006

The Company and Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") (collective known as "the Plaintiffs") commenced a civil action on 14 November 2005 against the former directors of the Company namely, Encik Chut Nyak Isham bin Nyak Ariff, Dato' Yusof bin Jusoh, YAM Tengku Syarif Syed Amir Abidin Putra Jamalullail, Dato' Thomas Teng Poh Foh and Puan Asnah bt. Mohd Salleh as well as other connected parties namely, Warisan Alam Enterprise Sdn. Bhd., Bumialpha Sdn. Bhd., Dion Sharil Bin Chut Nyak Isham, Intan Safina Binti Yusof and Aishah Binti Mohd Jelani (collectively known as "the Defendants"), for inter-alia breach of Section 132(E) of the Companies Act, 1965, refund of all interest and costs received or profited by the Defendants in relation to the transaction to themselves and damages to be assessed. The defendants had filed their defence and counter claim. The Court had fixed for case management to be heard on 23 October 2009 for parties to finalise the bundle of documents, witness statement and opening submissions. The Court has fixed the new case management on 5 January 2010.

(b) Johor Bahru High Court Suit No.22-702-2005 / Kuala Lumpur High Court Suit No.S3-22-1176-2006

The Company and TBBM (collectively known as "the Plaintiffs") commenced a civil action on 14 October 2005 vide Johor Bahru High Court Suit No. 22-702-2005 against the former Group General Manager of the Company and TBBM, En. Zulhaimi bin Nordin, the former Group Managing Director and Chief Executive Officer of the Company and TBBM, En. Chut Nyak Isham Bin Nyak Ariff, as well as Inta Development Sdn. Bhd. ("Inta") and its directors, and others (collectively known as "the "Defendants") in relation to alleged disclosable connected parties transaction in the sale of land owned by TBBM held under PTD 149705 H.S (D) 310451, Mukim Plentong, Daerah Johor Bahru to party or parties, thus, breaching Section 132(E) of the Act and others.

The case was transferred to the Kuala Lumpur High Court for the purpose of merging this case to the case referred in paragraph (c) below, owing to related subject matters involving the same related parties. The Defendants applied to strike out the Plaintiff's claim but was dismissed by the Registrar on 15 November 2007. An appeal was filed by the Defendants. The appeal was heard on 8 July 2009 and was dismissed with cost by the Court but the learned judge instructed that this case together with the case referred to in paragraph (c) below are to be heard one after the other by the same judge. The next hearing date has been fixed on 15 January 2010.

30. MATERIAL LITIGATIONS (Cont'd)

(c) Kuala Lumpur High Court Suit No. S3-22-1128-2004

Inta as Plaintiff had on 19 July 2004 filed a claim against TBBM in respect of the same matter of the property sale referred in paragraph (b) above which was claimed by the Plaintiff that the cost of infrastructure works were included in the sales and purchase agreement as part of the obligation in the sale and purchase agreement dated 26 December 2001 between Inta and TBBM in relation to the said land in the Mukim of Plentong, Daerah Johor Bahru same as referred under paragraph (b) above. TBBM filed an application to consolidate this case and the case referred in paragraph (b) above to be tried together because TBBM claimed that the sales and purchase agreement was void and fraudulent. This matter was fixed for hearing on March 2009. The hearing for the consolidation was further heard on the 8 July 2009 and the learned judge dismissed the application with cost but instructed that this case and the case referred to in paragraph (b) above are to be heard one after the other before the same judge. The next hearing date has therefore been fixed on 15 January 2010, being the same hearing date for the case referred to in paragraph (b) above.

No provision has been made in the financial statements of the Group and of the Company as the Directors have been advised by their solicitors that the Group and the Company's prospect in defending the claim is fair.

(d) Kuala Lumpur High Court Suit No. S2-23-29-06

The four (4) former directors of the Company, Encik Chut Nyak Isham bin Nyak Ariff, Dato' Yusof bin Jusoh, Tengku Sharif Syed Amir Abidin Jamalullail and Dato' Thomas Teng Poh Foh (collectively known as the "Plaintiffs") had filed a claim against the Company for alleged defamation in respect of the Company's report of the legal matter under paragraph (a) above in its Annual Report for the financial year ended 30 June 2005 pertaining to 'Material Litigation', which was subsequently picked up and reported in the Star Newspaper on 15 November 2005.

However, the Court had, *vide* its decision on 8 February 2007, struck out the Plaintiff's claim of slander brought forth against the Company. The Court ordered the Plaintiffs to amend their statements by deleting all suggestions of alleged slanders against the Company. The Plaintiffs since then had filed their amended statement of claim and the Company has filed its statement of defence on July 2008. The matter has been fixed for case management on 15 December 2009.

No provision has been made in the financial statements of the Group and of the Company as the Directors have been advised by their solicitors that the Group and the Company's prospect in defending the claim is fair.

(e) Arbitration Proceedings (2007)/ Kuala Lumpur High Court Suit No. D6 (R3)-24-28-2009

Dindings Construction Sdn. Bhd. ("DCSB") as the Claimant had on 13 November 2007 commenced arbitration proceedings against TBBM as the Respondent. The claim is for the balance sum of RM394,850.52 ("Sum") which the Claimant alleged was still owed on account of alleged additional variation orders pursuant to the construction and completion of phase 4M1 & 4M2-58 units of double storey terrace houses and phase 4M3-56 units of single storey terrace houses at Taman Nusa Damai.

The Arbitrator on 14 April 2009 awarded the Sum in favour of the Claimant. TBBM had made an application to the Kuala Lumpur High Court *vide* civil suit no. D10-24-141-2009 for an *ex-parte* injunction for stay of proceedings and this was granted by the Court on 21 May 2009. TBBM had also filed an application to set aside or vary the arbitration award in Court on 26 May 2009.

30. MATERIAL LITIGATIONS (Cont'd)

(e) Arbitration Proceedings (2007)/ Kuala Lumpur High Court Suit No. D6 (R3)-24-28-2009 (Cont'd)

DCSB has filed an application to register the arbitration award dated 14 April 2009 but no date has been given by the High Court in respect of DCSB's application. The inter-partes hearing for the injunction was held on the 10 June 2009 and further adjourned to 20 July 2009 and an interim injunction was granted in favour of TBBM until 20 July 2009. On 20 July 2009 the injunction was further extended by the Court after TBBM fulfilled the condition set by the Court to pay the sum of RM534,850.00 into a joint solicitors' account. The Parties had filed their written submission and the matter is fixed for decision and clarification on 26 August 2009. On 11 September 2009, the judge allowed DSCB's application to register the arbitration award and dismissed TBBM's application to set aside or vary the award, with costs. Upon being advised by the solicitors that we have reasonable grounds to appeal against the judgement, TBBM had filed an appeal against the judgement on 12 October 2009 and the matter is pending a date to be fixed by the Court.

No further provision has been made in the financial statements of the Group and of the Company as the Directors have been advised by their solicitors that the Group and the Company's prospect in defending the claim is fair.

(f) Kuala Lumpur High Court Suit No. S3-22-1236-2007

TBBM as Plaintiff had on 22 October 2007 commenced a legal action against Chut Nyak Isham Bin Nyak Ariff, the former Group Managing Director and Chief Executive Officer of the Company and TBBM, Dato' Yusoh Bin Jusoh, the former Chairman/Director of the Company and TBBM and one Ikmal Nazarin Bin Junid (collectively known as "the Defendants") in relation to the sale of TBBM's approved petrol service stations known as Unit No. 12BC (1st Parcel) and Plot 12A and 12D (2nd Parcel) in the Mukim of Plentong, District of Johor Bahru to a third party at prices allegedly below market prices without independent valuation as required by the Company policy and duties of Directors. The sale was highly suspicious in circumstances. The Defendants have filed their defence.

TBBM's claim against the Defendants for, amongst other, the sum of RM1,428,200.00 on the sale of the 1st Parcel and RM1,152,531.00 on the sale of the 2nd Parcel being losses in under-valuing the respective parcels of lands and losses and damages to be assessed by the Court. Ikmal Nazarin Bin Junid has filed an application to strike out the TBBM's claim and the application has been fixed for mention on 8 October 2009. On the 8 October 2009, the hearing of Ikmal Nazarin's application to strike out was dismissed by the learned judge with cost. The matter has been fixed for case management on 1 April 2010.

(g) Johor Bahru High Court Suit No. 22 – 174 – 2007

TBBM ("the Plaintiff") commenced a civil action on 10 April 2007 against Scientex Quatari Sdn. Bhd. ("the Defendant") in relation to illegal encroachment of the land owned by TBBM held under PTD 149729 HS(D) 310467, Mukim Plentong, Daerah Johor Bahru ("the said land") which caused damage to the said land and sought relief from the Court for the land to be reinstated to its original state and level, plus damages and costs to be assessed. The matter has been fixed for further case management on 2 December 2009.

(h) Kuala Lumpur High Court Suit No. D4-22-1803-2006

Simbaplus Builder (M) Sdn. Bhd. ("Plaintiff") claimed against Euronium Construction Sdn. Bhd. ("Euronium"), a wholly owned subsidiary of the Company, for RM695,295.10 being the costs for work done involving past earthwork for Project under Phase 1A1 & 1A2 at Nusa Damai, Mukim Plentong, Daerah Johor Bahru, Johor. Euronium had counterclaimed against the Plaintiff for liquidated ascertained damages for the amount of RM465,600.00 and additional costs of RM2,811,833.25 to complete the site clearance work. The Court has entered judgement in default against Euronium on 12 October 2009. Euronium intends to appeal against and/or set aside the judgement obtained.

No provision has been made in the financial statements of the Group and of the Company as the Directors have been advised by their solicitors that the Group and the Company's prospect in defending the claim is fair.

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Datin Kong Yuk Chu and Dato' Bill C.P. Ch'ng, the Chief Executive Officer of the Company, are the controlling related parties by virtue of their deemed substantial shareholdings in the Company.

(b) Significant related party transactions

Related parties	Relationships
Top Lander Offshore Inc.	A substantial shareholder of the Company
Steady Essence Sdn. Bhd.	A company related to Dato' Bill C.P. Ch'ng, the Chief Executive Officer of the Company, Datin Kong Yuk Chu and Ch'ng Soon Sen, both Directors of the Company
Ocean Power Enterprises Limited and Power View Holdings Limited (incorporated in Hong Kong)	A company related to Dato' Bill C.P. Ch'ng, the Chief Executive Officer of the Company and Datin Kong Yuk Chu, Director of the Company

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest payable to Steady Essence Sdn. Bhd.	1,395	648	1,195	475
Advances from Steady Essence Sdn. Bhd. (net)	21,282	427	21,282	427
Advances from Power View Holdings Limited (net)	1,075	–	–	–
Ocean Power Enterprise Limited				
- Rental expenses	410	–	–	–
- Management fees	32	–	–	–
Property, plant and equipment transferred to a subsidiary	–	–	17	–

31. RELATED PARTY DISCLOSURES (Cont'd)

(b) Significant related party transactions (Cont'd)

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Subsidiaries:				
- Interest income	–	–	5,773	5,209
- Quit rent assessment and insurance receivable	–	–	–	1,298
- Staff charges	–	–	107	428
- Rental income	–	–	7,920	2,358
- Commission payable	–	–	(120)	(120)
- Construction cost	–	–	–	(245)
- Management fees	–	–	(918)	–
- Service charges	–	–	–	(3,029)

The above transactions have been entered into the normal course of business and are based on negotiated and mutually agreed terms.

Significant balances with subsidiaries as at balance sheet date are disclosed in Notes 12 and 21 to the financial statements.

The related party balances for transactions other than trade in nature which remained outstanding at the financial year end are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Related parties payable:		
- Steady Essence Sdn. Bhd.	(27,577)	(4,900)
- Power View Holdings Limited	(1,075)	–

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:-

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Short term employee benefits	1,590	1,518	169	1,202
Contributions to defined contribution plan	190	102	21	84
	1,780	1,620	190	1,286

32. SEGMENT REPORTING

(i) Business segments

Segment information is presented in respect of the Group's business segments. The primary reporting segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the nature of its businesses.

The Group's operations comprise the following business segments:

Property development	:	Development of residential and commercial properties
Investment property	:	Letting of investment property
Construction	:	Construction of buildings

Group 2009	Property development RM'000	Investment property RM'000	Construction RM'000	Elimination RM'000	Total RM'000
Revenue					
External sales	–	10,841	–	–	10,841
Inter-segment sales	–	7,920	–	(7,920)	–
Total revenue	–	18,761	–	(7,920)	10,841
Results					
Segment results	(74)	68,109	(39)	(3,157)	64,839
Unallocated income					–
Unallocated corporate expenses					–
Finance costs					(11,484)
Profit before tax					53,355
Tax expense					(134)
Profit for the financial year					53,221
Other information					
Segment assets	208,362	361,178	1,730	(120,752)	450,518
Unallocated corporate assets					773
Total assets					451,291
Segment liabilities	10,572	125,767	724	(3,189)	133,874
Unallocated corporate liabilities					21,767
					155,641
Capital expenditure	843	106	–	–	949
Depreciation of property, plant and equipment	147	907	–	–	1,054
Non-cash expenses other than depreciation and amortisation	–	245	–	–	245

32. SEGMENT REPORTING (Cont'd)

(i) Business segments (Cont'd)

Group 2008	Property development RM'000	Investment property RM'000	Construction RM'000	Elimination RM'000	Total RM'000
Revenue					
External sales	2,561	9,869	–	–	12,430
Inter-segment sales	1,709	5,817	245	(7,771)	–
Total revenue	4,270	15,686	245	(7,771)	12,430
Results					
Segment results	(702)	75,722	(31)	(3,295)	71,694
Unallocated income					–
Unallocated corporate expenses					–
Finance costs					(15,322)
Profit before tax					56,372
Tax income					415
Profit for the financial year					56,787
Other information					
Segment assets	234,898	421,816	1,967	(215,535)	443,146
Unallocated corporate assets					420
Total assets					443,566
Segment liabilities	280,494	132,725	1,833	(205,996)	209,056
Unallocated corporate liabilities					21,607
					230,663
Capital expenditure	16	698	1,708	(1,317)	1,105
Depreciation of property, plant and equipment	12	910	–	–	922
Non-cash expenses other than depreciation and amortisation	–	123	–	–	123

(ii) Geographical segments

No segmental reporting on geographical location has been prepared as the Group's activities are predominantly conducted within Malaysia.

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures are detailed below.

(i) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

(ii) Credit risk

Cash deposits and trade receivables may rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are mainly from trade receivables. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The concentration credit risk, which is the risk of counterparties defaulting, is controlled by the application of credit control procedures. The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition. The management monitors exposure to credit risk on an ongoing basis and performs credit evaluation on customers regularly.

The concentration of credit risk in respect of property buyers are limited by withholding legal ownership before the full consideration is received. For trade receivables other than property buyers, the concentration of credit risk is limited due to the Group's large number of customers who are dispersed over a broad spectrum of industries and business.

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

In respect of deposits, cash and bank balances placed with financial institutions are only in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits are managed through effective negotiation with financial institutions for best available rates. The Group does not use derivative financial instruments to hedge its risk.

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

Group	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2009								
Financial assets								
Cash held in housing development accounts	2.10	39	–	–	–	–	–	39
Fixed deposit	3.00	250	–	–	–	–	–	250
Financial liabilities								
Fixed rates								
Hire-purchase creditors	5.00	184	195	164	89	64	70	766
Floating rates								
Bank overdrafts	8.00	52,809	–	–	–	–	–	52,809
Revolving credits	8.50	25,704	–	–	–	–	–	25,704
At 30 June 2008								
Financial assets								
Cash held in housing development accounts	2.10	36	–	–	–	–	–	36
Fixed deposit	3.00	243	–	–	–	–	–	243
Financial liabilities								
Fixed rates								
Hire-purchase creditors	4.90	174	176	185	153	79	130	897
Floating rates								
Bank overdrafts	8.00	71,120	–	–	–	–	–	71,120
Revolving credits	9.50	25,704	–	–	–	–	–	25,704
Term loan	7.50	27,081	–	–	–	–	–	27,081
Bridging loan	7.50	53,925	–	–	–	–	–	53,925

33. FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk (Cont'd)

Company	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2009								
Financial liabilities								
Fixed rates								
Hire-purchase creditors	5.00	129	136	116	44	39	–	464
Floating rates								
Bank overdrafts	8.20	52,809	–	–	–	–	–	52,809
Revolving credits	8.50	25,704	–	–	–	–	–	25,704
At 30 June 2008								
Financial liabilities								
Fixed rates								
Hire-purchase creditors	5.00	132	129	136	116	44	39	596
Floating rates								
Bank overdrafts	8.00	50,146	–	–	–	–	–	50,146
Revolving credits	9.50	25,704	–	–	–	–	–	25,704

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Group		Company	
At 30 June 2009	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Unquoted investments in Malaysia	–	–	8,551	#
Hire-purchase creditors	766	690	464	424

33. FINANCIAL INSTRUMENTS (Cont'd)

(b) Fair values (Cont'd)

At 30 June 2008	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Unquoted investments in Malaysia	–	–	8,551	#
Term loan	27,081	21,316	–	–
Bridging loan	53,925	42,101	–	–
Hire-purchase creditors	897	842	596	559

It is not practical to estimate the fair value of the unquoted investment because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive cost. The Directors believe that the carrying amount represents the recoverable value.

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

i) The carrying values of the financial liability maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

ii) The fair values of the term and bridging loans are estimated by discounting the future contractual cash flows at current market interest rate available to the Group and on assumptions that are based on market conditions existing at balance sheet date.

iii) The method and assumption used by management to determine fair value of hire purchase creditor has been determined using discounted cash flows technique. The discount rates used are based on the current market rate.

34. EMPLOYEE BENEFITS

The total staff costs recognised in the income statements are as follows:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Wages and salaries	2,830	2,237	446	1,919
Defined contribution plan	291	193	48	159
Other employee benefits	263	90	239	77
	3,384	2,520	733	2,155

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 21 August 2008, the Company acquired the remaining 0.01% equity interest in MPC Management Services Sdn. Bhd. comprising one (1) ordinary share of RM1.00 each for a cash consideration of RM1.00. Consequently, the Company's effective equity interest in MPC Management Services Sdn. Bhd. increased from 99.99% to 100%.

(b) On 20 August 2008, a Joint Venture agreement between Amanah Raya Development Sdn. Bhd. ("ADSB"), a subsidiary of Amanah Raya Berhad, a company directly under the 'Minister of Finance Inc.' Malaysia, and Oriental Pearl City Properties Sdn. Bhd. ("OPCP"), a subsidiary of the Company, was signed to jointly manage, develop, construct and complete the remaining approved 638 acres of freehold commercial and residential landed properties known as LakeHill Resort City cum APTEC (Asia Pacific Trade & Expo City) in Nusa Damai, Iskandar Malaysia, Johor ("Development") belonging to a fellow subsidiary, Taman Bandar Baru Masai ("TBBM"). The Development shall be developed under a special purpose joint-venture vehicle named Lakehill Resort Development Sdn. Bhd. ("LHRD" or "Developer"), under an agreement whereby, ADSB shall invest a sum of RM99,000,000 for the acquisition of 22% equity interest in LHRD and to partake 22% of the profits share derived by the Developer inrespect of the profits earned from the Development. The proposed Joint Venture ("JV") was unanimously approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 September 2008. On 17 October 2008, the Foreign Investment Committee had also approved the JV. All conditions precedent as set out under the JV Agreement have been fulfilled as of 31 October 2008.

(c) On 11 September 2008, the Company acquired 100% equity interest comprising two (2) ordinary shares of RM1.00 in both MP Security Services Sdn. Bhd. and Real Rock Restaurant and Cafe Sdn. Bhd. for a total cash consideration of RM2.00 each respectively.

(d) On 12 September 2008, the Company acquired additional one (1) ordinary share of RM1.00 each in Lakehill Homes (MM2H) Sdn. Bhd. for a cash consideration of RM1.00. Consequently, Company's effective equity interest in Lakehill Homes (MM2H) Sdn. Bhd. increased from 99.99% to 100%.

(e) Pursuant to the Conditions Precedent to the Joint Venture Agreement with ADSB as referred to Note 35(b) above, the following exercise took place:

(i) On 22 September 2008, OPCP acquired the entire equity interest in Lakehill Resort Development Sdn. Bhd. ("LHRD") comprising 250,000 ordinary shares of RM1.00 each for a total consideration of RM250,000 from MPC Properties Sdn. Bhd.. Subsequently, on 30 September 2008, LHRD increased its issued and paid-up capital from RM250,000 to RM350,000 by way of issue of 100,000 ordinary shares of RM1.00 each at an issue price of RM1,353.46 per share, which was fully subscribed by OPCP for a total consideration of RM135,346,000.

(ii) On 29 September 2008, LHRD purchased the entire 638 acres of freehold land ("the land") for a total consideration of RM135,346,000 from TBBM. TBBM executed and delivered to LHRD a Power of Attorney to enable LHRD to act, conduct and manage the land.

36. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

(a) The Group is proposing to undertake a proposed renounceable two-call rights issue of up to 129,447,594 ordinary shares of RM1.00 each in the Company ("MPCorp") ("Rights Shares") together with up to 129,447,594 free detachable warrants ("Warrants") at an issue price of RM1.00 per Rights Share, of which the first call of RM0.42 per rights share will be payable in full on application in cash and second call of RM0.58 is to be capitalised from the retained earnings, on the basis of three (3) Rights Shares together with three (3) Warrants for every four (4) existing ordinary shares of RM1.00 each in MPCorp ("MPCorp Shares" or "Shares") held at an entitlement date to be determined later ("Proposed Rights Issue").

(b) On 22 October 2009, the Company acquired 100% equity interest comprising two (2) ordinary shares of RM1.00 each in Temasek Mewatek Sdn. Bhd..

PROPERTIES HELD BY THE GROUP

	Tenure		Location	Approximately Net Lettable Area */ Land Area	Approximate Age of Building (years)	At Valuation (RM'000)	Date of Revaluation
1	Freehold	i	19 Level office tower	266,283 sq ft *	35	240,000	10/04/2008
		ii	Majority of the floor area of 4 level retail podium at Jalan Raja Chulan 50200 Kuala Lumpur	74,542sq ft *			
2	Freehold		Remaining land & Development in the Mukim Plentong, District of Johore Bahru, Johor Darul Takzim	502 acres	–	450,000	24/07/2008
			Land earmarked for local amenities and requirements	136 acres			
			Total land area	638 acres		450,000	

ANALYSIS OF SHAREHOLDINGS
AS AT 18 NOVEMBER 2009

SHARE CAPITAL

Authorised Share Capital	:	RM500,000,000
Issued and Fully Paid Up Capital	:	RM172,596,793
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights		
- On show of hands	:	1 vote
- On a poll	:	1 vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	136	3.67	4,828	0.00
100 -1,000	1,265	34.17	1,210,349	0.70
1,001 - 10,000	1,589	42.93	7,262,730	4.21
10,001 - 100,000	608	16.42	19,985,998	11.58
100,001 - less than 5% of issued shares	103	2.78	41,312,431	23.94
5% and above of issued shares	1	0.03	102,820,457	59.57
TOTAL	3,702	100.00	172,596,793	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Top Lander Offshore Inc.	102,820,457	59.572
2	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Yap Lian Far (8039110)*	7,145,200	4.139
3	HSBC Nominees (Asing) Sdn. Bhd. *Exempt an for HSBC Private Bank (Suisse) S. A. (Hong Kong AC CL)*	2,486,500	1.440
4	Mayban Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Kek Lian Lye*	1,828,000	1.059
5	Yap Lian Far	1,314,400	0.761
6	Leow Hong Yen	1,300,000	0.753
7	Lee Ai Chu	1,027,700	0.595
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Seshan Lim Tee Heng (MY0739)*	936,000	0.542
9	HDM Nominees (Tempatan) Sdn. Bhd. *Taiping Recovery Sdn Bhd - in liquidation for Ho Ngan Yin*	871,000	0.504
10	Mayban Nominees (Asing) Sdn. Bhd. *Pledged Securities Account for Lim Ai Ling*	821,100	0.475
11	OSK Nominees (Tempatan) Sdn. Berhad *Pledged Securities Account for Lee Chee Wan*	745,000	0.431
12	Tan Siew Hoong	654,000	0.378
13	Yap Ah Fatt	631,000	0.365
14	Tan Kim Lian	573,600	0.332
15	Wong Choon Shein	530,000	0.307
16	Teo Kwee Hock	515,600	0.298
17	Ho Ngan Yin	500,000	0.289
18	Lim Chen Tong	500,000	0.289
19	Beh Yong Ning	492,200	0.285

ANALYSIS OF SHAREHOLDINGS (Cont'd)
AS AT 18 NOVEMBER 2009

THIRTY LARGEST SHAREHOLDERS (Cont'd)

No.	Name of Shareholders	No. of Shares	%
20	Tan Yen Kean	482,000	0.279
21	Ong Kek Poh	479,000	0.277
22	Low Koon Keng	469,200	0.271
23	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Goh Kai Yunn (8055970)*	456,600	0.264
24	Citigroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ta Kin Yan (472435)*	451,111	0.261
25	Ong Wan Chin	448,000	0.259
26	Lim Giok Mooi	403,700	0.233
27	Ong Ak Huk @ Ong Ah Huat	400,000	0.231
28	Wong Ah Yong	380,600	0.220
29	AMSEC Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hong Kim Fook*	378,900	0.219
30	Koh Sin Eng	368,600	0.213
	TOTAL	130,409,468	75.557

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Top Lander Offshore Inc.	102,820,457	59.57		
Dato' Bill C.P. Ch'ng			102,820,457	59.57 [1]
Datin Kong Yuk Chu			102,820,457	59.57 [1]
Seacrest Land Limited			102,820,457	59.57 [2]

Notes:-

1 *Deemed interest by virtue of his/her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited.*
2 *Deemed interest by virtue of its substantial interest in Top Lander Offshore Inc.*

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Deemed Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Datin Kong Yuk Chu			102,820,457	59.57 [1]
Seow Thiam Fatt	90,000	0.05		

Notes:-

1 *Deemed interest by virtue of her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited.*

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MALAYSIA PACIFIC CORPORATION BERHAD
(12200-M)
(Incorporated in Malaysia)

No. of ordinary shares held

PROXY FORM

I/We ....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New)/Company No. .... CDS Account No. ....

of ....
(FULL ADDRESS)

being a member/members of **MALAYSIA PACIFIC CORPORATION BERHAD** hereby appoint* ....

....
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No. .... of ....

or failing him .... NRIC (New) No. ....
(INSERT FULL NAME IN BLOCK CAPITAL)

of ....

or the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Thirty-Seventh Annual General Meeting of the Company to be held at The Royale Chulan Kuala Lumpur, Taming Sari 3, No. 6, Jalan Conlay, 50450 Kuala Lumpur on Tuesday, 22 December 2009 at 10.00 a.m. and at any adjournment thereof, to vote as indicated below :-

Ordinary Resolutions		**FOR**	**AGAINST**
1	Approval of Directors' Fees for the financial year ended 30 June 2009.		
2	Re-election of Ch'ng Soon Sen as Director pursuant to Article 85 of the Company's Articles of Association.		
3	Re-election of Datuk Kamaruddin bin Taib as Director pursuant to Article 85 of the Company's Articles of Association.		
4	Re-election of Dato' Seri Zulkifli bin Ali as Director pursuant to Section 129(6) of the Companies Act, 1965.		
5	Re-appointment of Messrs BDO Binder as Auditors of the Company.		
	Special Business		
6	Issue of shares pursuant to Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at her discretion.)

Dated this .... day of 2009

....
Signature of Member / Common Seal

NOTES:-

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act shall not apply to the Company.*
2. *A member of the Company who is an authorised nominee as defined under the Securities Industries (Central Depositories) (Amendment) Act 2003 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the holding of the meeting or at any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Company Secretary of
MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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