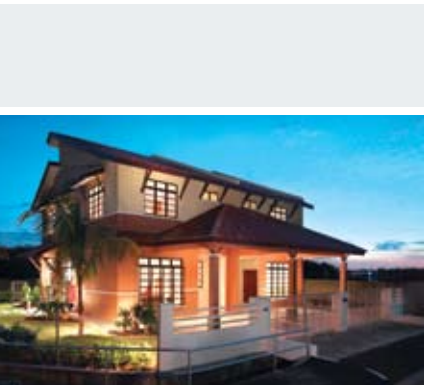
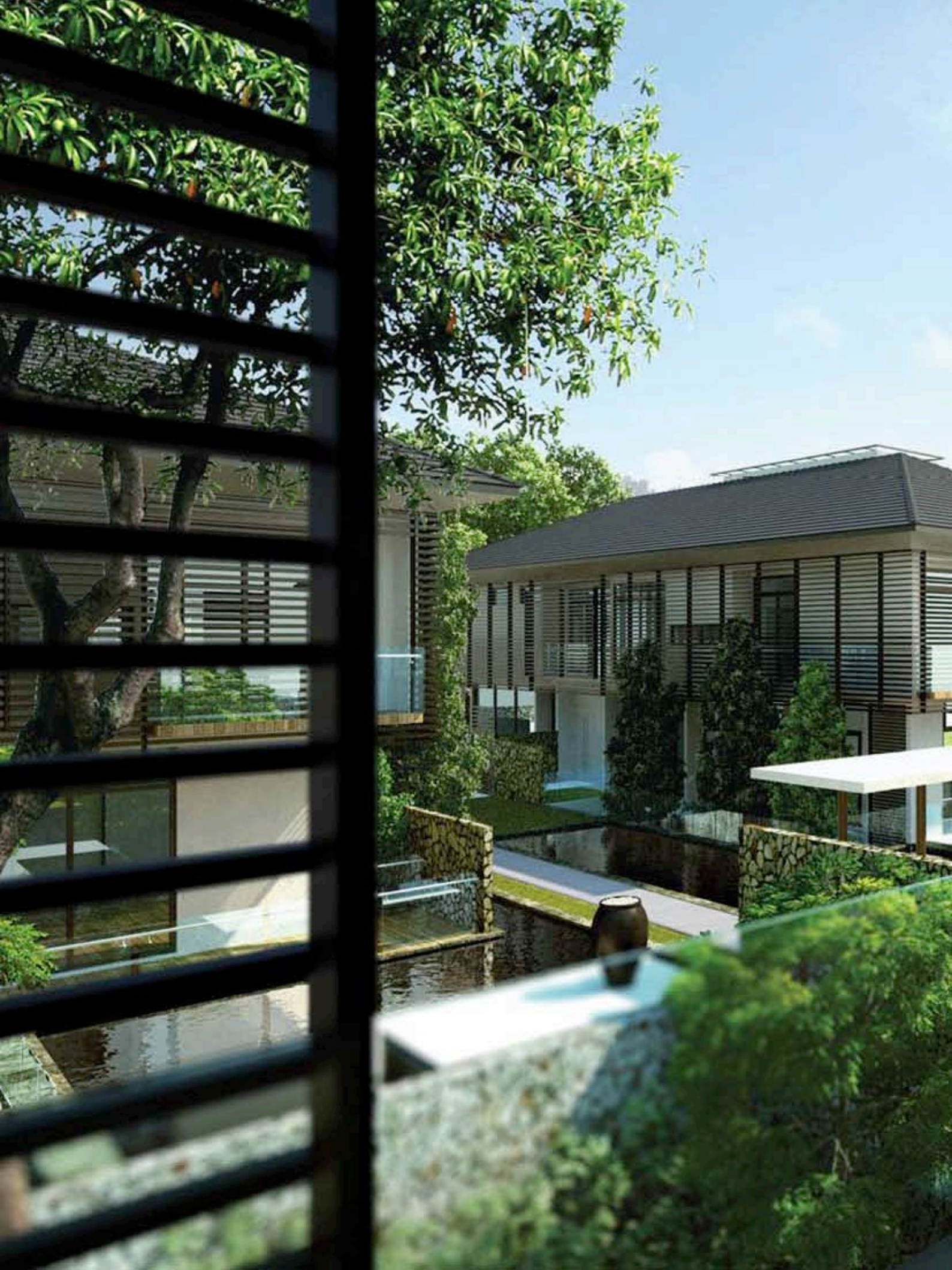


MulphaLand

ANNUAL REPORT 2009





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*Green living within the Enclave Bangsar. Low density, green spine garden concept.
(All Enclave Bangsar images in this annual report are artist illustration.)*

Corporate Information

BOARD OF DIRECTORS

Chung Tze Hien (Chairman)
Lai Meng (Chief Executive Officer)
Abdul Jalil bin Abdullah
Lim Kok Beng
Yong Wan Seong
Henry Choo Hon Fai

COMPANY SECRETARY

Ng Seng Nam

REGISTERED OFFICE

Bangunan Mulpha,
17, Jalan Semangat, 46100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel: (603) 7957 2233 Fax: (603) 7955 6685
Website: <http://www.mulphaland.com.my>

REGISTRARS

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House, Pusat Dagangan Dana 1,
Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor Darul Ehsan
Tel: (603) 7841 8000 Fax: (603) 7841 8008

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
AmBank Berhad

Enclave Bangsar is a gated and guarded sanctuary living environment with state of the art security system for each home.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of Mulpha Land Berhad will be held on Wednesday, 16 June 2010 at 10.00 am at Crystal Crown Hotel, 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited financial statements for the year ended 31 December 2009 and the Auditors' Report thereon. (Ordinary Resolution 1)
2. To re-elect the following Directors who retire in accordance with Article 76 of the Company's Articles of Association:
Mr Chung Tze Hien (Ordinary Resolution 2)
Mr Lai Meng (Ordinary Resolution 3)
3. To approve the payment of Directors' fees for the year ended 31 December 2009. (Ordinary Resolution 4)
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolution:-

5. Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965. (Ordinary Resolution 6)

"THAT pursuant to Section 132D of the Companies Act 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) percent of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

Notice of Annual General Meeting

AS SPECIAL BUSINESS (Contd.)

6. To transact any other business of which due notice shall have been received.

By order of the Board

Ng Seng Nam

Company Secretary

Petaling Jaya
25 May 2010

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
3. The instrument appointing the proxy must be deposited at the Company's Registered Office at No. 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory notes on Special Business

Ordinary Resolution 6 - Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965.

The proposed Resolution is to empower the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company. The Company did not issue any shares pursuant to the mandate granted last year. Nevertheless, a renewal of the mandate is sought to avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

Statement Accompanying Notice of Annual General Meeting

DIRECTORS STANDING FOR RE-ELECTION

The Directors who are standing for re-election are as follows:

Under Article 76

Mr Chung Tze Hien
Mr Lai Meng

Please refer to "Directors' Profile" on Pages 8 to 9 for information on the Directors who are standing for re-election.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 16 June 2010 at 10.00 am at Crystal Crown Hotel, 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan.

Indoor and outdoor living concept that expands living and dining space into green linear spine garden.



Group's Five Years Financial Highlights

	YEAR ENDED 31 DECEMBER				
	2009	2008	2007	2006	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,501	15,157	13,481	7,890	22,222
Profit/(loss) before taxation	6,653	1,543	97	441	1,206
Profit/(loss) after taxation	5,664	1,823	123	623	1,886
Profit/(loss) after minority interests	4,679	1,440	(416)	864	1,867
Issued share capital	91,321	91,321	91,321	91,321	91,321
Reserves	12,771	8,092	6,652	7,959	7,426
Total shareholders' funds	104,092	99,413	97,973	99,280	98,747
Total assets	167,350	168,984	129,104	132,675	122,215
Total liabilities	60,453	67,751	29,694	32,497	22,997
Minority interests	2,805	1,820	1,437	898	471
Earnings/(loss) per share (sen)	7.74	2.38	(0.69)	1.43	3.09
Net tangible assets per ordinary share (RM)	1.69	1.61	1.62	1.64	1.63

Group's Five Years Financial Highlights



Directors' Profile

Mr Chung Tze Hien

Non-Independent Non-Executive Chairman
Chairman of Nomination Committee
Member of Remuneration Committee

Mr Chung, aged 59, a Malaysian, was appointed a Director of the Company on 2 March 2001. He graduated from the University of Otago, New Zealand with a Commerce Degree and later proceeded to qualify as an Associate Member of the Institute of Chartered Accountants of New Zealand and the Institute of Chartered Secretaries and Administrators of United Kingdom. Prior to joining the Company, Mr Chung worked for and held senior managerial positions in several public listed companies in Hong Kong, Singapore and Malaysia involving a variety of industries and businesses. He is also a Director and Chief Executive Officer of Mulpha International Bhd and a Director of Mulpha Australia Limited, Mudajaya Group Berhad and Rotol Singapore Ltd.

Mr Lai Meng

Chief Executive Officer

Lai Meng, aged 54, a Malaysian, was appointed a Director and Chief Executive Officer on 31 March 2004. He graduated from the University of Malaya with a Bachelor of Economics and Statistics (1st Class Hons). He has served as Executive Director to the Board of IGB Berhad, Director (Corporate Affairs) with IGB Berhad, General Manager (Finance & Administration) with Tan & Tan Development Berhad, Corporate Planner with Kinta Kellas Investments Plc., Corporate Planner with Hong Kong Tin Corporation (Malaysia) Berhad (now known as YTL Corporation Berhad) and Senior Administration Officer in Bank Negara Malaysia.



Raintree Residence's restoration project with green approach of 3R's - reuse, recycle and reduce natural resources.

Lt. Col (R) Abdul Jalil bin Abdullah

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Nomination Committees

Lt. Col (R) Abdul Jalil bin Abdullah, aged 63, a Malaysian, has been a Director of the Company since 5 March 1997. He graduated with a Diploma in Automatic Data Processing from US Army Computer Management School in Fort Benjamin, USA in 1982 and Certificate in Personnel Management from Institute Tadbiran Awam Negara in 1976. Lt. Col (R) Abdul Jalil retired from the Malaysian Armed Forces in 1996 after serving for nearly 30 years.

Mr Lim Kok Beng

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination and Remuneration Committees

Mr Lim Kok Beng, aged 63, a Malaysian, was appointed to the Board on 28 August 2001. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has broad experience gained internationally in the fields of investment banking and corporate planning and has held Chief Executive positions in industrial, trading, development and information technology companies. He is a Senior Partner in a Chartered Accountants firm.

Mr Yong Wan Seong

Non-Independent Executive Director

Mr Yong Wan Seong, aged 45, a Malaysian, was appointed to the Board on 25 November 2002. He is a registered architect in Ohio and has practised in the States for 5 years as an architect with Van Dijk Pace Westlake Architects in Cleveland, Ohio. He later joined a major foreign development group for 3 years as Development Project Manager

overseeing daily operations of a 4000 acre Integrated Residential Development with Golf and Country Club with marina and equestrian facilities, north east of Houston, Texas. He is also the Deputy Chief Executive Officer of the property division of Mulpha International Bhd and is involved in master planning development townships, interior design works, sales and marketing and daily operations of the Group's projects.

Mr Yong has vast experience in urban design planning, historical preservation, architecture and interior design. He has also gained several state, national and international design awards, mention in various publications and participated in exhibitions overseas.

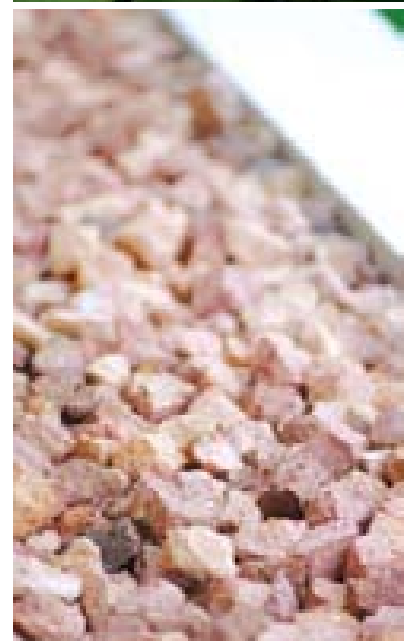
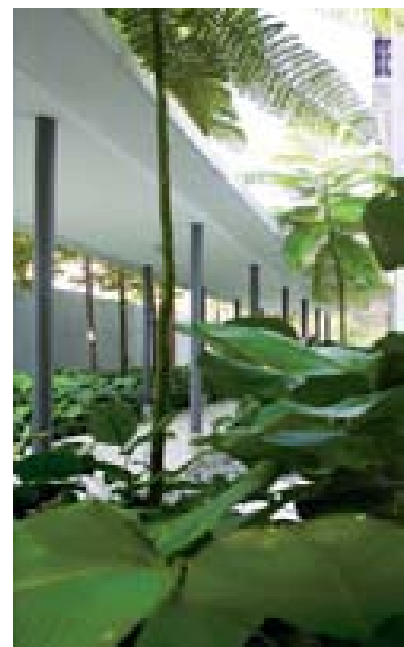
Mr Henry Choo Hon Fai

Independent Non-Executive Director
Member of Audit Committee

Mr Henry Choo, aged 37, a Malaysian, was appointed a Director of the Company on 13 September 2007. He started his career in 1994 as an Equity Research Analyst in Dao Heng Securities Ltd, Hong Kong. From 1996 to 2000, he was Director of Business Development at Fok Lee Sdn Bhd, a Specialist Contractor. From 2000 to 2010, he has been involved in Private Equity and Venture Capital, first with Intelligent Capital Sdn Bhd from 2000 to 2003, Artisan Encipta (M) Sdn Bhd from 2003 to 2004 and was Chief Operating Officer of Atlantic Quantum Sdn Bhd from 2006 to 2010. Between 2004 to 2006, he was the Executive Assistant to the Chairman of Silterra Malaysia Sdn Bhd. He graduated from La Trobe University, Melbourne, Australia with a Bachelor of Science degree (Computer Science). He is also a Director of Mudajaya Group Berhad.

Other information on Directors

The abovenamed six Directors have no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company and no convictions for any offences within the past 10 years.



Recycled construction materials for hardscapes in Raintree as a new features after refurbishment.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of your Company for the year ended 31 December 2009.

FINANCIAL HIGHLIGHTS

The Group achieved a significant improvement in profit after tax of RM5.66 million for the financial year ended 31 December 2009 compared to the preceding year's profit after tax of RM1.82 million. The better performance was mainly attributed to higher profit margin from the product mix sold and from the release of accrued development costs no longer required on completed properties. Consequently, earnings per share improved to 7.74 sen for the year 2009 against 2.38 sen recorded in year 2008.

REVIEW OF OPERATIONS

The Group continued its focus on the ongoing property developments located in the Northern region of Malaysia, enhanced its investment property with the refurbishment of Raintree Residence and commenced the construction of Enclave Bangsar stratified bungalows development.

Taman Desa Aman

Taman Desa Aman ("TDA") is a 426-acre master-planned township development located within the Northern Corridor Economic Region in Kulim, Kedah. It comprises of 3,178 of low to medium cost residential, commercial and industrial properties with a gross development value of RM411 million. Revenue for TDA in 2009 was more than doubled that of 2008 on the back of encouraging sales of its residential and commercial units. TDA achieved a profit of RM2.65 million against a loss of RM84,000 in the previous year.

Taman Bukit Panchor 2 and Taman Seri Bayu

Taman Bukit Panchor 2 and Taman Seri Bayu ("TBP/TSB") is located in Nibong Tebal, Seberang Perai Selatan, Penang and is a mixed development comprising 1,655 units of residential, commercial and industrial properties with a gross development value of RM295 million. It commands premium pricing and enjoys brisk sale of its products launched. TBP/TSB performed better in 2009 due to the higher margin from the products sold and from the release of accrued development costs from completed development properties. With the improvement in the economic environment, TBP/TSB plans to launch more shophouses and industrial products in 2010 and to complete the final phase of its residential products.

8 Kenny Hills is located at a cul-de-sac with access lane leading to Jalan Tunku. (Artist illustration)



Chairman's Statement

Raintree Residence

Raintree Residence is a low-rise low density apartments located in Ampang Hilir, Kuala Lumpur. Refurbishment works on the 12 units of luxurious semi furnished apartments (inclusive of 4 penthouse) were completed during the year and are currently being leased out at between 60% to 85% higher rental than that achieved before the refurbishment. The serviced suites are leased out to mainly expatriate tenants.

Enclave Bangsar

Enclave Bangsar is a stratified bungalows development on a 1.5-acre freehold land, developed under the Company's 3G blueprint (gated, guarded and generation) for human habitation. Seven deluxe 3-storey bungalows share a common communal linear extensively landscaped garden with water feature pools as part of the overall green evaporation concept. This unique design concept features linear garden that shields the driveway below to provide privacy and permits children to utilize the garden free from vehicular traffic. Each bungalow has its own private swimming pool, courtyard, skylight and a lift. Construction works have commenced during last quarter of the year and is scheduled for completion in 2012. This maiden high-end development will be the first Conquas evaluated project and a Green Building Index compliant project for the Company.

Bukit Tunku Project

The Bukit Tunku project comprises of 8 units of luxurious bungalows, each with a built-up area of between 8,500 sq ft to 12,000 sq ft. This development is located along Jalan Tunku in Bukit Tunku, Kuala Lumpur and is designed by world renowned architecture firm, Kerry Hills Architects. This project is pending planning approval.



8 Kerry Hills are super villas designed with the Aman Resorts approach.
(Artist illustration)

Corporate Development

Proposed Par Value Reduction and Amendments to the Company's Memorandum and Articles (M&A) of Association.

The Company announced on the 10th May 2010 the proposal to reduce the par value of existing shares from RM1.00 to RM0.10. The credit arising from the proposed reduction will be utilised to fully set-off against the accumulated losses of the Company and the remaining balance will be credited to capital reserves of the Company. The proposed par value reduction will not have any impact on the share price or the net tangible assets per share of the Company. The number of shares held by shareholders will remain unchanged.

The effective date for the proposed par value reduction will be the date of lodgement of the Court Sanction with the Companies Commission of Malaysia and is expected to be post maturity of the irredeemable convertible preference shares and the expiry of the Company's detachable warrants.

The Company's shares have been trading below its par value of RM1.00 per share. The below par value market price of the Company's shares is therefore not conducive for any fund raising and/or corporate exercises involving issuance of new shares. Accordingly, the proposed par value reduction will provide the Company with greater flexibility to raise funds and to implement future corporate proposals which entails the issuance of new shares. Consequence to the Par Value Reduction, the Company's M&A will have to be amended.

The Company is seeking shareholders' approval to proceed with the proposed par value reduction and the amendment to the M&A in the forthcoming EGM. Having obtained shareholders' approval, application will be made to the High Court of Malaya to sanction the exercise.

PROSPECTS

In tandem with the better economic outlook for year 2010, the property market is expected to be positive. In line with this, the Group will continue to focus on its development in the Northern region and also rolling out its high-end aspirational lifestyle project in Bangsar.

APPRECIATION

On behalf of the Board, I wish to express my appreciation to our customers, financier, business associates and shareholders for their continued support.

CHUNG TZE HIEN

Chairman

18 May 2010

Statement on Corporate Governance



"Bayu" single storey bungalow in Desa Aman.

The Listing Requirements of Bursa Malaysia Securities Berhad made it mandatory for listed companies to disclose their compliance with the Malaysian Code on Corporate Governance ("Code") which was revised on 1 October 2007. Set out below is a statement on how the Company has applied the principles and complied with the best practices laid down in the Code for the year ended 31 December 2009.

BOARD OF DIRECTORS

The Board

The Board has the overall responsibility for corporate governance, strategic direction, development and control of the Company. The Board has adopted all the six specific responsibilities as listed in the Code.

The Board has adopted a five year strategic plan and key performance indicators were developed towards achieving the objectives.

The Board meets at least four times a year, with additional meetings convened when necessary. Due notice is given for the meetings and matters to be dealt with. In the intervals between Board meetings, Board decisions for urgent matters are obtained via circular resolutions to which are attached sufficient information required for an informed decision.

Four Board meetings were held during the year ended 31 December 2009. The six Directors attended all the four meetings.

Board Balance

The Board currently has six members comprising two Executive Directors and four Non-Executive Directors. Of the four Non-Executive Directors, three are independent, thereby fulfilling the one-third requirement. A brief profile of each Director is presented on pages 8 to 9.

The Chairman is responsible for ensuring Board effectiveness and conduct. The Chief Executive Officer oversees the day-to-day operations and implementation of the Board's policies and decisions. There is active and unrestricted participation in the deliberations and decision making of the Board.

The Directors have extensive working experience and are from diverse professional backgrounds with a wide range of business and financial experience and knowledge.

There is proper balance in the Board with the presence of the Independent Directors. The role of the Independent Directors is particularly important as they provide unbiased and independent opinions and advice.

Mr Lim Kok Beng has been appointed by the Board as the Independent Non-Executive Director to whom any concern regarding the Company may be conveyed.

Statement on Corporate Governance

Supply of Information

All Directors are provided with an agenda and a set of Board papers in sufficient time prior to a Board meeting to enable the Directors to review and consider the items to be discussed at the Board meeting. The Board papers include, inter alia, the following:-

- (i) quarterly progress report by the Chief Executive Officer;
- (ii) quarterly financial report; and
- (iii) minutes/decisions of meetings of the Committees of the Board.

Directors may obtain independent professional advice in the furtherance of their duties at the Company's expense.

All Directors have access to the advice and services of the Company Secretary in carrying out their duties.

Appointments to the Board

The Nomination Committee recommends the appointment of new Directors to the Board. Visits to the Group's businesses and meetings with senior management will be arranged for the new Directors to facilitate their understanding of the Group. As part of the Continuing Education Programme, the Directors attended seminars and courses to keep abreast of current and regulatory matters.

Re-election

The Company's Articles of Association provide for all Directors who are appointed by the Board to be subject to election by the shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting provided always that all Directors shall retire from office at least once every three years but shall be eligible for re-election.



Terrace factory, the latest commercial development in Bukit Panchor.



Enclave Bangsar's open walk-in closet and bathroom innovative design.

Board Committees

The Board has delegated specific responsibilities to the following Committees:-

(a) Audit Committee

Please refer to the Audit Committee Report on pages 18 to 19.

(b) Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent, with Mr Chung Tze Hien as Chairman and Lt. Col (R) Abdul Jalil bin Abdullah and Mr Lim Kok Beng as members.

The main responsibilities of the Nomination Committee are as follows:-

- (i) recommend new nominees to the Board as well as Board Committees;
- (ii) assist the Board in annually reviewing its required mix of skills, experience and other qualities of the Non-Executive Directors; and
- (iii) assessing the effectiveness of the Board and Board Committees and the contribution of each Director.

During the year, the Nomination Committee met once and the meeting was attended by all its members.

(c) Remuneration Committee

The Remuneration Committee comprises of Non-Executive Directors. Its members are Lt. Col (R) Abdul Jalil bin Abdullah as Chairman and Mr Chung Tze Hien and Mr Lim Kok Beng as members.

The main responsibilities of the Remuneration Committee are to recommend to the Board the following:-

- (i) remuneration package of each Director of the Company; and
- (ii) incentive schemes, profit sharing arrangements or the like for management or other employees.

During the year, the Remuneration Committee met once and the meeting was attended by all its members.

Statement on Corporate Governance

DIRECTORS' REMUNERATION

The Company has adopted the objectives as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the remuneration is structured so as to link rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by each Director.

The Remuneration Committee recommends to the Board the remuneration (including fees) for each Director of the Company. Fees are subject to the approval of the shareholders. Reasonable expenses incurred by the Directors in the course of carrying out their duties are reimbursed by the Company.

For the year ended 31 December 2009, the Directors' remuneration of the Company amounted to RM77,000 representing fees payable to the three Independent Non-Executive Directors.

SHAREHOLDERS

Communication between the Company and Investors

The Board acknowledges the need for shareholders to be informed of all material business matters of the Company. Announcements to Bursa Malaysia are made on significant developments and matters within the Group. Financial results are released on a quarterly basis to provide shareholders with an overview of the Group's performance.

Shareholders' Meeting

The Company's practice is to give as much notice as possible to shareholders of its general meetings. In addition, notices of general meetings with sufficient information of business to be dealt with thereat are published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. General meetings are a mean of direct communication and interaction between the Company and shareholders. It is the policy of the Board to have all its members present at shareholders' meetings. At such meetings, shareholders are encouraged to participate in the question and answer session.

The new single-storey affordable house "Nova" in Bukit Panchor.



Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcement of results to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. The Board considers that in preparing the financial statements and announcements, the Group has used appropriate accounting policies and standards, consistently applied and supported by reasonable and prudent judgements and estimates.

Internal Control

The Board has overall responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. This system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Please refer to the Statement on Internal Control on pages 16 to 17.

Audit Committee

The information on the Audit Committee is presented in the Audit Committee Report on pages 18 to 19.

Through the Audit Committee, the Company has established an appropriate relationship with the Company's auditors, both internal and external. The external auditors attend the Audit Committee's meetings when necessary and may meet the Audit Committee without the presence of the management.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1965 to prepare financial statements which are in accordance with applicable approved financial reporting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- ensured that the financial statements are in accordance with the provisions of the Companies Act 1965, the applicable financial reporting standards and the Listing Requirements of Bursa Malaysia;
- adopted the appropriate accounting policies and applied them consistently; and
- made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that the Group and Company keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

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

OTHER INFORMATION

Material Contracts

Other than those disclosed in the financial statements, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders.

Seri Bayu showhouse in Bukit Panchor.



Statement on Internal Control



Villas in Enclave Bangsar are private sanctuary designed to accommodate modern lifestyle living.

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") require Directors of listed companies to include a statement in their annual reports on the state of their internal controls. The BMSB's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. We set out below the Statement on Internal Control which has been prepared in accordance with the Guidance.

Responsibility

The Board of Directors acknowledges responsibility for maintaining a sound system of internal controls and for reviewing its adequacy and integrity. The system of internal controls, designed to safeguard shareholders' investments and the Group's assets, covers not only financial controls but also operational and compliance controls and risk management. Such systems, however, are designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the systems can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

Risk Management

Risk management is considered by the Board of Directors as an integral part of the business operations. The risk management function is undertaken by the Risk Management Department of Mulpha International Bhd, the Company's holding company. The Risk Management Committee of the holding company oversees the risk management process. All reports on risk management are reviewed by the Audit Committee of the Company.

The Group has in place a risk management framework to identify, evaluate, monitor and manage risks that may affect the Group's businesses. The framework focuses on the property sector which is the core business of the Group. Included in the framework is the Enterprise Risk Management Policy and Procedure which is based on the Australia/ New Zealand standard 4630 : 2004, one of the global authoritative standards for Enterprise Risk Management. The risk management system is web-based which enhances the efficiency of the risk management process.

Statement on Internal Control

Key Elements of Internal Control

The other key elements of the Group's internal control system include the following:-

- clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board of Directors;
- internal policies and procedures are in place which are updated as and when necessary;
- reporting systems are in place which generate financial and other reports for the Board of Directors and management. Monthly management meetings are held during which the reports are discussed and the necessary action taken;
- annual business plans and budgets are prepared and actual performance is reviewed against the budgets on a monthly basis; and
- the adequacy and effectiveness of the system of internal controls is continually assessed by the Internal Audit Department of the holding company and reviewed by the Audit Committee of the Company.

Internal Audit

The internal audit functions of the Group are performed by the Internal Audit Department of the holding company. The Internal Audit Department undertakes review of the system of internal controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

Monitoring and Review of the System of Internal Controls

During the year, a number of improvements to internal controls were identified and implemented. No weaknesses were noted which have a material impact on the Group's financial performance or operations.

The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that risks are at an acceptable level. Such procedures and systems, however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

Open space designer kitchen in Enclave Bangsar villas.



Audit Committee Report

Constitution

The Audit Committee (“the Committee”) was established pursuant to a resolution of the Board of Directors passed on 10 April 1997. The current members of the Committee are as follows:-

Mr Lim Kok Beng (Chairman)

- Independent Non-Executive Director

Lt. Col (R) Abdul Jalil bin Abdullah

- Independent Non-Executive Director

Mr Henry Choo Hon Fai

- Independent Non-Executive Director

Terms of Reference

The terms of reference of the Committee are as follows:-

1. Composition

The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company. The Committee shall comprise of not less than three members. All the members must be Non-Executive Directors, with a majority of them being Independent Directors. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by the Exchange. One of the members of the Committee who is an Independent Director shall be appointed Chairman of the Committee by the members of the Committee.

2. Meetings and Minutes

The Committee shall meet at least four times a year. A quorum shall be at least two members present, the majority of whom shall be Independent Directors. The Committee may request any member of the management and representatives of the external auditors to be present at meetings of the Committee. Minutes of each Committee meeting are to be prepared and distributed to each member of the Committee and Board of Directors. The Company Secretary or his Assistant shall be the Secretary of the Committee.

3. Authority

The Committee is authorised by the Board of Directors:-

- (a) to investigate any matter of the Company and its subsidiaries within its terms of reference;
- (b) to seek any information it requires from any employee for the purpose of discharging its functions and responsibilities and all employees are directed to cooperate with any request made by the Committee;
- (c) to obtain legal or other independent professional advice and to secure the attendance of outsiders with the experience and expertise if it considers it necessary to do so; and
- (d) to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company and subsidiaries, whenever deemed necessary.

4. Duties and Responsibilities

The duties and responsibilities of the Committee shall be as follows and will cover the Company and its subsidiaries:-

- (a) to consider the appointment of external auditors, their terms of appointment and reference and any questions of resignation or dismissal;
- (b) to review with the external auditors their audit plan, scope and nature of audit;
- (c) to review the quarterly and annual financial statements before submission to the Board, focussing particularly on:-
 - any changes in accounting policies and practices;
 - major judgemental areas;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - compliance with accounting standards; and
 - compliance with stock exchange and legal requirements.
- (d) to review and assess the adequacy and effectiveness of the systems of internal control and accounting control procedures by reviewing the external auditors’ management letters and management response;

Audit Committee Report

4. Duties and Responsibilities (Contd.)

- (e) to hear from and discuss with the external auditors any problem and reservation arising from their interim and final audits or any other matter that the external auditors may wish to highlight;
- (f) to review the internal audit programme, consider the findings of internal audit and the actions and steps taken by management in response to such findings and ensure co-ordination between the internal and external auditors;
- (g) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (h) to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures relating to such transactions are adequate;
- (i) to review the process for identifying, evaluating, monitoring and managing significant risks;
- (j) to undertake such other responsibilities as may be delegated by the Board of Directors from time to time; and
- (k) to report to the Board of Directors its activities and findings.

Attendance at Meetings

During the year, the Committee held five meetings which were attended by all its members.

The meetings of the Committee were also attended by Mr Lai Meng, the Chief Executive Officer of the Company and Mr Jared Ng, the Internal Audit Manager of the holding company, by invitation.

Activities

During the year, the Committee carried out its activities in line with its terms of reference.

Internal Audit Functions

The internal audit functions of the Company are performed by the Internal Audit Department of Mulpha International Bhd, the Company's holding company. The principal objective of the internal audit functions is to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

The attainment of such objective involves the following major activities being carried out by the Department:-

- (a) review and appraise the adequacy, effectiveness and reliability of internal control systems, policies and procedures;
- (b) monitor the adequacy, reliability, integrity, security and timeliness of financial and other management information systems;
- (c) determine the extent of compliance with relevant laws, codes, standards, regulations, policies, plans and procedures;
- (d) review the efficiency and effectiveness of operations and identify risk exposure; and
- (e) review and verify the means used to safeguard assets.

The Company was not charged any fee for 2009 for the internal audit service provided by the Internal Audit Department of the Company's holding company.

The 3-floors villas in Enclave Bangsar are equipped with a private glass lift each.



Statement On Corporate Social Responsibility

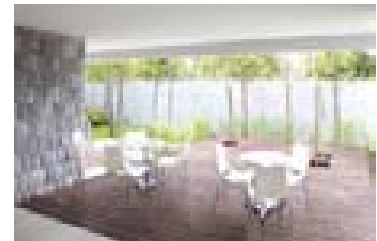
Mulpha Land Berhad recognises the ever growing importance of corporate social responsibility in its conduct and practices. As a property development company, we strive to maintain a sustainable development, utilising natural resources in a responsible manner.

Our refurbishment project, the Raintree Residence, is a perfect example of incorporating energy saving technology throughout the whole building. We also recycle, reuse and reduce by preserving existing building materials to reduce carbon wastage and environmental degradation. The mature landscape trees were protected and new landscapes were incorporated to promote the eco-friendly concept.

We strive to enhance and incorporate these energy-saving features to all our new developments with new technology and latest practices in the market. The blueprint of our latest sustainable design approach, Enclave Bangsar, will include design specifications that adopt green features for efficiency in water and energy usage with Green Architectural Concept in mind, all rainwater will be required to be collected and reuse for landscaping. Ground level of each unit has added openings for natural lighting and cross ventilation. This will help in reducing the requirement for artificial lighting.



Community recycling bin.



Indoor and outdoor living space at Raintree.

Each villa in Enclave Bangsar is built with superb functionality and versatility with superior design implanted with energy and water conservation system.



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Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property development and property investment.

The principal activities of the subsidiaries are investment holding, property development, property investment and operation of a quarry plant.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year	5,664	(208)
Attributable to:		
Equity holders of the Company	4,679	(208)
Minority interests	985	-
	5,664	(208)

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

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.

DIVIDENDS

The Directors do not recommend any dividend for the financial year ended 31 December 2009.

Directors' Report

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Chung Tze Hien
Lai Meng
Lim Kok Beng
Abdul Jalil Bin Abdullah
Yong Wan Seong
Henry Choo Hon Fai

DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965 an interest in shares and warrants of the Company and its related corporations as stated below.

Number of Ordinary Shares of RM1 Each			
At 1.1.2009	Acquired	Sold	At 31.12.2009
Direct interest in shares of the Company			
Abdul Jalil Bin Abdullah			
24,000	-	-	24,000
Number of Ordinary Shares of RM0.50 Each			
At 1.1.2009	Acquired	Sold	At 31.12.2009
Direct interest in shares of Mulpha International Bhd, the holding company			
Yong Wan Seong			
30,000	-	-	30,000
Warrants issued pursuant to a Deed Poll dated 11 May 2000 exercisable at any time from 22 August 2000 to 21 August 2010			
At 1.1.2009	Acquired	Sold	At 31.12.2009
Direct interest in warrants of the Company			
Abdul Jalil Bin Abdullah			
12,000	-	-	12,000

Other than as disclosed above, none of the other Directors in office at the end of the financial year held any interest in shares of the Company and its related corporations.

Directors' Report

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than by virtue of warrants held in the Company as disclosed above.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amounts 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 substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report

OTHER STATUTORY INFORMATION (CONTD.)

(e) As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group and of the Company which have arisen since the end of the financial year.

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

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

Lai Meng

Yong Wan Seong

Statement By Directors/Statutory Declaration

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Lai Meng and Yong Wan Seong, being two of the Directors of Mulpha Land Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 29 to 75 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Lai Meng

Yong Wan Seong

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Koh Huat Lai, being the officer primarily responsible for the financial management of Mulpha Land Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 75 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Koh Huat Lai
at Petaling Jaya in the State of
Selangor Darul Ehsan on 21 April 2010.

Koh Huat Lai

Before me,

FARIDAH BT SULAIMAN
Commissioner of Oaths
Petaling Jaya

Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA LAND BERHAD - COMPANY NO: 182350-H (Incorporated In Malaysia)

Report of the Financial Statements

We have audited the financial statements of Mulpha Land Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 75.

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's and the Group'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 and of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MULPHA LAND BERHAD - COMPANY NO: 182350-H (Incorporated In Malaysia) (CONTD.)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
21 April 2010

Kua Choh Leang
No. 2716/01/11 (J)
Chartered Accountant

Income Statements

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	4	13,501	15,157	439	135
Cost of sales	5	(5,512)	(11,633)	(731)	(439)
Gross profit/(loss)		7,989	3,524	(292)	(304)
Other income	6	2,229	2,140	1,455	2,984
Other expenses		(3,291)	(2,551)	(1,125)	(758)
Operating profit		6,927	3,113	38	1,922
Share of loss of an associate		-	(153)	-	-
Finance costs	9	(274)	(1,417)	(274)	(1,175)
Profit/(loss) before taxation	7	6,653	1,543	(236)	747
Income tax expense	10	(989)	280	28	171
Profit/(loss) for the year		5,664	1,823	(208)	918
Attributable to:					
Equity holders of the Company		4,679	1,440	(208)	918
Minority interests		985	383	-	-
		5,664	1,823	(208)	918
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11	7.74	2.38		

The annexed notes form an integral part of these financial statements.

Balance Sheets

BALANCE SHEETS AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	561	608	-	1
Investment properties	13	21,765	21,545	20,498	20,263
Investments in subsidiaries	14	-	-	8,104	8,104
Land held for property development	15	96,344	106,043	11,411	29,620
Goodwill	16	1,891	1,891	-	-
		120,561	130,087	40,013	57,988
Current assets					
Property development costs	15	35,126	20,897	19,284	-
Inventories	17	4,400	6,108	-	-
Trade and other receivables	18	4,560	5,472	57,047	60,972
Cash and bank balances	19	2,703	6,420	1,249	3,844
		46,789	38,897	77,580	64,816
TOTAL ASSETS		167,350	168,984	117,593	122,804

Balance Sheets

BALANCE SHEETS AS AT 31 DECEMBER 2009 (CONTD.)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	91,321	91,321	91,321	91,321
Share premium	21	16,179	16,179	16,179	16,179
Capital reserve	21	26	26	-	-
Accumulated losses		(3,434)	(8,113)	(4,786)	(4,578)
		104,092	99,413	102,714	102,922
Minority interests		2,805	1,820	-	-
Total equity		106,897	101,233	102,714	102,922
Non-current liabilities					
Deferred tax liabilities	22	7,483	7,616	-	-
Bank borrowings	23	30,908	35,927	6,200	11,000
		38,391	43,543	6,200	11,000
Current liabilities					
Trade and other payables	24	16,415	18,679	3,395	3,353
Tax payable		363	-	-	-
Bank borrowings	23	5,284	5,529	5,284	5,529
		22,062	24,208	8,679	8,882
Total liabilities		60,453	67,751	14,879	19,882
TOTAL EQUITY AND LIABILITIES		167,350	168,984	117,593	122,804

The annexed notes form an integral part of these financial statements.

Statements Of Changes In Equity

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

Group	Attributable to Equity Holders of the Company					Minority Interests	Total Equity	
	< Non-Distributable >		Distributable					
	Share Capital					Total	RM'000	
	Ordinary shares Note 20 RM'000	Irredeemable convertible preference shares Note 20 RM'000	Share premium Note 21 RM'000	Capital reserves Note 21 RM'000	Accumulated losses RM'000			
At 1 January 2008	60,490	30,831	16,179	26	(9,553)	97,973	1,437	99,410
Net profit for the year, representing total recognised income and expense for the year	-	-	-	-	1,440	1,440	383	1,823
At 31 December 2008	60,490	30,831	16,179	26	(8,113)	99,413	1,820	101,233
Net profit for the year, representing total recognised income and expense for the year	-	-	-	-	4,679	4,679	985	5,664
At 31 December 2009	60,490	30,831	16,179	26	(3,434)	104,092	2,805	106,897

Statements Of Changes In Equity

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTD.)

Company	Share Capital		Non-Distributable	Distributable	Total Equity
	Ordinary shares Note 20 RM'000	Irredeemable convertible preference shares Note 20 RM'000	Share premium Note 21 RM'000	Accumulated losses RM'000	RM'000
At 1 January 2008	60,490	30,831	16,179	(5,496)	102,004
Net profit for the year, representing total recognised income and expense for the year	-	-	-	918	918
At 31 December 2008	60,490	30,831	16,179	(4,578)	102,922
Net loss for the year, representing total recognised income and expense for the year	-	-	-	(208)	(208)
At 31 December 2009	60,490	30,831	16,179	(4,786)	102,714

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	6,653	1,543	(236)	747
Adjustments for:				
Property, plant and equipment				
- depreciation	62	107	-	39
- gain on disposal	-	(80)	-	(79)
Investment properties				
- depreciation	399	268	380	251
(Gain)/loss on disposal of a subsidiary	-	(13)	-	40
Write back of provision for doubtful debts				
- trade receivables	(147)	(605)	(147)	(605)
- inter company	-	-	-	(509)
Waiver of inter company balances	-	-	-	(801)
Write off of property, plant and equipment	1	-	1	-
Interest expense	274	1,417	274	1,175
Interest income	(356)	(1,090)	(884)	(990)
Operating profit/(loss) before working capital changes	6,886	1,547	(612)	(732)

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTD.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Inventories	1,708	2,615	-	-
Receivables	1,063	532	378	1,076
Payables	(2,385)	413	(125)	(447)
Property development costs	(4,579)	(2,244)	(1,075)	(2,651)
Related companies	63	761	3,758	(1,734)
Associate	-	(3,124)	-	3,567
Holding company	156	506	156	506
Cash generated from/(used in) operating activities	2,912	1,006	2,480	(415)
Interest paid	(274)	(1,417)	(274)	(1,175)
Tax refund/(paid)	(759)	220	28	171
Net cash generated from/(used in) operating activities	1,879	(191)	2,234	(1,419)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of land held for development	-	(237)	-	-
Additional investment in a subsidiary (Note 14 (a))	-	102	-	(153)
Proceed from disposal of a subsidiary (Note 14 (b))	-	9	-	150
Proceeds from disposal of property, plant and equipment	-	442	-	441
Purchase of property, plant and equipment	(16)	(102)	-	(1)
Purchase and refurbishment cost of investment property	(672)	(5,476)	(668)	(4,574)
Interest received	356	1,090	884	990
Net cash (used in)/generated from investing activities	(332)	(4,172)	216	(3,147)

Cash Flow Statements

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTD.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
CASH FLOWS FROM FINANCING ACTIVITY				
Net drawdown/(repayment) of borrowings	(5,019)	5,627	(4,800)	3,800
Net cash generated from/(used in) financing activity	(5,019)	5,627	(4,800)	3,800
NET CHANGES IN CASH AND CASH EQUIVALENTS	(3,472)	1,264	(2,350)	(766)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,691	4,427	3,115	3,881
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE a)	2,219	5,691	765	3,115
a) Cash and cash equivalents				
Cash and bank balances (Note 19)	2,703	6,420	1,249	3,844
Overdrafts (Note 23)	(484)	(729)	(484)	(729)
	2,219	5,691	765	3,115

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Bangunan Mulpha, 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding company of the Company is Mulpha International Bhd, which is incorporated in Malaysia and produces financial statements available for public use.

The Company is principally engaged in investment holding, property development and property investment.

The subsidiaries are principally engaged in investment holding, property development, property investment and operation of a quarry plant.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of the significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM) and all values rounded to the nearest thousand (RM'000) except when otherwise indicated.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

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

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

(ii) Basis of Consolidation

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

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

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

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being 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. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, Plant and Equipment, and Depreciation

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight line and reducing balance basis, as appropriate, to write off the cost of the property, plant and equipment to its residual value over the estimated useful life, at the following annual rates:

Freehold buildings	2%
Plant, machinery and equipment	20%
Motor vehicles	20%
Office equipment, furniture and fittings	10 - 20%

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal or use. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

(f) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised 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.

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Land Held for Property Development and Property Development Costs (Contd.)

(ii) Property Development Costs (Contd.)

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(g) Impairment of Non-financial Assets

The carrying amounts of assets, other than property development costs, inventories, deferred tax assets 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 to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Impairment of Non-financial Assets (Contd.)

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

(h) Inventories

Inventories comprise completed properties stated at the lower of cost and net realisable value. Completed properties comprise land and development expenditure and are determined on a specific identification method. Net realisable value represents the estimated selling price less cost to be incurred in selling.

(i) Financial Instruments

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

(i) Cash and Cash Equivalents

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

(ii) Trade and Other Receivables

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Financial Instruments (contd.)

(iii) Trade and Other Payables

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

(iv) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(vi) Derivative Financial Instruments

The derivative financial instruments not recognised in the financial statements are warrants. The terms and conditions of the warrants are described in Note 20.

(j) Income Tax

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Income Tax (Contd.)

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or expenses and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Provisions

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

(l) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred.

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund. Such contribution are recognised as an expense in the income statement when incurred.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Revenue Recognition

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

(i) Sale of Properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2(f)(ii).

(ii) Sale of Goods

Revenue is recognised net of discounts upon the transfer of risks and rewards.

(iii) Rental Income

Rental income from investment property is recognised on a straight line basis over the term of lease.

(iv) Interest Income

Interest income is recognised as it accrues on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

(v) Dividend Income

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

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Notes to the Financial Statements

2.1 CHANGES IN APPLICABLE FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS

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

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 7: Financial Instruments: Disclosures

FRS 101 (Revised): Presentation of Financial Statements

FRS 123 (Revised): Borrowing Costs

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

Amendments to FRS 132: Financial Instruments: Presentation

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

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

Effective for financial periods beginning on or after 1 July 2010

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 15: Agreements for the Construction of Real Estate

Notes to the Financial Statements

2.1 CHANGES IN APPLICABLE FRSs, AMENDMENTS TO FRSs AND INTERPRETATIONS (CONTD.)

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

(i) FRS 101 (Revised): Presentation of Financial Statements

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

(ii) FRS 8: Operating Segments

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

(iii) IC Interpretations 15: Agreements for the Construction of Real Estate

This Interpretation requires that when the real estate developer is providing construction services to the buyer's specifications, revenue can be recorded only as construction progresses. Otherwise, revenue should be recognised on completion of the relevant real estate unit. The Group is currently assessing the impact of the adoption of this interpretation.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key Sources of Estimation Uncertainty

The 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 are discussed below.

(i) 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 consultants.

The property development revenue and costs recognised in the current year and prior year are disclosed in Note 4 and 5 respectively.

(ii) Impairment of property, plant and equipment and land held for property development

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating units (CGUs) to which the property, plant and equipment and land held for property development are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of property, plant and equipment of the Group and of the Company as at 31 December 2009 was RM561,000 (2008: RM608,000) and RMNil (2008: RM1,000) respectively. The carrying amount for land held for property development of the Group and of the Company as at 31 December 2009 was RM96,344,000 (2008: RM106,043,000) and RM11,411,000 (2008: RM29,620,000) respectively.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value and value-in-use of the cash-generating unit (CGU) to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2009 was RM1,891,000 (2008: RM1,891,000). Further details are disclosed in Note 16.

Notes to the Financial Statements

4. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of properties	12,610	14,846	-	-
Rental of investment properties	456	135	439	135
Operation of a quarry plant	435	176	-	-
	13,501	15,157	439	135

5. COST OF SALES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of properties	4,748	11,194	-	-
Rental of investment properties	764	439	731	439
	5,512	11,633	731	439

6. OTHER INCOME

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest income	356	1,090	884	990
Rental income	476	339	-	-
Gain on disposal of property, plant and equipment	-	80	-	79
Waiver of inter company balances	-	-	-	801
Write back of provision for doubtful debts:				
- trade receivables	147	605	147	605
- inter company	-	-	-	509
Liquidated ascertained damages received/ write back	590	-	72	-
Miscellaneous	660	26	352	-
	2,229	2,140	1,455	2,984

Notes to the Financial Statements

7. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
This is arrived at after charging/(crediting) the following:				
Staff cost	75	54	75	54
Auditors' remuneration	73	63	40	37
Property, plant and equipment				
- depreciation	62	107	-	39
- written off	1	-	1	-
Depreciation on investment properties	399	268	380	251
Directors' fees	97	87	77	64
(Gain)/loss on disposal of a subsidiary	-	(13)	-	40
Rental of land and buildings	73	62	-	-
Staff cost comprises:				
Salaries and allowances	66	48	66	48
Defined contribution plans	8	5	8	5
Social security cost	1	1	1	1
	75	54	75	54

Notes to the Financial Statements

8. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received/receivable by the Directors of the Group and of the Company during the year were as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-Executive - fees				
Directors of the Company	77	64	77	64
Directors of a subsidiary	20	23	-	-
	97	87	77	64

The number of Directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2009	2008
Non-Executive Directors		
Below RM50,000	3	3

Key management personnel whom also includes Executive Directors of the Company are employed by the holding company and its related company which pay their remuneration.

Notes to the Financial Statements

9. FINANCE COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank overdraft	49	34	49	34
Bridging loan	-	51	-	-
Term loans	225	1,286	225	1,141
Others	-	46	-	-
	274	1,417	274	1,175

The interest on term loans due by a subsidiary are capitalised into land held for property development during the year.

10. INCOME TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysian income tax:				
Current	1,150	-	-	-
Over provision in prior years	(28)	(220)	(28)	(171)
Deferred tax relating to origination and reversal of temporary differences (Note 22)	(133)	(60)	-	-
	989	(280)	(28)	(171)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

Notes to the Financial Statements

10. INCOME TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2009 RM'000	2008 RM'000
Group		
Profit before taxation	6,653	1,543
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	1,663	401
Effect of income not subject to tax	(404)	(25)
Effect of expenses not deductible for tax purposes	86	523
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(328)	(959)
Over provision of tax expense in prior years	(28)	(220)
Tax expense for the year	989	(280)
Company		
(Loss)/profit before taxation	(236)	747
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(59)	194
Effect of income not subject to tax	-	(208)
Effect of expenses not deductible for tax purposes	57	197
Deferred tax asset not recognised	2	-
Utilisation of previously unrecognised tax losses	-	(183)
Over provision of tax expense in prior years	(28)	(171)
Tax expense for the year	(28)	(171)

Notes to the Financial Statements

11. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the 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
Profit attributable to ordinary equity holders of the Company (RM'000)	4,679	1,440
Number of ordinary shares in issue ('000)	60,490	60,490
Basic earnings per share for: Profit for the year (sen)	7.74	2.38

The effect on the basic earnings per share for the current financial year arising from the assumed conversion of the warrants and irredeemable convertible preference shares is anti-dilutive. Accordingly, the diluted earnings per share for the current year is equal to basic earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

Group						
At 31 December 2009						
	Freehold Land RM'000	Building RM'000	Plant, Machinery and Equipment RM'000	Motor Vehicles RM'000	Office Equipment, Furniture and Fittings RM'000	Total RM'000
Cost						
At 1 January 2009	-	616	-	155	155	926
Additions	-	12	-	-	4	16
Write off	-	-	-	-	(1)	(1)
At 31 December 2009	-	628	-	155	158	941
Accumulated Depreciation and Impairment Losses						
At 1 January 2009	-	68	-	111	139	318
Depreciation charge for the year	-	24	-	34	4	62
At 31 December 2009	-	92	-	145	143	380
Net Carrying Amount						
At 31 December 2009	-	536	-	10	15	561
Analysis						
Accumulated depreciation	-	92	-	145	143	380

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group							
At 31 December 2008							
	Freehold		Plant, Machinery and	Motor	Office		
	Land	Building	Equipment	Vehicles	Equipment, Furniture and Fittings	Total	
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2008	33	2,499	187	152	368	3,239	
Additions	-	94	-	6	2	102	
Disposals	(69)	(426)	-	(3)	-	(498)	
Transfers/Write off	36	(1,551)	(187)	-	(215)	(1,917)	
At 31 December 2008	-	616	-	155	155	926	
Accumulated Depreciation and Impairment Losses							
At 1 January 2008	-	427	187	75	348	1,037	
Depreciation charge for the year	-	62	-	39	6	107	
Disposals	-	(133)	-	(3)	-	(136)	
Transfers/Write off	-	(288)	(187)	-	(215)	(690)	
At 31 December 2008	-	68	-	111	139	318	
Net Carrying Amount							
At 31 December 2008	-	548	-	44	16	608	
Analysis							
Accumulated depreciation	-	68	-	111	139	318	

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company

At 31 December 2009

Cost and Net Carrying Amount	Freehold	Building	Office	Total
	Land		Equipment	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	-	-	1	1
Write off	-	-	(1)	(1)
At 31 December 2009	-	-	-	-

At 31 December 2008

Cost	Freehold	Building	Office	Total
	Land		Equipment	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	69	2,138	-	2,207
Addition	-	-	1	1
Disposals	(69)	(426)	-	(495)
Reclassification to investment properties	-	(1,712)	-	(1,712)
At 31 December 2008	-	-	1	1
Accumulated Depreciation				
At 1 January 2008	-	382	-	382
Depreciation charge for the year	-	39	-	39
Disposals	-	(133)	-	(133)
Reclassification to investment properties	-	(288)	-	(288)
At 31 December 2008	-	-	-	-
Net Carrying Amount				
At 31 December 2008	-	-	1	1

Notes to the Financial Statements

13. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Costs				
At 1 January	22,460	15,272	21,156	14,870
Refurbishment costs during the year	672	4,682	668	4,574
Reclassification from property, plant and equipment	-	1,712	-	1,712
Additions during the year	-	794	-	-
Disposal during the year	(63)	-	(63)	-
At 31 December	23,069	22,460	21,761	21,156
Accumulated Depreciation				
At 1 January	915	359	893	354
Current year depreciation	399	268	380	251
Reclassification from property, plant and equipment	-	288	-	288
Disposal during the year	(10)	-	(10)	-
At 31 December	1,304	915	1,263	893
Carrying value	21,765	21,545	20,498	20,263
Investment properties, at fair value	22,718	22,766	21,464	21,498

Notes to the Financial Statements

13. INVESTMENT PROPERTIES (CONTD.)

The investment properties consist of the following:

- (a) Freehold land and a five-storey residential building located in the Mukim of Ampang, Kuala Lumpur with a carrying value of RM19,109,000 and a fair value of RM20,075,000. The fair value was based on Directors' estimation.
- (b) Two units of apartments located at Leisure Farm Resort, Gelang Patah, Johor with a carrying value of RM460,000 and a fair value of RM460,000 as at 31 December 2009. The fair value was based on Directors' estimation.
- (c) Freehold land located at Leisure Farm, Gelang Patah, Johor with a carrying value of RM794,000 and a fair value of RM794,000 as at 31 December 2009. The fair value was based on Directors' estimation.
- (d) Two office lots, located at Pusat Dagangan Phileo Damansara II, Petaling Jaya and Sri Damansara Business Park, Kuala Lumpur with fair values of RM1,049,000 and RM340,000 respectively. The fair values were based on Directors' estimation.

An investment property with carrying value of RM19,109,000 is pledged as security for bank borrowings as disclosed in Note 23.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	RM'000	RM'000
Unquoted shares, at cost	14,348	14,385
Additional investment in a subsidiary (Note14 (a))	-	153
Less: Disposal of a subsidiary (Note14 (b))	-	(190)
Less: Accumulated impairment losses	(6,244)	(6,244)
	8,104	8,104

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2009 %	2008 %
Dynamic Unity Sdn Bhd	Malaysia	Investment holding	100	100
Golden Cignet Sdn Bhd	Malaysia	Property development	100	100
Indahview Sdn Bhd	Malaysia	Investment holding and property investment	100	100
Bukit Punchor Development Sdn Bhd	Malaysia	Property development	70	70
Mulpha Argyle Property Sdn Bhd	Malaysia	Property development	51	51
MLB Quarry Sdn Bhd	Malaysia	Operation of a quarry plant	60	60
Pintar Citra Sdn Bhd	Malaysia	Inactive	100	100
Asas Struktur Sdn Bhd	Malaysia	Inactive	51	51
Prudent Gain Sdn Bhd	Malaysia	Inactive	51	51
Prudent Design Sdn Bhd	Malaysia	Inactive	51	51
Mega Pascal EC Sdn Bhd	Malaysia	Dormant	100	100

(a) Additional investment in a subsidiary

During the previous financial year 2008, the Company increased its cost of investment in Mulpha Argyle Property Sdn Bhd (MAPSB) from RM2 to RM153,000.

Prior to 1 December 2008, MAPSB was recognised as an associate.

With effect from 1 December 2008, the Company consolidated MAPSB as its subsidiary as the Company has control over the financial and operational policies of MAPSB.

The consolidation of MAPSB as a subsidiary resulted in a goodwill of RM1,891,162.

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(a) Additional investment in a subsidiary (Contd.)

The subsidiary had the following effect to the financial statements of the Group in the previous financial year 2008:

	1.12.2008 to 31.12.2008 RM'000
Loss for the period	(245)

If the acquisition had occurred on 1 January 2008, the Group would have consolidated a loss of RM1,208,151 attributable to the acquired subsidiary.

The assets and liabilities arising from the acquisition in the previous financial year 2008 were as follows:

	1.12.2008 RM'000
Development properties	33,324
Cash and bank balances	255
Inter company balances	(6,385)
Trade and other creditors	(70)
Borrowings	(23,100)
Amount due to shareholders	(5,762)
Fair value of net assets acquired	(1,738)
Goodwill	1,891
Total cost	153
Less: Cash at bank	(255)
Net cash inflow arising from investment in a subsidiary	(102)

(b) Disposal of a subsidiary

During the previous financial year 2008, the Company disposed of the entire issued and paid-up share capital of Purnama Suri Sdn Bhd for a cash consideration of RM150,000. The disposal did not have any material impact to the financial statements of the Group and resulted in Group cash flow impact of RM9,000.

Notes to the Financial Statements

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Group	
	2009 RM'000	2008 RM'000
Freehold land held for development		
At 1 January	106,043	75,073
Addition during the year	4,605	2,661
Acquisition of a subsidiary during the year	-	33,324
Transfer to property development costs	(14,304)	(5,015)
Carrying amount at 31 December	96,344	106,043
Property development costs		
At 1 January:		
Freehold land	13,647	13,647
Development costs	38,373	46,952
	52,020	60,599
Cost incurred during the year:		
Development cost	1,648	9,402
	53,668	70,001
Reversal of completed projects	(20,079)	(22,956)
At 31 December	33,589	47,045
Cost recognised in income statement:		
At 1 January	(31,123)	(45,578)
Recognised during the year	(782)	(8,501)
Reversal of completed projects	20,079	22,956
At 31 December	(11,826)	(31,123)
Transfer from land held for development	14,304	5,015
Transfer to inventories	(941)	(40)
	13,363	4,975
Property development costs at 31 December	35,126	20,897

Notes to the Financial Statements

15. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

	Company	
	2009 RM'000	2008 RM'000
Freehold land held for development		
At 1 January	29,620	26,969
Addition during the year	1,075	2,651
Transfer to property development costs	(19,284)	-
Carrying amount at 31 December	11,411	29,620
Property development costs		
At 1 January	-	-
Transfer from land held for development	19,284	-
Property development costs at 31 December	19,284	-

Freehold land of the Group and of the Company with carrying value of RM73,802,000 (2008: RM63,233,000) and RM28,864,000 (2008: RM18,296,000) respectively are pledged as securities for borrowings (Note 23).

16. GOODWILL

	Group	
	2009 RM'000	2008 RM'000
At 1 January	1,891	-
Addition during the year	-	1,891
At 31 December	1,891	1,891

Key assumptions used

The recoverable amount of a CGU is determined based on the higher of fair value and value-in-use. The value-in-use is calculated using discounted net cash projections based on financial budgets approved by management. The discount rate of 5% used is to reflect management's estimate of the time value of money and risk profile of the investment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use and fair value, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materially exceed their recoverable amounts.

Notes to the Financial Statements

17. INVENTORIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Completed properties: At net realisable value	4,400	6,108	-	-

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	9,195	9,940	5,716	5,863
Provision for doubtful debts	(5,716)	(5,863)	(5,716)	(5,863)
	3,479	4,077	-	-
Other receivables	1,671	11,135	1,460	10,318
Provision for doubtful debts	(1,347)	(10,561)	(1,347)	(9,953)
	324	574	113	365
Deposits and prepayments	707	695	77	56
Amounts due from subsidiaries	-	-	60,926	80,704
Provision for doubtful debts	-	-	(4,069)	(20,153)
	-	-	56,857	60,551
Progress billings in respect of property development costs	50	126	-	-
	4,560	5,472	57,047	60,972

Notes to the Financial Statements

18. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Credit Risk

The Group's normal credit terms range from 14 to 30 days. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

19. CASH AND BANK BALANCES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at banks	2,433	4,675	1,249	2,099
Fixed deposits with licensed banks	270	1,745	-	1,745
	2,703	6,420	1,249	3,844

Included in cash at banks of the Group are:

- (a) an amount of RM1,076,356 (2008: RM1,813,185) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which is restricted from use in other operations; and
- (b) an amount of RM255,000 (2008: RM255,000) held in an interest reserve account which is pledged to the bank for borrowings as disclosed in Note 23.

The weighted average interest rates during the financial year for both the Group and the Company were 2.50% (2008: 3.25%).

The average maturities of fixed deposits for both the Group and the Company as at balance sheet date were 31 days (2008: 31 days).

Notes to the Financial Statements

20. SHARE CAPITAL

At 1 January/ 31 December	Number of Shares of RM1 each 2009/2008			← Amount → 2009/2008		
	Share Capital '000	Irredeemable convertible preference shares '000	Total '000	Share Capital RM'000	Irredeemable convertible preference shares RM'000	Total RM'000
Group and Company						
Authorised:	200,000	100,000	300,000	200,000	100,000	300,000
Issued and fully paid:	60,490	30,831	91,321	60,490	30,831	91,321

Irredeemable Convertible Preference Shares

The Company issued a total of 30,831,000 Irredeemable Convertible Preference Shares ("ICPS") of RM1.00 each pursuant to the rights issue completed on 18 August 2005. The ICPS were paid in two calls with RM0.50 paid in cash and RM0.50 paid out of the share premium account of the Company.

The salient features of the ICPS are as follows:

- The ICPS shall be for a period of five (5) years from the date of issue and shall mature upon the expiry of the five (5) year period. The ICPS were issued on 18 August 2005.
- The ICPS shall be convertible at the option of the ICPS holders into new ordinary shares at any time throughout the remaining tenure during which they are outstanding. The conversion rate shall be satisfied by surrendering RM1.00 nominal value of the ICPS for each new ordinary share in the Company.
- The ICPS shall not be redeemable for cash. All outstanding ICPS are mandatorily converted into new ordinary shares on the maturity date at the conversion rate.
- Non-cumulative preference dividend at a rate of four percent (4%) and payable annually in arrears on 31 December of each year during the five (5) year period when the ICPS remain outstanding.
- The ICPS rank in preference to holders of ordinary shares in the event the Company is wound up.

To date, none of the ICPS have been converted into ordinary shares.

Notes to the Financial Statements

20. SHARE CAPITAL (CONTD.)

Warrants

Pursuant to the rights issue exercise in year 2000, the Company has issued 30,245,000 detachable warrants on the basis of one new ordinary share together with one warrant for every existing ordinary share held. The warrants are constituted by a Deed Poll dated 11 May 2000 executed by the Company. The warrants were issued on 22 August 2000 and listed on the Bursa Malaysia Securities Berhad. The main features of the warrants are as follows:

- (a) Each warrant will entitle the registered holder to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM1.75 per share, subject to the adjustment from time to time in accordance with the conditions as stipulated in the Deed Poll.
- (b) The warrants may be exercised at any time, for a period of ten (10) years, between 22 August 2000, being the date of the issue of the warrants and the expiry date of 21 August 2010. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. To date, none of the warrants have been exercised.
- (c) The new ordinary shares of RM1.00 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, at the record date of which is on or before the date of allotment and issue of the new ordinary shares of the Company pursuant to the exercise of the warrants. Record date means the date as at the close of business on which the shareholders must be registered as members of the Company in order to participate in any dividends, rights, allotments or any other distributions.

21. RESERVES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable				
Share premium	16,179	16,179	16,179	16,179
Capital reserve	26	26	-	-
	16,205	16,205	16,179	16,179

The movement of reserves is shown in the statements of changes in equity.

The capital reserve is in respect of the capitalisation of reserves arising from a bonus issue of a subsidiary.

Notes to the Financial Statements

22. DEFERRED TAX LIABILITIES

	Group	
	2009 RM'000	2008 RM'000
At 1 January	7,616	7,676
Recognised in the income statement (Note 10)	(133)	(60)
At 31 December	7,483	7,616

Deferred tax liabilities are due to temporary differences arising from the fair valuation at group level on the acquisition of land held for development and investment property.

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unabsorbed capital allowances	11,982	11,956	415	415
Unused tax losses carried forward	11,852	12,965	4,505	4,495
Provision for liabilities	33	258	-	-
	23,867	25,179	4,920	4,910

Deferred tax assets have not been recognised as there is uncertainty regarding the probable realisation of future taxable profits.

Notes to the Financial Statements

23. BANK BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short Term Borrowing				
Secured				
Term loans	4,800	4,800	4,800	4,800
Unsecured				
Bank overdraft	484	729	484	729
	5,284	5,529	5,284	5,529
Long Term Borrowing				
Secured				
Bridging loans	1,833	1,827	-	-
Term loans	29,075	34,100	6,200	11,000
	30,908	35,927	6,200	11,000
Total Borrowings	36,192	41,456	11,484	16,529

The term loans are secured by:

- pledge of land of the Company and a subsidiary, as disclosed in Note 15;
- pledge of principal instruments being an Asset Purchase Agreement and Asset Sale Agreement of RM9,600,000 and RM12,958,620 respectively under Islamic financing;
- pledge of investment property as disclosed in Note 13;
- lien on fixed deposit of a subsidiary as disclosed in Note 19.

The bridging loans are secured by pledge of land of a subsidiary, as disclosed in Note 15 and by way of corporate guarantees from the immediate and ultimate holding companies.

Notes to the Financial Statements

23. BANK BORROWINGS (CONTD.)

The weighted average effective interest rates during the financial year for bank borrowings were as follows:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Bank overdraft	7.55	8.5	7.55	8.5
Bridging loans	7.30	8.25 - 8.50	-	-
Term loans	6.30 - 6.95	7.45 - 7.50	6.55	7.45 - 7.50

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Maturity of borrowings:				
Within one year	5,284	5,529	5,284	5,529
More than 1 year and less than 5 years	30,908	35,927	6,200	11,000
	36,192	41,456	11,484	16,529

Notes to the Financial Statements

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	2,192	3,143	-	-
Other payables	11,465	12,903	637	761
Amount due to a related company	2,758	2,592	2,758	2,592
Progress billings in respect of property development costs	-	41	-	-
	16,415	18,679	3,395	3,353

The normal credit terms granted to the Group range from 30 - 60 days.

The amount due to a related company is unsecured, interest-free and repayable on demand.

Included in other payables of the Group are:

- (i) an amount of RM1,008,000 (2008: RM2,208,000) due to a Director and shareholder of a subsidiary which is unsecured, interest free and repayable on demand; and
- (ii) an amount of RM7,847,000 (2008: RM5,801,000) due to shareholders of a subsidiary which is unsecured, interest bearing at 10% per annum and repayable on demand.

Notes to the Financial Statements

25. RELATED PARTY DISCLOSURES

(a) Intercompany transactions

The Group and the Company had the following transactions with related companies during the financial year:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Holding company				
Mulpha International Bhd				
- Rendering of services payable	216	216	120	120
Subsidiaries of				
Mulpha International Bhd				
- Rendering of services payable to Mulpha Land and Properties Sdn Bhd	430	449	-	-
- Rental paid to Mulpha Properties (M) Sdn Bhd	73	62	-	-

The outstanding balances are as disclosed in Note 18 and Note 24.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed.

(b) Profit Guarantee

The Company entered into a Profit Guarantee Agreement with three principal shareholders in conjunction with the Company's listing on the Second Board of the Bursa Malaysia Securities Berhad in 1997. As at year end, there is a balance outstanding of RM271,526 (2008: RM611,526) from a principal shareholder. The Company has taken legal action to recover the balance outstanding which will be recognised in the financial statements on a receipt basis.

Notes to the Financial Statements

26. SEGMENTAL REPORTING

Primary reporting format - business segment

	Property Development		Property Investments		Investment holdings & others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
Revenue								
External sales	12,610	14,846	456	135	435	176	13,501	15,157
RESULTS								
Profit/(loss) from operations	6,276	1,612	(533)	(289)	1,184	1,790	6,927	3,113
Finance cost							(274)	(1,417)
Share of results of an associate							-	(153)
Taxation							(989)	280
Profit for the year							5,664	1,823

Notes to the Financial Statements

26. SEGMENTAL REPORTING (CONTD.)

Primary reporting format - business segment (Contd.)

	Property Development		Property Investments		Investment holdings & others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS AND LIABILITIES								
Segment assets	146,061	148,448	20,571	20,364	718	172	167,350	168,984
Total assets							167,350	168,984
Segment liabilities	49,743	55,751	3,013	3,813	214	571	52,970	60,135
Deferred tax liabilities							7,483	7,616
Total liabilities							60,453	67,751
OTHER INFORMATION								
Capital expenditure	16	102	672	4,682	-	-	688	4,784
Depreciation	62	107	399	268	-	-	461	375
Non-cash income other than depreciation, amortisation and impairment losses	-	-	-	-	(147)	(685)	(147)	(685)

The Group is organised into three main business segments namely Property Development, Property Investments and Investment Holdings and Others.

Segmental information relating to geographical areas of operation has not been presented as the Group operates only in Malaysia.

Notes to the Financial Statements

27. FINANCIAL RISK MANAGEMENT

The Group's exposure to currency, interest rate, credit and liquidity risks arise in the normal course of business. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against transactions in interest and foreign exchange rates. The Group's risk management policies and guidelines are summarised below:

(i) Currency risk

The Group's operational activities are carried out in Ringgit Malaysia which is the functional currency. Transactions in foreign currencies are insignificant.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in short term deposits.

(iii) Credit risk

Credit risk on receivables are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from possible default of the counterparty. The maximum exposure of such risk is equal to the carrying amount of these financial assets.

Notes to the Financial Statements

27. FINANCIAL RISK MANAGEMENT (CONTD.)

(iv) Liquidity risk

The Group actively manages its operating cash flows and availability of funding so as to ensure funding needs are met in a timely and cost effective manner.

(v) Fair value

The carrying amounts of financial assets and financial liabilities as reflected in the balance sheet of the Group and of the Company as at the end of the financial year approximate their respective fair values except as disclosed below:

	Carrying value		Fair value	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Investments in subsidiaries	8,104	8,104	37,807	32,872

Management has adopted certain methods and assumptions to determine fair value of investments in subsidiaries. Such fair values have been estimated based on discounted estimated cash flows and recoverable values of the investments. Management believes the estimated fair values resulting from the valuation techniques are reasonable and appropriate at the balance sheet date.

Analysis of Shareholdings as at 19 April 2010

Class of share	: Ordinary share of RM1.00 each
Authorised share capital	: 200,000,000 ordinary shares of RM1.00 each
Issued and fully paid-up share capital	: 60,490,000 ordinary shares of RM1.00 each
Voting right	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares held	% of Issued Capital
1 – 99	149	6.07	2,001	-
100 – 1,000	835	34.03	818,766	1.35
1,001 – 10,000	1,241	50.57	4,547,934	7.52
10,001 – 100,000	197	8.03	5,906,300	9.77
100,001 – 3,024,499*	29	1.18	9,830,199	16.25
3,024,500 and above#	3	0.12	39,384,800	65.11
	2,454	100.00	60,490,000	100.00

* Less than 5% of issued shares

5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

Name of shareholders	Shareholding	Percentage
1. Mulpha International Bhd	30,590,000	50.57
2. AIBB Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Ltd for Honest Opportunity Limited	5,484,000	9.07
3. Cartaban Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Ltd for Top Champ Assets Limited	3,310,800	5.47
4. Mulpha International Bhd	3,017,300	4.99
5. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Rahimah Stephens	1,000,000	1.65
6. Citigroup Nominees (Asing) Sdn Bhd Citigroup GM Inc for Asia Network Management Limited	592,099	0.98
7. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Kho Eng Hue @ Koh Eng Hooi	535,500	0.89
8. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Koek Tiang Kung	494,300	0.82
9. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Kim Soi @ Low Tien Sang	339,700	0.56
10. Low Kim Soi @ Low Tien Sang	335,300	0.55
11. JF APEX Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheong Chen Yue	249,400	0.41

Analysis of Shareholdings as at 19 April 2010

THIRTY (30) LARGEST SHAREHOLDERS (CONTD.)

Name of shareholders	Shareholding	Percentage
12. Au Gek Wee	224,000	0.37
13. ECML Nominees (Tempatan) Sdn Bhd Pledged securities account for Cheong Chen Yue	223,600	0.37
14. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Lee Chiah Cheang	217,000	0.36
15. Jason Daniel Campos	215,000	0.36
16. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Salbiah Binti Shuib	200,000	0.33
17. Tam Shuk Yi	188,000	0.31
18. Affin Nominees (Tempatan) Sdn Bhd Pledged securities account for Ong Aik Lin	185,000	0.31
19. Kevin Goh Pang Yuen	162,000	0.27
20. RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Ong Aik Lin	159,000	0.26
21. Seet Ah Bai	157,000	0.26
22. CIMSEC Nominees (Asing) Sdn Bhd CIMB for Tan Poh Lee	150,000	0.25
23. TASEC Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Ltd for Katong Assets Limited	137,500	0.23
24. Chua Shen Huat	130,000	0.21
25. Citigroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Faridah Bt Mohd Fuad Stephens	130,000	0.21
26. Su An Lee	129,900	0.21
27. Liao Choon Foong	120,000	0.20
28. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Soon Aik	116,000	0.19
29. Teh Hin Heng	111,000	0.18
30. EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Yong Fah Chin	106,000	0.18
	49,009,399	81.02

SUBSTANTIAL SHAREHOLDERS

Name of shareholders	< Direct		>> Indirect >	
	Shareholding	Percentage	Shareholding	Percentage
Mulpha International Bhd	33,607,300	55.56	-	-
Honest Opportunity Limited	5,484,000	9.07	-	-
Top Champ Assets Limited	3,310,800	5.47	-	-

SHAREHOLDING OF DIRECTOR

Name of Director	< Direct		>> Indirect >	
	Shareholding	Percentage	Shareholding	Percentage
Abdul Jalil bin Abdullah	24,000	0.04	-	-

Analysis of Warrantholdings as at 19 April 2010

Number of outstanding Warrants	: 30,245,000
Exercise period	: 22 August 2000 to 21 August 2010
Exercise price	: RM1.75
Warrant entitlement	: Each warrant entitles the holder during the exercise period to subscribe for one new ordinary share of RM1.00 each at the exercise price.

DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	Number of Holders	% of Holders	Number of Warrants held	% of Total Warrants
1 – 99	12	0.68	236	-
100 – 1,000	605	34.30	595,700	1.97
1,001 – 10,000	788	44.67	3,664,514	12.12
10,001 – 100,000	306	17.35	10,137,150	33.51
100,001 – 1,512,249*	53	3.00	15,847,400	52.40
1,512,250 and above#	-	-	-	-
	1,764	100.00	30,245,000	100.00

* Less than 5% of total Warrants

5% and above of total Warrants

THIRTY (30) LARGEST WARRANTHOLDERS

Name of Warrantholders	Number of Warrants Held	Percentage
1. Low Kim Soi @ Low Tien Sang	1,284,000	4.25
2. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Kim Soi @ Low Tien Sang	968,900	3.20
3. A.A. Anthony Nominees (Tempatan) Sdn Bhd Pledged securities account for Daniel Lim Hwa Yew	920,000	3.04
4. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Boon Keong	748,000	2.47
5. Gan Ah Huat	670,000	2.22
6. Chui Wing Hoe	566,000	1.87
7. Chua Shen Huat	532,800	1.76
8. James Thomas Pugh	482,700	1.60
9. JF APEX Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Boon Keong	479,000	1.58
10. Affin Nominees (Tempatan) Sdn Bhd Pledged securities account for Khoo Teng Keat	450,000	1.49
11. Loh Siew Cheok	400,000	1.32
12. Cartaban Nominees (Asing) Sdn Bhd Sun Hung Kai Investment Services Ltd for Top Champ Assets Limited	398,300	1.32
13. Teoh Hin Heng	394,200	1.30
14. Yong Chee Foong	350,000	1.16
15. Affin Nominees (Tempatan) Sdn Bhd Pledged securities account for Yeow See Yuen	340,000	1.12
16. Mayban Nominees (Tempatan) Sdn Bhd Lim Hock Chai	330,000	1.09
17. Tan Swee Guan	328,000	1.08
18. Gan Ah Huat	319,500	1.06

Analysis of Warrantholdings as at 19 April 2010

THIRTY (30) LARGEST WARRANTHOLDERS (CONTD.)

Name of Warrantholders	Number of Warrants Held	Percentage
19. Lua Kim Hut	304,000	1.01
20. Goh Chye Keat	300,000	0.99
21. Amsec Nominees (Tempatan) Sdn Bhd Pledged securities account for Loh Yew @ Loh Kong Yew	265,000	0.88
22. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Mohd Mansor bin Ismail	239,100	0.79
23. Chua Ching Siang	231,700	0.77
24. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Chua Kok Weng	213,000	0.70
25. Seet Ah Bai	200,000	0.66
26. Chua Ching Siang	200,000	0.66
27. Wong Kee Onn	198,400	0.66
28. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Goh Kim Huat	195,000	0.64
29. Goh Kim Huat	180,000	0.60
30. TA Nominees (Tempatan) Sdn Bhd Pledged securities account for Chong Chen Kong	180,000	0.60
	12,667,600	41.88

WARRANTHOLDING OF DIRECTOR

Name of Director	Direct		Indirect	
	Warrantholding	Percentage	Warrantholding	Percentage
Abdul Jalil bin Abdullah	12,000	0.04	-	-

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES AS AT 19 APRIL 2010

Number of 4% Irredeemable Convertible Preference Shares ("ICPS") of RM1.00 each	: 30,831,000
Conversion period	: 18 August 2005 to 18 August 2010
Conversion rate	: Each RM1.00 nominal value of the ICPS is convertible into one new ordinary share of RM1.00 each.

Holders of ICPS

Name of holder	Holding	Percentage
1. Mulpha International Bhd	30,809,000	99.93
2. Siew Seng Teck	10,000	0.03
3. Ng Choy Lin	6,000	0.02
4. Tan Meng Choon	2,000	0.01
5. Tee Geok Chong	2,000	0.01
6. Mastura binti Hj Shaari	1,000	-
7. Soo Chee Peng	1,000	-
	30,831,000	100.00

Properties of the Group as at 31 December 2009

Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area	Description	Net Book Value RM'000
1. B1005 & B1003 Pusat Dagangan Phileo Damansara II No 15, Jalan 16/11 Off Jalan Damansara 46350 Petaling Jaya	1999	Freehold	N/A	10	465.6 Sq Meters	Office lot	1,049
2. Unit No. B045/C/1-2 1st Floor, Block C Sri Damansara Business Park Bandar Sri Damansara 52200 Kuala Lumpur	2001	Freehold	N/A	10	120 Sq Meters	Office lot	340
3. Geran No. 10561 Lot 11279 Mukim Ampang Wilayah Persekutuan	2001	Freehold	N/A	19	3,635 Sq Meters	5-storey apartment	19,108
4. Geran No. 116886/116887 Lot No 42983/42984 Mukim Kapar Daerah Klang	2001	Freehold	N/A	N/A	12.76 Acres	Land to be used for residential development	4,216
5. Lot No. 1524 HS(D) 3059/95, Padang Meha Kulim Kedah	2002	Freehold	N/A	N/A	114.17 Acres	Land being used for residential, commercial and industrial development	30,443
6. PTD 86864 - 86867 Mukim Pulau District of Johor Bahru	2005	Freehold	N/A	N/A	5.106 Acres	Vacant land	4,755
7. Mukim 7 Daerah Seberang Perai Selatan Nibong Tebal Pulau Pinang	2006	Freehold	N/A	N/A	11.02 Acres	Land being used for residential, commercial and industrial development	20,565

Properties of the Group as at 31 December 2009

Location	Year of Acquisition	Tenure	Year Lease Expiring	Age of Building	Land Area	Description	Net Book Value RM'000
8. HSD 7707 – 7710 Lots 40494 – 40497 Jalan Medang Tanduk Bukit Bandaraya Kuala Lumpur	2006	Freehold	N/A	N/A	1.54 Acres	Land to be used for residential development	19,440
9. Geran 23567 Lot No. 351 Geran 12881 Lot No. 9992 Bandar dan Daerah Kuala Lumpur	2007	Freehold	N/A	N/A	2,521 Sq Meters 1,456.82 Sq Meters	Land to be used for residential development	15,470
10. Geran 23566 Lot No. 350 Bandar dan Daerah Kuala Lumpur	2007	Freehold	N/A	N/A	6,242 Sq Meters	Land to be used for residential development	21,393
11. 2 Unit Apartments Garden Court Village Home Jalan Pendas 4 Gelang Patah Johor Bahru	2007	Freehold	-	-	3,288 Sq Ft	Apartment	460
12. PT 59273 HS(D) 194925 Mukim Pulau District of Johor Bahru	2008	Freehold	N/A	N/A	5,171.80 Sq Meters	Vacant land	794
13. PTD 86863 Mukim Pulau District of Johor Bahru	2008	Freehold	N/A	N/A	1,558 Acres	Vacant land	2,375

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MULPHA LAND BERHAD (182350-H)
Incorporated in Malaysia

PROXY FORM

No. of shares held

CDS Account No.

I/We _____

of _____

being a member/members of the abovenamed Company, hereby appoint _____

of _____

or failing him _____

of _____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 16 June 2010 at 10.00 am and at any adjournment thereof at Crystal Crown Hotel, 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan.

Resolutions	*For	*Against
(1) To adopt the audited financial statements		
To re-elect the following Directors: (2) Mr Chung Tze Hien (3) Mr Lai Meng		
(4) To approve the payment of Directors' fees		
(5) To re-appoint Auditors		
(6) Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965		

* Please indicate with (x) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand(s) this _____ day of _____ 2010.

Signature(s) of shareholder/
joint shareholder

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
3. The Form of Proxy must be deposited at the Company's Registered Office at No 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

Fold this flap to seal

2nd fold here

Affix 50 cents
stamp here

The Company Secretary
MULPHA LAND BERHAD
Bangunan Mulpha, 17, Jalan Semangat,
46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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MULPHA LAND BERHAD (182350-H)



a member of Mulpha Group of Companies

Bangunan Mulpha, 17, Jalan Semangat,
46100 Petaling Jaya, Selangor, Malaysia.
Tel: (603) 7957 2233 Fax: (603) 7957 2234