



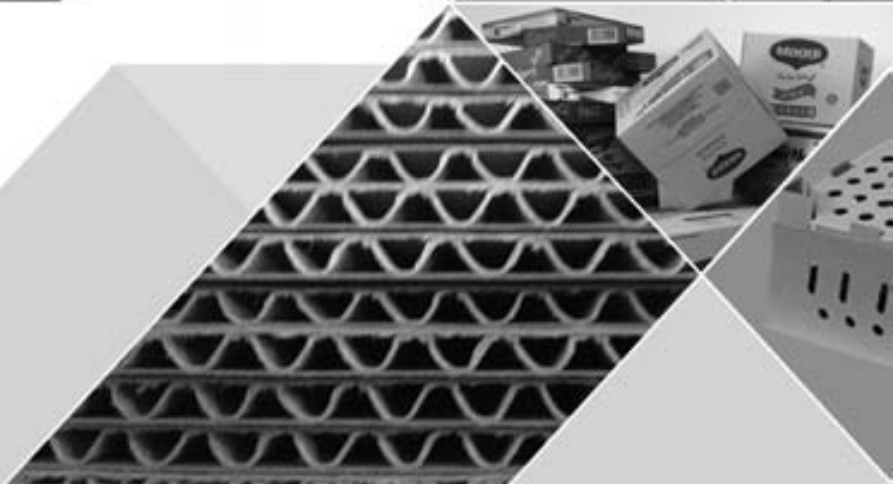
MASTER-PACK
GROUP BERHAD 297020-W

A N N U A L R E P O R T 2 0 0 9



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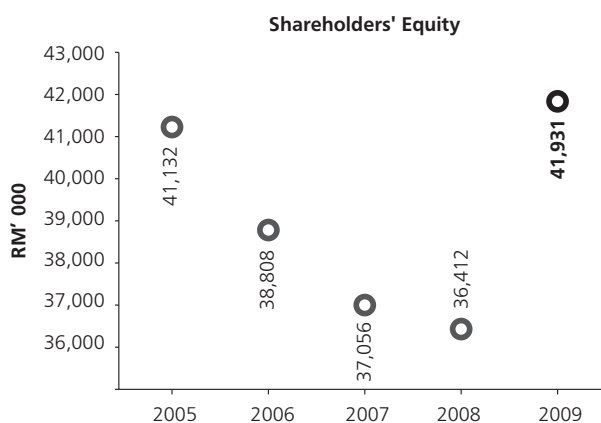
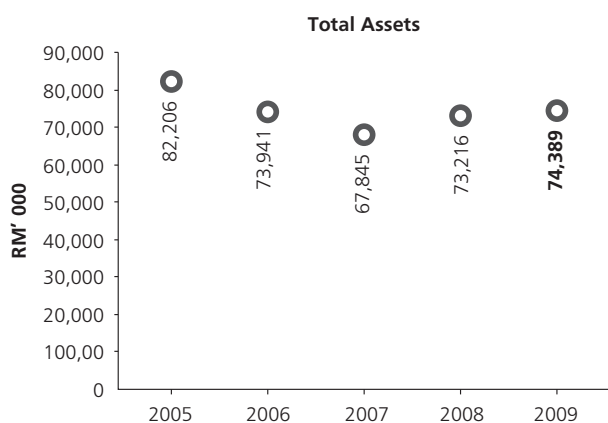
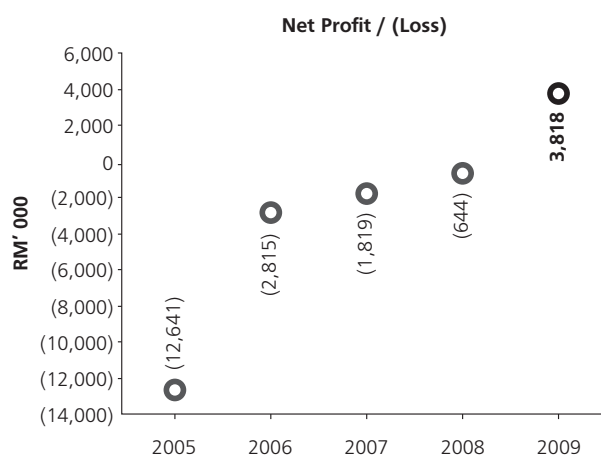
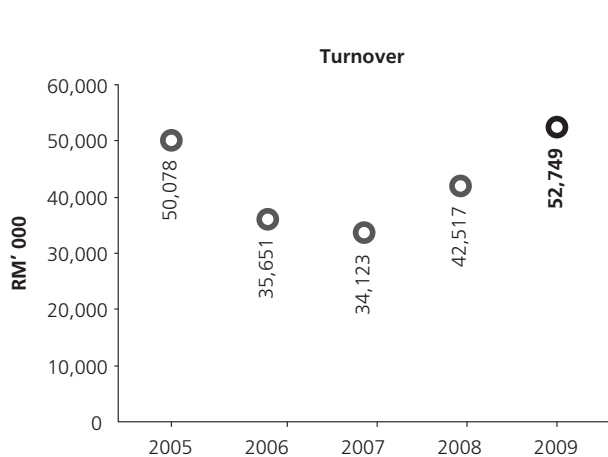
GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER

	2005 RM' 000	2006 RM' 000	2007 RM' 000	2008 RM' 000	2009 RM' 000
Turnover	50,078	35,651	34,123	42,517	52,749
Profit / (Loss) Before Tax	(11,650)	(2,634)	(2,785)	18	5,054
Net Profit / (Loss)	(12,641)	(2,815)	(1,819)	(644)	3,818
Total Assets	82,206	73,941	67,845	73,216	74,389
Shareholders' Equity	41,132 #	38,808* #	37,056* #	36,412 #	41,931 #

Included in shareholders' equity of the Group for financial years ended 31 December 2005, 2006, 2007, 2008 and 2009 are 433,200, 433,400, 433,600, 434,000 and 434,400 shares repurchased and held as treasury shares with average prices of RM1.65, RM1.65, RM1.65, RM1.65 and RM1.65 per share respectively.

* Restated Amount.



BOARD OF DIRECTORS

DATO' SYED MOHAMAD BIN SYED MURTAZA

Executive Chairman

Dato' Syed Mohamad Bin Syed Murtaza, age 62, a Malaysian, was appointed to the Board of Directors and the Executive Chairman of Master-Pack Group Berhad ("MPGB") (formerly known as Hunza Consolidation Bhd.) and its group of companies on 17 December 2004. He represents Yayasan Bumiputra Pulau Pinang Bhd., one of the major shareholders of MPGB. He served as a member of the Remuneration Committee until his recent resignation on 23 February 2010.

Dato' Syed has over 40 years of vast experience in the business, corporate and entrepreneurial exposures. After completing his education at Penang Free School, he joined Kah Motors and has since then been appointed to several key positions in various organizations. He has served in reputable multinational companies such as Shell Malaysia and was the Chairman of Penang Port Commission.

Dato' Syed was appointed to the Board of Directors of DRB-HICOM Bhd. on 28 October 2005. Subsequently, he was appointed as Chairman of DRB-HICOM Bhd. (1 July 2009),

Hicom Holdings Berhad and HICOM Berhad. He is also Chairman of the Remuneration Committee and an Audit Committee member in DRB-HICOM Bhd. He sits on the boards Universiti Sains Malaysia, Yayasan Bumiputra Pulau Pinang Bhd., PBA Holdings Bhd, MITTAS Bhd., Boon Siew Credit Bhd., Penang Tourists Centre Bhd., Tourism Entrepreneur Centre Bhd. and several private limited companies.

Currently, he is the Managing Director of Armstrong Auto Parts Sdn. Bhd. He also heads Penang Tourist Centre Bhd., MITTAS Bhd., Motorcycle, Scooter Assembly & Distributor Association of Malaysia and Usains Group of Companies. He is the president of The Federation of Asian Motorcycle Industries and Steering Committee of International Motorcycle Manufacturers Association. In addition, he has held many other appointments at state and national levels.

Dato' Syed does not have any conflict of interest with the Company and is not related to any director of the Company. He attended all five Board Meetings held in the financial year.

MR. CHEW HOCK LIN

Independent & Non-Executive Director

Mr. Chew Hock Lin, age 66, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 27 December 2001. He is Chairman of Audit, Nomination and Remuneration Committees of the Company.

Mr. Chew was also appointed as an Independent & Non-Executive Director to the Board of Directors in Hunza Properties Bhd. ("HPB") on 27 December 2001. He is the Chairman of the Audit Committee as well as a member in the Nomination and Remuneration Committees in HPB. In addition, Mr. Chew sits on the Board of GUH Holdings Bhd. (appointed on February 20, 2001) as the Senior Independent Non-Executive Director, Chairman of the Audit Committee, a member in the Nomination and Remuneration Committees.

He graduated from University of Western Australia with a Bachelor in Commerce Degree and has more than 30 years experience in audit field. He is a former partner of an international audit firm. Currently, he is a member of The Institute of Chartered Accountants in Australia. He is also a Certified Public Accountant (Malaysia), a Chartered Accountant (Malaysia) and a Fellow of Chartered Tax Institute of Malaysia.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

DATO' KHOR TENG TONG

Independent & Non-Executive Director

Dato' Khor Teng Tong, age 67, a Malaysian, is presently an Independent & Non-Executive Director of MPGB. He was re-designated from an Executive Chairman and founder of Master-Pack Group Berhad (formerly known as Hunza Consolidation Bhd) upon his disposal of all his shareholdings in MPGB on 17 December 2004.

Dato' Khor is also the founder and Director of Hunza Properties Berhad. He was appointed to the Board of Hunza Properties Berhad as Non-Independent & Non-Executive Chairman on 27 January 2000. Subsequently on 30 August 2002, he was further appointed as Executive Chairman and member of the Remuneration Committee of Hunza Properties Berhad.

Dato' Khor has over 49 years of vast experience. He completed his primary school education at Yew Chai Primary School, Perak before starting his business career in 1958, as a sole proprietor in fish trading for at least 12 years, trading under the name of

Syarikat Soon Seng Fisheries. In the early 1970's, he established Soon Seng Frozen Foods Sdn. Bhd. (now known as Golden Frontier Bhd.) to start the business in processing and exporting of frozen cooked and peeled shrimps. He maintained his substantial shareholdings in Golden Frontier Bhd. until prior to its listing in 1989. In the mid 1970's, Dato' Khor undertook a business diversification programme. He was involved in the business projects of the first cocoa processing plant in Malaysia, oil palm plantation, supermarket chains and then in property development. During the mid 1980's, Malaysia faced its first serious recession and this affected Dato' Khor's diversification plans. He decided to dispose off those unprofitable businesses.

Dato' Khor does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended four out of five Board Meetings held in the financial year.

BOARD OF DIRECTORS (CONT'D)

EN. AMINUDDIN BIN SAAD

Independent & Non-Executive Director

En. Aminuddin Bin Saad, age 50, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 26 March 1994. He serves as a member of the Audit, Nomination and Remuneration Committees.

He graduated from Mara Institute of Technology with a Diploma in Mass Communication in 1983. He served in the public sector upon graduation with the Information Office with several departments including the Information Department, Public Services Department and Immigration Department. He resigned in 1991 after serving 8 years of public service to join the private

sector. He joined the Seng Seng Group of Companies, which are involved in property development as a project manager of Seng Seng Lite-On Sdn. Bhd. from 1991 to 1992 and later as the Director of Ausma Sdn. Bhd., a property development company from 1992 to 1995. Currently, he also sits on the Board of Directors of various other private limited companies.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

CIK NAZRIAH BINTI SHAIK ALAWDIN

Non-Independent & Non-Executive Director

Cik Nazriah Binti Shaik Alawdin, age 39, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 23 November 2007. She is a member of the Audit and Nomination Committees. Cik Nazriah was re-designated as Non-Independent & Non-Executive Director of MPGB on 5 May 2010 upon her appointment as a trustee in Yayasan Bumiputra Pulau Pinang Bhd., a major shareholder of MPGB.

Cik Nazriah graduated from the University of Malaya with LL.B (Hons) in 1994 and was called to the Malaysian Bar as an Advocate and Solicitor in February 1995. She is now a partner

of a reputable law firm based in Penang, with branch offices in Butterworth and Kuala Lumpur. She has extensive experience in various aspects of the Legal practice. Cik Nazriah has also served in the management committee of the Bar Council Legal Aid Centre, Penang for several years now and previously held the position of Honorary Treasurer for a period of three years. She was also former committee member of the Bar Council, Human Rights Committee.

Cik Nazriah does not have any conflict of interest with the Company and is not related to any director of the Company. She attended all five Board Meetings held in the financial year.

DR. JUNID BIN ABU SAHAM

Non-Independent & Non-Executive Director

Dr. Junid Bin Abu Saham, age 67, a Malaysian, was appointed to the Board of Directors as a Non-Independent & Non-Executive Director of MPGB on 10 March 2006. He is a nominee director of Permodalan Nasional Bhd., a major shareholder of MPGB. He has been appointed as a member of the Remuneration Committee on 23 February 2010.

He graduated from the University of Canterbury, New Zealand with both a Bachelor and a Master of Arts in Economics and subsequently obtained his PhD in Economics from the University of Hull, United Kingdom. He had been a tutor and lecturer in Economics and Business Administration in several institutions of higher learning before working in the corporate sector.

His career in the corporate world started in the early 1970's when he was appointed as an Investment Manager in Bank Rakyat. Since then Dr. Junid has accumulated vast working experience in corporate banking, corporate finance and business consulting with AmMerchant Bank Bhd. (formerly known as Arab-Malaysian Merchant Bank Bhd.) He was the General

Manager of AmMerchant Bank Bhd. before he left in 1992 for private business.

Since 1993, Dr. Junid has been involved as Corporate Adviser, Financial Adviser and Corporate Affairs Adviser to a number of corporations, namely in Shapadu Group of Companies, Sunrise Group, Indah Water Konsortium and Pernec Group of Companies.

Dr. Junid was appointed as an Independent Non-Executive Director to the Dialog Group Bhd. Board on 29 June 1995. He is a member of the Audit, Nomination and Remuneration Committees and the Chairman of the Risk Advisory Committee for Dialog Group Bhd. He also holds directorships in Industronics Bhd. and Areca Capital Sdn. Bhd., a fund management company.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

Note: None of the above six directors had committed any offences within the past ten years other than traffic offences.

CHAIRMAN'S STATEMENT

Greetings dear fellow shareholders,

I am pleased to inform you that the financial performance of 2009 has turned a new leaf. Since the day I took over as Chairman in December 2004, it had been a challenging journey, (i.e. from a loss of RM12+ million in the year 2004 to a profit of RM5 million achieved in 2009) as my team and I endeavour to find the best solutions and make decisions to navigate through the economic uncertainty.

We have been more fortunate than most in the financial year 2009 to be able to record a profit, as economies around the world stagger from the financial turmoil and governments take action to inject capital recovery plans to boost lagging economies.

Operations review

This year's Group turnover increased by 24% compared to 2008. Consequently, with the improved turnover the Group hurdled to profitability after tracking in the red for so long. The key contribution is from the strong performance from our core packaging business. The packaging business continues to be highly competitive but we have been relentless in our actions to find ways to increase productivity and operational excellence. Another important factor in operations will always be the people and we have embarked on training programs including a paradigm shift to educate and re-train our employees.

The current wireless communication has leaped from the way we do business but some things must still be retained and that is the personal closeness in the relationship we have with our customers. Following this philosophy, our service goes beyond the regular customer visits in their premise to having social functions together. We believe that working and communicating together as partners will keep both parties ahead in business.

On the strategy of divesting unutilised investment properties, we have also made headway as shown in note 10 in page 48. The proceeds from the sale will further strengthen our financial position.

In this year as well as in 2009, we will continue to promote the Maz fuel additive by jointly testing with selected customers the fuel additive for free. In so doing, we will have the support of Malaysian companies who will attest as users besides the foreign companies' acclamation on the benefits of Maz products.

Prospect

In Malaysia, the Malaysian Institute of Economic Research (MIER) projects a GDP growth in the region of 3.7%. In view of the GDP potential growth and also with reference to our Group's first quarter financial results published via the Bursa link, the business prospect for packaging looks bright. Furthermore corrugated cartons and paper packaging products will continue to be in demand as the Malaysian community embrace the living concept of reuse and recycle towards a greener living environment. Conservatively it must also be mentioned that profitability for this year is yet to be determined as paper commodity prices continue on an upward trend and is not expected to drop in the near period due to shortage of virgin pulp and increasing cost of OCCs (Old Corrugated Cartons) around the world.

In the wake of the economic recovery, analysts and commentators are voicing out on "retreats" of the economic supports which the governments earlier implemented. There are murmurs of impending withdrawal of petrol pump subsidised price as well as upping the BLR by Bank Negara and other such news which will definitely affect the outlook and respond in business operations.

Bearing all this in mind, my team and I will continue to the best of our abilities to implement our strategic plans whilst keeping an eye for potential business ventures which will be profitable to boost the Group's growth.

Acknowledgement and Appreciation

Thank You to all especially our loyal shareholders for your support for being together with us. Also thanks to all our valuable customers, suppliers, business associates, bankers and regulatory authorities for their continuous trust and support. Last but not least, my sincere appreciation to my fellow board members and management team for their positive contributions to the Group.

Dato' Syed Mohamad Aidid Bin Syed Murtaza
Group Executive Chairman

CORPORATE INFORMATION

AS AT 30 APRIL 2010

BOARD OF DIRECTORS

Dato' Syed Mohamad Bin Syed Murtaza

Executive Chairman

Mr. Chew Hock Lin

Independent and Non-Executive Director

Dato' Khor Teng Tong

Independent and Non-Executive Director

En. Aminuddin Bin Saad

Independent and Non-Executive Director

Cik Nazriah Binti Shaik Alawdin

Non-Independent and Non-Executive Director

Dr. Junid Bin Abu Saham

Non-Independent and Non-Executive Director

COMPANY SECRETARIES

Mr. Lee Peng Loon

(MACS 01258)

Ms. P'ng Chiew Keem

(MAICSA 7026443)

AUDITORS

Crowe Horwath

(formerly known as Horwath)

Suites 701 & 702, 7th Floor,

No. 11, Lorong Kinta,

10400 Penang.

REGISTERED OFFICE

51-21-A, Menara BHL Bank,

Jalan Sultan Ahmad Shah,

10050 Penang.

Tel : 04 - 227 6888

Fax : 04 - 229 8118

PRINCIPAL BANKERS

Malayan Banking Berhad

Penang Main Branch,

No. 9, Lebuhr Union,

10200 Penang.

HSBC Bank Malaysia Berhad

No. 1, Downing Street,

10300 Penang.

REGISTRAR

Bina Management (M) Sdn. Bhd.

Lot 10, The Highway Centre,

Jalan 51/205, 46050 Petaling Jaya, Selangor.

Tel : 03 - 7784 3922

Fax : 03 - 7784 1988

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad,

Main Market

SHARE CAPITAL

Authorized : RM100,000,000

Issued & Paid-Up : RM50,054,750*

Class of Share : Ordinary shares of RM1.00 each

Voting Right : One voting right for one ordinary share

Number of Shareholders : 2,437

* Inclusive of 434,600 shares bought back and held as treasury shares

WEBSITE

<http://www.master.net.my>

DIRECTORS' REMUNERATION, SHARE BUY-BACK

DIRECTORS' REMUNERATION

REMUNERATION OF BOARD OF DIRECTORS For Year Ended December 31, 2009

No.	Item	Executive (RM)	Non-Executive (RM)
1	Fees	-	77,000
2	Salaries*	770,420	-

* Salaries include bonus, employer provident fund and performance benefits

Number of Directors whose remuneration falls under each range

Range	Executive (No.)	Non-Executive (No.)
RM1/- to RM50,000/-	-	5
RM50,001/- to RM100,000/-	-	-
RM100,001/- to RM150,000/-	-	-
RM150,001/- to RM200,000/-	-	-
RM750,000/- to RM800,000/-	1	-

SHARE BUY-BACK

Save as shares bought back and kept as treasury shares disclosed below, there was no other share bought back during the financial year ended 31 December 2009 :-

Month (2009)	No. of Shares	Consideration* (RM)	Highest Price (RM)	Lowest Price (RM)	Weighted Average Price (RM)
March	200	111.03	0.350	0.350	0.350
August	200	131.03	0.450	0.450	0.450
Total	400	242.06			

The balance of treasury shares as at 31 December 2009 is 434,400 (inclusive of 434,000 treasury shares brought forward from financial year 2008).

Subsequent to financial year 2010, 200 shares were bought back at RM125.03 and kept as treasury shares in March 2010

* the consideration is inclusive of brokerage commission, clearing house fee and stamp duty

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held at Master-Pack Sdn. Bhd., 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Friday, 25 June 2010 at 3.00 p.m. for the following purposes :-

AGENDA

As Ordinary Business :

1. To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 6**
2. To re-elect Dato' Syed Mohamad Bin Syed Murtaza, the Director who retires pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Ordinary Resolution 1**
3. To re-elect Mr. Chew Hock Lin, the Director who retires pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Ordinary Resolution 2**
4. To approve an increase in Directors' Fees of RM28,000.00 and the payment of Directors' Fees for the year ended 31 December 2009. **Ordinary Resolution 3**
5. To re-appoint Messrs. Crowe Horwath (Formerly known as Horwath) as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business :

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Ordinary / Special Resolutions :

6. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**
"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued and paid-up share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued." **Ordinary Resolution 5**
7. **Proposed Amendments to the Articles of Association of the Company**
"That, the amendments to the Articles of Association of the Company as set out in the Annual Report for the year ended 31 December 2009 be approved and that the Directors be authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to proposed amendments." **Special Resolution 1**
8. To transact any other business of which due notices shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Joint Company Secretaries

Penang
03 June 2010

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
2. For a proxy to be valid, the Proxy Form must be duly completed and deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the Proxy Form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTE ON ORDINARY BUSINESS

6. The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. The Ordinary Resolution 5 proposed under Agenda 6, if passed, is to seek a renewal of the general mandate for the Directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

As at the date of notice of meeting, no new shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company and of which, it will lapse at the conclusion of the 16th Annual General Meeting of the Company to be held on 25 June 2010.

The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

8. The Special Resolution 1 proposed under Agenda 7, if passed, will allow the Company to amend its Articles of Association to enhance the clarity and consistency throughout the Company's Articles of Association and to be in line with the Main Market Listing Requirements.

2009 Annual Report

The 2009 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Mr. Ang of Master-Pack Group Berhad (Formerly known as Hunza Consolidation Berhad) at telephone no. 04-5931550 (Ext 302) or email your request to fhang@master.net.my.

STATEMENT ACCOMPANYING NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

List of directors standing for re-election at the Sixteenth Annual General Meeting of the Company to be held at Master-Pack Sdn. Bhd., 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Friday, 25 June 2010 at 3.00 p.m.

- Dato' Syed Mohamad bin Syed Murtaza
- Mr. Chew Hock Lin

Notes :

1. All other details of directors who are standing for re-election at the Company's Sixteenth Annual General Meeting as requested to be disclosed under the provision of Paragraph 8.27(2) of Bursa Securities Main Market Listing Requirements are reported under "Board of Directors" in pages 3 and 4 of this Annual Report .
2. Shareholdings of the directors standing for re-election in Master-Pack Group Berhad and its subsidiaries as required to be disclosed under the provision of Paragraph 8.27(2) of the Bursa Securities Main Market Listing Requirements is reported under "Analysis of Shareholdings" in page 61 of this Annual Report.

Details of attendance at Board Meetings held during the financial year ended 31 December 2009

Name	No. of Meetings attended
Dato' Syed Mohamad Bin Syed Murtaza	5/5
Mr. Chew Hock Lin	5/5
Dato' Khor Teng Tong	4/5
En. Aminuddin Bin Saad	5/5
Cik Nazriah Binti Shaik Alawdin	5/5
Dr. Junid Bin Abu Saham	5/5

STATEMENT ABOUT THE STATE OF INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors of Master-Pack Group Berhad (formerly known as Hunza Consolidation Berhad) hereunder provides the following statement on the state of internal control of the Group. It is prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining sound systems of internal control that provide reasonable assessment and management of risks. Such systems ensure effective and efficient operations through internal standard operating procedures, guidelines and policies as well as compliance with laws and regulations.

The Board recognizes that the systems of internal control are designed to manage rather than eliminate the risks of failure to achieve business objectives and can only provide reasonable but not absolute assurance.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK

The Group practices a quarterly review on significant risks identification, particularly any major proposed transactions, change in nature of activities or venturing into new operating environment which may entail different risks and put in place the strategies and action plans to monitor and manage such risks.

INTERNAL CONTROL

The Group's systems of internal control include:-

1. An organizational structure with clear defined lines of responsibilities with appropriate levels of delegation and authority.
2. Internal control system procedures covering financial, human resources, management information system, operational system guided by the MS ISO 9001 : 2008 and MS ISO 14001 : 2004 documented procedures.
3. In-built controls on Computer Intergrated Manufacturing (CIM) system are used to control the traceability of sales orders, materials manufacturing process and provide security controls on users access levels.
4. Regular internal audits by independent audit teams e.g. Industrial Research Institute of Malaysia (SIRIM), customers as well as the out-sourced internal auditors, Messrs. UHY Diong provide assurance that the systems of internal control are in place.
5. A comprehensive business planning and budgeting process which establishes plans and targets against which performance is monitored on an on-going basis.
6. Regular scheduled meetings on operations, financial and business plans performance.
7. Regular trainings and development programs which are attended by the employees with the objective to enhance their knowledge and competency.

The Group's internal control systems are designed to provide reasonable assurance but not absolute assurance against the risks of material errors, fraud or financial losses from occurring because internal controls may be circumvented or overridden. The rationale for the internal control system is to enable the Group to achieve its business objectives within an acceptable risk profile. The Group will take appropriate steps to strengthen its internal controls systems whenever necessary.

INTERNAL AUDIT FUNCTION

The Group out-sourced the internal audit function to Messrs. UHY Diong, an independent professional firm of consultants.

Regular internal audit visits are carried out to assess the adequacy and integrity of the systems of internal control of the Group based on the internal audit plan reviewed and approved by the Audit Committee. The Internal Auditors would recommend improvements and also obtain management's comments or proposed corrective action on audit findings.

Internal audit reports are circulated to the members of the Audit Committee who review the findings together with the management's comments at the quarterly meetings. The Internal Auditors will subsequently follow-up to determine the extent their recommendations have been implemented. As such, the internal audit function provides the Board assurances it requires on the systems of internal control.

Based on the Internal Auditors' reports for the financial year ended 31 December 2009, the systems of internal control appear to be working satisfactorily. Based on the work done, there were no material weaknesses in the systems of internal control.

This statement has been reviewed by the External Auditors in compliance with paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities.

REPORT OF THE AUDIT COMMITTEE

The Board has appointed the Audit Committee to assist the Board in its duties of ensuring the implementation of appropriate system of internal controls, to manage identified principal risks and ensure that the systems are working effectively to safeguard the Group's assets and shareholders' investment.

TERMS OF REFERENCE

1. Membership

The Committee shall be appointed by the Board from among its members and shall consist of not less than three members of whom all members must be Non-Executive Directors, with a majority of them being Independent Directors. Alternate Directors shall not be appointed as a member of the Committee and all members of the Committee should be financially literate.

The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or other as specified in paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members including the Chairman will hold office as long as they serve as Directors. The term of office and performance of members should be reviewed by the Board once every three years.

If the number of members in the Committee is, for any reason, reduced to below three, the Board of Directors shall within three months of the event, appoint such number of new members as may be required to make the minimum of three members.

2. Meetings

Meetings shall be held at least four times a year. On a continuous basis, the Chairman of the Audit Committee should meet up with the senior management, such as Chairman, the Chief Executive Officer, Head of Finance/Accounts Department, Internal and External Auditors in order to be kept informed of matters affecting the Company.

The quorum necessary of the transaction of business of the Committee shall be two independent members to constitute a valid meeting.

Questions arising at any meeting shall be decided by a majority of votes, each member having one vote and in case of equality of votes, the Chairman shall have a second or casting vote. Save that where two members form a quorum, the Chairman of a meeting at which only such a quorum is present, or that which only two members are competent to vote on the question of issue, shall not have a casting vote.

The Internal and External Auditors have a right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required by the Company. The External Auditors should attend the meeting at least twice a year or as the Committee deems fit. A meeting with External Auditors shall be held at least twice a year without the presence of the Executive Director and senior management members.

Upon request of the Internal or External Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters the auditors believe should be brought to the attention of the Board of Directors or shareholders.

Company Secretary shall be the secretary to the Committee.

3. Authority

The Committee is authorised by the Board to investigate any activities within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the Internal and External Auditors and all employees of the Group.

The Committee is authorised by the Board to obtain external legal, independent or other professional advice and be able to convene meetings with external parties whenever deemed necessary. The Audit Committee is empowered to engage and retain persons having special competence or skills and knowledge as necessary to assist the Committee in fulfilling its responsibilities.

The Audit Committee may invite the Executive Directors or any employee within the Group who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

The Internal Auditors engaged by the Company reports directly to Audit Committee.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

4. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:-

- To review both the Internal and External Auditors' audit plans, the scope of their audits and evaluation of the system of internal controls and audit reports;
- To consider the adequacy of Management's actions taken on internal and external audit reports;
- To review the adequacy of the functions, scopes, competency and resources of the internal audit functions;
- To review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- To nominate, a person or persons to the Board as the Internal or External Auditors, the fee thereof, assess the re-appointment of existing Internal and External Auditors and consider, if any, their resignation;
- To review the assistance and co-operation provided by the Company's officers to the Internal and External Auditors;
- To review the quarterly and year-end financial statements before submission to the Board of Directors;
- To review related party transactions and conflict of interest situation that may arise within the Company and the Group;
- To review any major proposed transaction or change in the nature of the business in line with the Risk Management Framework of the Group; and
- To perform such other duties as may be agreed to by the Committee and the Board.

ACTIVITIES OF AUDIT COMMITTEE

- During the financial year ended 31 December 2009, the Committee carried out duties and responsibilities as set out above.
- The Committee recommended the re-appointment of Messrs. Crowe Horwath (formerly known as Horwath) as the External Auditors, for the ensuing year.
- The Committee recommended the re-appointment of Messrs. UHY Diong as Internal Auditors, for the ensuing year.

COMPOSITION OF AUDIT COMMITTEE

The compositions of the Company's Audit Committee and their respective attendance of the meetings held are tabled below:-

No.	Name	Status of Directorship	Attendance of Meetings
(i)	Mr. Chew Hock Lin (Chairman of Audit Committee)	Independent & Non-Executive Director	Attended 5 out of 5 meetings
(ii)	En. Aminuddin Bin Saad	Independent & Non-Executive Director	Attended 5 out of 5 meetings
(iii)	Cik Nazriah Binti Shaik Alawdin	Non-Independent & Non-Executive Director	Attended 5 out of 5 meetings

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2009, the Company has engaged the services of an independent professional firm, Messrs. UHY Diong, to carry out the internal audit function of the Group in order to assist the Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function in respect of the financial year is RM16,750.00.

The internal audit activities were carried out in accordance with the internal audit plan which comprises the following:-

- to review systems of internal control and ascertain the extent of compliance with the established policies, procedures and statutory requirements.
- identifying areas to improve controls of operations and processes in the Group.

The findings by the internal audit function have been presented to the Committee who has taken steps to ensure that appropriate actions are being taken to continuously improve the current systems of internal control. Please also see "Statement about the State of Internal Control" in page 11.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") recognizes the importance of maintaining good standard of corporate governance. The application of the principles and the extent of compliance with the best practices set out in Malaysian Code on Corporate Governance ("the Code") by the Company is as follows:-

APPLICATION ON PRINCIPLES OF THE CODE

The Board of Directors & Board Balance

Currently, the Board has six members, comprising three Independent & Non-Executive Directors, two Non-Independent & Non-Executive Directors and one Executive Director. The number of Independent & Non-Executive Directors makes up more than 1/3 of the membership of the Board and their presence provides fair and independent view to the Board. The Board also delegates specific responsibilities to various committees such as Audit Committee, Remuneration Committee and Nomination Committee to assist in discharging their duties. The brief profiles of all directors are given in pages 3 and 4.

Dato' Syed Mohamad Bin Syed Murtaza is the Executive Chairman. This reflects the relatively small size of the Board, which at the same time has adequate independent element. As mentioned above, more than 1/3 of the memberships of the Board are independent directors and this fairly reflects the interest of the minority shareholders in the Company.

Supply of Information

All directors are supplied with necessary information on timely basis to carry out their duties. Information given is inclusive of but not limited to financial figures, yearly budgets, business plans, list of directors' dealings, legal issues, project papers, draft circulars etc. for discussions in Board Meetings as well as other occasions. Verbal explanations and briefings are also provided by the executive director/ management/ external consultants to enhance the understanding of matters in relation to the Company's business. This is to facilitate informed decision making by the directors. The Company Secretary is normally present to record its deliberations, issues discussed and conclusions in discharging his duties and responsibilities and also advises on issues relating to rules and regulations that govern the Company.

In view of the Company Secretary's pivotal role in the context of board management, the directors have access to his advice and may seek independent professional advice if required, in furtherance of their duties.

Appointments to the Board

Nomination Committee is to ensure the process of nominating and appointing new members to the Board is fair and transparent. Currently, the Committee comprises two Independent & Non-Executive Directors, namely Mr. Chew Hock Lin and En. Aminuddin Bin Saad and one Non-Independent & Non-Executive Director, Cik Nazriah Binti Shaik Alawdin.

The basic functions of the Committee are:

- to recommend candidates/ consider candidates proposed by other directors or major shareholders to sit on the Board and Board committees.
- to review the effectiveness of the whole Board by accessing its size, balance as well as the mix of skills, experiences and other qualities of the Board members on an on-going basis.
- to carry out annually an assessment of the effectiveness of the Board as a whole, the committees of the Board and contribution of each individual director.

The Committee shall hold at least one meeting per year and the yearly meeting for 2009 was held on 24 November 2009 to perform the revision and assessment of the above. The Committee is of the opinion that the current size of the board and the skill-sets, experience and qualities of its existing members are adequate for the Board to work effectively as a whole.

Final decisions on appointments of directors shall be responsibility of the full Board after considering the Committee's recommendations. However, this does not abrogate the powers of shareholders to re-elect individual to the Board (see paragraph on Re-election (per Articles of Association)). All meetings are properly minuted by the Company Secretary.

Re-election (per Articles of Association)

Each director of the Company shall retire at least once every three years. Also, they shall be eligible to stand for re-election at the Annual General Meetings upon their retirement. Any new director who is appointed by the Board shall be subjected to re-election by shareholders in Annual General Meeting held immediately after his/ her appointment. The directors who are standing for re-election in the forthcoming Annual General Meeting are stated in page 10.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Level and Make-up of Remuneration, Procedures & Disclosure

Remuneration Committee comprises two Independent & Non-Executive and one Executive Director, namely Mr. Chew Hock Lin, En. Aminuddin Bin Saad and Dato' Syed Mohamad Bin Syed Murtaza. However, Dato' Syed Mohamad resigned from the Remuneration Committee and was replaced by Dr. Junid Bin Abu Saham, a Non-Independent and Non-Executive Director on 24 February 2010.

The basic function of the Committee is to recommend the remuneration of the Executive Directors. (Whereas, the remuneration of Non-Executive Directors shall be the responsibility of the Board as a whole.)

The Remuneration Committee shall hold at least one meeting per year to review the remuneration packages of Executive Directors. This is to ensure the remuneration packages offered can attract or retain Executive Directors who can contribute to the success of the Company. The remuneration of directors is stated in page 7. Aggregate remuneration of directors according to the successive band of RM50,000 is clearly stated, in compliance with Main Market Listing Requirements Appendix 9C(11) of Bursa Securities Berhad ("Bursa Securities"). The Board is of the opinion that this is sufficient and no further reference to detailed breakdown of each director's remuneration is necessary. All meetings are properly minuted by the Company Secretary.

Directors' Training

The Directors received updates and training courses from time to time on issues relevant to the Group's operations, Directors' responsibilities, Corporate Governance as well as changes to regulatory, statutory and professional requirements.

During the financial year 2009, the directors have attended the following training:-

Name of Directors	Date	Course Title
Dato' Syed Mohamad bin Syed Murtaza	1-4 March 2009	5th World Islamic Economic Forum
	24 March 2009	Progressive Business Strategies Forum
	9-10 November 2009	MICPA-Bursa Malaysia Business Forum 2009
Chew Hock Lin	18 June 2009	Technical Briefing on Listing Requirements on the Main Market
	29 June 2009	Managing Profitability During An Economic Downturn: What Director's Need to Know
	16 November 2009	Malaysian Financial Reporting Standards FRS 2009 update
Dato' Khor Teng Tong	29 June 2009	Managing Profitability During An Economic Downturn: What Director's Need to Know
En. Aminuddin Bin Saad	5 August 2009	Corporate Governance Guide – Towards Boardroom Excellence
Cik Nazriah Binti Shaik Alawdin	12 January 2009	National Symposium on Islamic Banking and Finance
	12 November 2009	Corporate Governance Guide – Towards Boardroom Excellence
Dr. Junid Bin Abu Saham	27 March 2009	Weathering The Challenges of Economic Slowdown
	23 July 2009	Corporate Governance Guide – Towards Boardroom Excellence
	7 October 2009	In house Directors' Training on Key Amendments to Listing Requirement For Main Market
	13-14 October 2009	National Accountants Conference 2009

Dialogue between Companies and Investors & Annual General Meeting

Announcements on important matters and financial results of the Company are promptly released to the investing public to provide an overview of the performance and operations of the Company. The Company has also established a website at www.master.net.my where information on the Company is available to the public.

Shareholders are encouraged to participate in each general meeting where the directors are present to address concerns and questions raised by them.

En. Aminuddin Bin Saad has been assigned as the Senior Independent & Non-Executive Director, to whom concerns in relation to the Company may be conveyed.

Financial Reporting

With the assistance of Audit Committee in reviewing the financial results, the Board aims to present a balanced and understandable assessment of the Company's position and prospect via the Audited Financial Statements and quarterly financial reports on timely basis. The Company's financial statements are prepared in accordance with applicable approved accounting standards pronounced by Malaysian Accounting Standards Board and other relevant authorities.

Statement of Directors' Responsibility for Preparation of Audited Financial Statements

The directors are responsible for ensuring that a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year are reflected in the Audited Financial Statements, as set out in pages 23 to 59. The directors are required to ensure these Audited Financial Statements are prepared in accordance with applicable approved accounting standards in Malaysia, provisions of Companies Act, 1965 and Bursa Securities Listing Requirements. (Refer also to write-up on "Financial Reporting" above.)

Internal Controls

The Board recognizes the importance of internal control systems whereby shareholders' investment and the Company's assets can be safeguarded. As for the application of "Internal Controls", please see "the Report of Audit Committee" in pages 12 and 13 and as for the state of internal controls, please refer to "Statement about the State of Internal Control" in page 11.

Relationship with Auditors

The Board has always maintained formal and transparent relationship with the Company's auditors and the management is responsive to the auditors' enquiries and their recommendations. The Audit Committee is responsible for yearly review of the auditors' performance and recommendations of their re-appointment to the Board.

Extent of Compliance on the Best Practices of the CODE

The Board is pleased to state that the best practices set out in the Code have been complied by the Company on a continuing basis.

OTHER INFORMATION

Material Contracts Involving Directors' & Major Shareholders' Interests

For contracts involving directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year, please see Note 25 and 27 in page 55 and 57 respectively.

Penalties & Sanctions Imposed By Regulatory Bodies

There was no material penalty or sanction imposed on the Company, its subsidiaries, directors or management by any regulatory bodies during the financial year.

Non-Audit Fee Paid To External Auditors

Non-audit fee paid to External Auditors for the financial year amounts to RM2,000.00.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

1. INTRODUCTION

On 23 April 2010, the Board of Directors of Master-Pack Group Berhad (Formerly known as Hunza Consolidation Berhad) ("the Company" or "Master-Pack") announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company proposed to seek its shareholders' approval on the Proposed Amendments to the Articles of Association of the Company ("Proposed Articles Amendments") to be tabled at the forthcoming Sixteenth Annual General Meeting ("AGM") of the Company.

Bursa Securities has not perused this Statement prior to its issuance as the Proposed Articles Amendments fall under the category of Exempted Circular. Hence, Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this document.

Shareholders are advised to read and carefully consider the contents of the Proposed Articles Amendments before voting on the special resolution to be tabled at the forthcoming Sixteenth AGM to be held at Master-Pack Sdn. Bhd., 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Friday, 25 June 2010 at 3.00 p.m.

2. DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

The details of the Proposed Articles Amendments are as follows :-

Existing Articles

23. A call shall be deemed to have made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by installment. No shareholder shall be entitled to receive any Dividend or to exercise any privilege as a member until his name shall have been entered in the Register of the Record of Depositors and he shall have paid all calls for the time being due and payable on every share by him, whether alone or jointly with any other person, together with interest and expenses (if any).
64. (a) The notice convening meetings shall specify the place, the day and the hour of the meeting and shall be given to shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange and other stock exchange (if any) upon which the Company is listed.

Proposed Articles Amendments

23. A call shall be deemed to have made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by installment. No shareholder shall be entitled to receive any Dividend or to exercise any privilege as a member until his name shall have been entered in the Register of the Record of Depositors and he shall have paid all calls for the time being due and payable on every share by him, together with interest and expenses (if any).
64. (a) The notice convening meetings shall specify the place, the day and the hour of the meeting and shall be given to members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such meeting shall be given by advertisement in at least one (1) national circulated daily press and in writing to the Exchange.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

Existing Articles

(b) Subject to the provisions of Article 64(a) above, the notice of every such meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange upon which the Company is listed and such notice of all meeting shall be given to such Stock Exchange and advertised in the press at the same time as shareholders are notified. Provided that in respect of Deposited Securities. The following provisions shall apply :-

(i) The Company shall by written request made in duplicate in the prescribed form, request the Depository in accordance with the Rules to prepare a Record of Depositors to whom notices of general meeting shall be given by the Company;

(ii) The Company shall also request the Depository in accordance with the Rules of Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").

(iii) Subject to Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provisions in the Act, a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereof unless his name appear in the General Meeting Record of Depositors.

66. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him, and that a proxy need not also be a member provided that the provisions of section 149(1)(b) of the Act are complied with.

75. (i) Subject to Article 64(b)(i), at meetings of members or classes of members, a member of the Company shall be entitled to be present and to vote at any general meeting in respect of any shares of which he is the registered holder and upon which all calls due to the Company have been paid.

Proposed Articles Amendments

(b) The Company shall request the Depository in accordance with the Rules to prepare a Record of Depositors to whom notices of general meeting shall be given by the Company.

(c) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors"). Subject to Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provisions in the Act, a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereof unless his name appear in the General Meeting Record of Depositors.

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66. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

75. (i) Subject to Article 64(c), at meetings of members or classes of members, a member of the Company shall be entitled to be present and to vote at any general meeting in respect of any shares of which he is the registered holder and upon which all calls due to the Company have been paid.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

Existing Articles

82. The instruments appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under hand of officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall entitled to appoint one (1) proxy to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
104. The Directors shall not without the prior approval of the Shareholders in general meeting :-
142. The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the section. The interval between the close of a financial year of the Company and the issue of accounts relating to it shall not exceed four (4) months. A copy of each such documents shall not less than twenty one (21) days before the date of the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of Act or of these presents. The requisite number of copies of each such document as may be required by the stock exchange upon which the Company's shares may be listed shall at the same time be likewise sent to each stock exchange. PROVIDED THAT this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders but any member shall be entitled to receive a copy free of charge on application at the office.
153. Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register or the Record of Depositors or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the Dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

Proposed Articles Amendments

82. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under hand of officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall entitled to appoint one (1) or more proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
104. The Directors shall not without the prior approval of the members in general meeting :-
142. The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the section. The interval between the close of a financial year of the Company and the issuance of accounts thereof, shall not exceed four (4) months or any such period as may be prescribed by the Exchange. A copy of each such documents shall not less than twenty one (21) days before the date of the meeting be sent to every member of, and to every holder of debentures of the Company under the provisions of Act or of these Articles. The requisite number of copies of each such documents as may be required by the Exchange shall at the same time be likewise sent to the Exchange. PROVIDED THAT this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member shall be entitled to receive a copy free of charge on application at the office.
153. Any dividend, interest or other money payable in cash in respect of shares may be paid by electronic payments via direct crediting to the bank account of the holder whose name appear in the Record of Depositors or by cheque or warrant sent through the post directed to the registered address of the holder and to such address as the holder may in writing direct. Every such mode of payment shall be made payable to the order of the person and shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or discrepancy in the bank account details of the holder. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

Existing Articles

160. All notice directed to be given to the members shall with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Register of Members and/or Record of Depositors, and any notice so given shall be sufficient notice to the holders of such share.
168. (a) Notwithstanding any other provisions of these Articles and to the extent permitted by law all the relevant Listing Requirements prescribed by the Exchange for the time being in force including any amendments thereto that may be made from time to time shall be read and construed and be deemed as an integral part of these Articles and in the event of any inconsistency or conflict between any of the provisions of any of these Articles and the Listing Requirements of the Exchange the latter shall prevail.
- (b) In the event that these Articles contain any provisions prohibited by the Listing Requirements, then these Articles shall be deemed not to contain such provisions.
- (c) In the event that these Articles omits any provisions which are required by the Listing Requirements to be contained in these Articles, then these Articles shall be deemed to contain such provisions.
- (d) These Articles shall not be construed to prohibit or prevent an act to be performed which the Listing Requirements require to be performed.
- (e) Notwithstanding any other provisions of these Articles, if the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (f) These Articles shall be construed to prohibit from being performed any act which are prohibited from being performed under the provisions of the Listing Requirements.

Proposed Articles Amendments

160. Subject to the compliance with the Listing Requirements and any other relevant laws and regulations, if any, the Company may issue its annual report in compact disc read-only memory ("CD-ROM") or digital video disc read-only memory ("DVD-ROM") format or in any format that may be developed in the future.
168. (a) Notwithstanding anything contained in these Articles, if the Listing Requirements prohibit an act being done, the act shall not be done.
- (b) Nothing contained in these Articles prevents an act being done that the Listing Requirements require to be done.
- (c) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (d) If the Listing Requirements require these Articles to contain a provision and they do not contain such a provision, these Articles are deemed to contain that provision.
- (e) If the Listing Requirements require these Articles not to contain a provision and they contain such a provision, these Articles are deemed not to contain that provision.
- (f) If any provision of these Articles is or becomes inconsistent with the Listing Requirements, these Articles are deemed not to contain that provision to the extent of the inconsistency.

STATEMENT OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY (CONT'D)

3. RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is to update the Company's Articles of Association for the purpose of enhancing the clarity and to ensure consistency throughout the Company's Articles of Association and to be in line with the Main Market Listing Requirements.

4. EFFECTS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments will not have any effect on the share capital and substantial shareholding of Master-Pack, net assets per share, earning per share and gearing of the Master-Pack Group.

5. CONDITIONS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is conditional upon approval being obtained from the shareholders of the Company at the forthcoming Sixteenth AGM.

6. DIRECTORS', MAJOR SHAREHOLDERS' AND PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, Major Shareholders and/or persons connected with Directors and/or Major Shareholders have any interest, direct or indirect, in respect of the Proposed Articles Amendments.

7. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Articles Amendments are of the opinion that the Proposed Articles Amendments is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the special resolution for the Proposed Articles Amendments to be tabled at the forthcoming Sixteenth AGM.

CORPORATE SOCIAL RESPONSIBILITY

Master-Pack Group Berhad group of companies ("the Group") has been progressively integrating Corporate Social Responsibility ("CSR") initiatives as part of the way we operate our business.

The Group has taken cognizance of its responsibility to the **environment**. Master-Pack Sdn. Bhd. ("MPSB") is one of the first few companies registered to have achieved the Environmental Management Systems ("EMS") MS ISO 14001 : 2004 certification in 1997. EMS ensures adherence to environmental standards, emission standards, treatment of plant effluents and waste water. MPSB has also switched from diesel fuel oil to natural gas. Following MPSB lead, Master-Pack (Sarawak) Sdn. Bhd. had been awarded the EMS certification on 4 January 2008.

Products manufactured by both the Group's Packaging factories are fully **recyclable products**. These packaging factories endeavors to enhance ways corrugated paper can be utilized and had been successful in producing paper pallets and layer pads to replace wooden pallets and packing saw dust or plastic bubble pads. These paper pallets are ideally used in containerized shipment and are acceptable to countries supporting the World Green Movement ideology, as it is easily recycled. We continuously work with customers to best design corrugated carton boxes that minimize superfluous material/over design. In addition, the Group's office and production departments proactively collect all scrap papers, production rejects and waste materials for recycling.

The business venture that underlines our Group's policy on corporate social responsibility which reiterates our commitment to be a responsible corporate citizen is the distribution of Maz fuel additive. The Maz fuel additive, patented in USA and China had been acclaimed to be a positive contributor to the reduction of air pollution. The Maz fuel additive range of products when applied to vehicles and industrial machinery helps to improve and sustain fuel economy, lower carbon deposits and clean exhaust emissions. This is our Group's small contribution towards minimizing carbon footprint as well as towards a healthier and cleaner environment.

Human development is integral in the culture that is being nurtured as employees are continuously trained in-house, at their work stations or sponsored to attend seminars and conferences externally. This is part of the core values of the Group. Employees are encouraged to voice their thoughts and show their skills and ideas in Kaizen and Small Group Activities initiated to improve both product quality and cost efficiency. Employees are paid a small incentive upon achieving the targeted performance. Social and recreational activities are frequently organized to encourage employees' interaction, as well as to cultivate team spirit among the employees. The Group also ensures a conducive and healthy workplace, by providing a clean and safe **working environment** for all employees. Each factory has their own Safety and Health Committee which monitors and inculcates the awareness and practices on Group's safety and health policies and guidelines.

The Group believes in interacting with the **Community** in which it operates its business. The Group provides training under its Industrial Training Programme to assist undergraduates from colleges and universities to gain hands-on experience in selected fields of study related to the packaging operation. Other ad hoc community services such as donations are provided to the community as and when the need arises.

DIRECTORS' REPORT

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

CHANGE OF NAME

The name of the Company was changed from Hunza Consolidation Berhad to Master-Pack Group Berhad with effect from 29 June 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Net profit for the financial year attributable to shareholders of the Company	<u>3,818</u>	<u>1,703</u>

DIVIDENDS

No dividends were proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES OR DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No share options were granted by the Company during the financial year.

PURCHASE OF OWN SHARES

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 20 May 1998, approved the Company's plan to purchase its own shares.

During the financial year, the Company purchased 400 ordinary shares of RM1.00 each from the open market using internally generated funds. The total amount of consideration paid, including directly attributable costs, amounted to RM160. The shares purchased are held as Treasury Shares in accordance with the requirements of Section 67A of the Companies Act 1965.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance made for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

No contingent liability or other liability of the Group or the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Dato' Syed Mohamad Bin Syed Murtaza
Aminuddin Bin Saad
Dato' Khor Teng Tong
Chew Hock Lin
Dr. Junid Bin Abu Saham
Nazriah Binti Shaik Alawdin

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM1.00 Each					
	Direct Interest			Deemed Interest		
	At 1.1.2009	Bought	Sold	At 31.12.2009	At 1.1.2009	At 31.12.2009
Aminuddin Bin Saad	10,002	0	0	10,002	0	0
Dato' Khor Teng Tong	420,000	0	0	420,000	1,147,000	1,147,000

Save as disclosed above, none of the directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 25 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. Horwath), have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 23 APRIL 2010

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad

STATEMENT BY DIRECTORS & STATUTORY DECLARATION

STATEMENT BY DIRECTORS

We, Dato' Syed Mohamad Bin Syed Murtaza and Aminuddin Bin Saad, being two of the directors of Master-Pack Group Berhad (formerly known as Hunza Consolidation Berhad), do hereby state that in the opinion of the directors, the financial statements set out on pages 28 to 59 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 23 APRIL 2010

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad

STATUTORY DECLARATION

I, Dato' Syed Mohamad Bin Syed Murtaza, being the director primarily responsible for the financial management of Master-Pack Group Berhad (formerly known as Hunza Consolidation Berhad), do solemnly and sincerely declare that the financial statements set out on pages 28 to 59 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Syed Mohamad Bin Syed Murtaza
at Georgetown in the State of Penang
on this 23 April 2010

Dato' Syed Mohamad Bin Syed Murtaza

Before me

Karupayee Kamalam A/P R. Mottai
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MASTER-PACK GROUP BERHAD (formerly known as Hunza Consolidation Berhad) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Master-Pack Group Berhad (formerly known as Hunza Consolidation Berhad) ("the Company") and its subsidiaries ("the Group") set out on pages 28 to 59, which comprise the balance sheets as at 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia ("the Act"). 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) 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.
- (iii) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Penang

23 April 2010

Eddy Chan Wai Hun
Approval No: 2182/10/11(J)
Chartered Accountant

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	26,915	27,384
Prepaid lease payments	5	3,377	3,511
Investment property	6	13,940	15,839
Goodwill on consolidation		196	196
Investments in associates	8	199	178
Other investments	9	245	192
		<u>44,872</u>	<u>47,300</u>
CURRENT ASSETS			
Assets held for sale	10	1,899	0
Inventories	11	7,438	8,495
Trade and other receivables	12	16,551	13,677
Amounts owing by associates	8	1,263	1,795
Prepayments		574	320
Current tax assets		135	371
Term deposits with licensed banks	13	372	365
Cash and bank balances		1,285	893
		<u>29,517</u>	<u>25,916</u>
CURRENT LIABILITIES			
Trade and other payables	14	5,132	4,552
Amount owing to a director	15	0	742
Loans and borrowings - secured	16	16,627	18,427
Current tax liabilities		434	43
		<u>22,193</u>	<u>23,764</u>
NET CURRENT ASSETS		7,324	2,152
NON-CURRENT LIABILITIES			
Loans and borrowings - secured	16	7,434	10,927
Deferred tax liabilities	17	2,801	2,087
		<u>10,235</u>	<u>13,014</u>
NET ASSETS		41,961	36,438
FINANCED BY:-			
Share capital	18	50,055	50,055
Treasury shares	18	(714)	(714)
Share premium		1,185	1,185
Revaluation surplus		2,097	765
Accumulated losses		(10,692)	(14,879)
SHAREHOLDERS' EQUITY		41,931	36,412
Minority interest		30	26
TOTAL EQUITY		41,961	36,438

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

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
Revenue	19	52,749	42,517
Other income		425	2,029
Changes in inventories of work-in-progress and finished goods		51	89
Raw materials and consumables used		(28,014)	(27,779)
Amortisation and depreciation		(3,462)	(3,923)
Employee benefits expense	20	(6,219)	(4,509)
Interest expense		(1,923)	(2,066)
Share of profit of an associate		21	22
Other expenses		(8,574)	(6,362)
Profit before tax	21	<u>5,054</u>	<u>18</u>
Tax expense	22	(1,269)	(664)
Net profit/(loss) for the year		<u><u>3,785</u></u>	<u><u>(646)</u></u>
Attributable to:-			
- Shareholders of the Company		3,818	(644)
- Minority interest		<u>(33)</u>	<u>(2)</u>
		<u><u>3,785</u></u>	<u><u>(646)</u></u>
Earnings/(Loss) per share (sen)	23		
- Basic		<u>7.69</u>	<u>(1.30)</u>
- Diluted		<u>7.69</u>	<u>(1.30)</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Non-distributable						Minority interest RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation surplus RM'000	Accumulated losses RM'000	Shareholders' equity RM'000		
Balance at 1 January 2008	50,055	(714)	1,185	1,089	(14,559)	37,056	37,084	
Purchase of own shares (Note 18)	0	(*)	0	0	0	(*)	(*)	
Net loss for the year	0	0	0	0	(644)	(644)	(646)	
Transfer of revaluation surplus	0	0	0	(324)	324	0	0	
Balance at 31 December 2008	50,055	(714)	1,185	765	(14,879)	36,412	36,438	
Issue of shares to minority shareholders	0	0	0	0	0	0	40	
Accretion arising from issue of shares to minority shareholders	0	0	0	0	3	3	0	
Purchase of own shares (Note 18)	0	(*)	0	0	0	(*)	(*)	
Revaluation increase of buildings	0	0	0	2,264	0	2,264	2,264	
Deferred tax expense (Note 17)	0	0	0	(566)	0	(566)	(566)	
Net gain recognised directly in equity	0	0	0	1,698	0	1,698	1,698	
Net profit/(loss) for the year	0	0	0	0	3,818	3,818	3,785	
Total recognised income and expense	0	0	0	1,698	3,818	5,516	5,483	
Transfer of revaluation surplus	0	0	0	(366)	366	0	0	
Balance at 31 December 2009	50,055	(714)	1,185	2,097	(10,692)	41,931	41,961	

* Denotes RM160 (2008 : RM294)

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,054	18
Adjustments for:-			
Allowance for doubtful debts		347	7
Amortisation and depreciation		3,462	3,923
Bad debts written off		398	36
Dividend income		(5)	(26)
Gain on disposal of property, plant and equipment		0	(90)
Gain on disposal of quoted investments		(2)	(22)
Interest expense		1,923	2,066
Interest income		(9)	(9)
Inventories written down		404	0
Loss on disposal of investment property		0	14
Property, plant and equipment written off		30	5
(Reversal of allowance)/Allowance for diminution in value of quoted investments		(72)	309
Share of profit of an associate		(21)	(22)
Waiver of debts		0	(300)
Operating profit before working capital changes		<u>11,509</u>	<u>5,909</u>
Decrease/(Increase) in inventories		653	(3,819)
Increase in receivables and prepayments		(3,360)	(2,727)
Increase in payables		578	113
Cash generated from/(absorbed by) operations		<u>9,380</u>	<u>(524)</u>
Tax paid		(816)	(733)
Tax refunded		323	0
Net cash from/(used in) operating activities		<u>8,887</u>	<u>(1,257)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		4	20
Interest received		10	9
Issue of shares to minority shareholders		40	0
Proceeds from disposal of investment property		0	216
Proceeds from disposal of property, plant and equipment		0	124
Proceeds from disposal of quoted investments		21	231
Purchase of property, plant and equipment	24	(625)	(1,181)
Net cash used in investing activities		<u>(550)</u>	<u>(581)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(1,903)	(2,108)
Net (decrease)/increase in short-term bank borrowings		(2,412)	4,882
Net repayment to directors		(742)	(647)
Purchase of own shares		(*)	(*)
Repayment of hire purchase obligations		(452)	(165)
Repayment of long-term loans		(1,197)	(429)
Term deposits pledged as security		(7)	(9)
Term loan raised		0	1,000
Net cash (used in)/from financing activities		<u>(6,713)</u>	<u>2,524</u>
Net increase in cash and cash equivalents		1,624	686
Cash and cash equivalents brought forward		(2,472)	(3,158)
Cash and cash equivalents carried forward	24	<u>(848)</u>	<u>(2,472)</u>

* Denotes RM160 (2008 : RM294)

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

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	61	98
Investment property	6	2,590	2,590
Investments in subsidiaries	7	17,008	14,980
Other investments	9	245	192
		<u>19,904</u>	<u>17,860</u>
CURRENT ASSETS			
Amounts owing by subsidiaries	7	2,652	3,072
Other receivables	12	957	958
Prepayments		0	20
Current tax assets		0	252
Term deposits with licensed banks	13	372	365
Cash and bank balances		357	528
		<u>4,338</u>	<u>5,195</u>
CURRENT LIABILITIES			
Amount owing to a subsidiary	7	27	0
Other payables	14	466	326
Amount owing to a director	15	0	742
Loans and borrowings - secured	16	2,481	2,476
Current tax liabilities		112	0
		<u>3,086</u>	<u>3,544</u>
NET CURRENT ASSETS		1,252	1,651
NON-CURRENT LIABILITIES			
Loans and borrowings - secured	16	362	413
Deferred tax liabilities	17	101	108
		<u>463</u>	<u>521</u>
NET ASSETS		<u>20,693</u>	<u>18,990</u>
FINANCED BY:-			
Share capital	18	50,055	50,055
Treasury shares	18	(714)	(714)
Share premium		1,185	1,185
Accumulated losses		(29,833)	(31,536)
SHAREHOLDERS' EQUITY		<u>20,693</u>	<u>18,990</u>

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

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
Revenue	19	4,485	1,876
Other income		108	100
Depreciation and impairment		(70)	(185)
Employee benefits expense	20	(750)	(586)
Interest expense		(344)	(272)
Other expenses		(1,154)	(1,939)
Profit/(Loss) before tax	21	<u>2,275</u>	<u>(1,006)</u>
Tax expense	22	(572)	(311)
Net profit/(loss) for the year		<u>1,703</u>	<u>(1,317)</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Share capital RM'000	Non-distributable		Accumulated losses RM'000	Shareholders' equity RM'000
		Treasury shares RM'000	Share premium RM'000		
Balance at 1 January 2008	50,055	(714)	1,185	(30,219)	20,307
Purchase of own shares (Note 18)	0	(*)	0	0	(*)
Net loss for the year	0	0	0	(1,317)	(1,317)
Balance at 31 December 2008	<u>50,055</u>	<u>(714)</u>	<u>1,185</u>	<u>(31,536)</u>	<u>18,990</u>
Purchase of own shares (Note 18)	0	(*)	0	0	(*)
Net profit for the year	0	0	0	1,703	1,703
Balance at 31 December 2009	<u>50,055</u>	<u>(714)</u>	<u>1,185</u>	<u>(29,833)</u>	<u>20,693</u>

* Denotes RM160 (2008 : RM294)

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

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		2,275	(1,006)
Adjustments for:-			
Allowance for doubtful debts		918	1,379
Depreciation and impairment		70	185
Dividend income		(3,285)	(676)
Gain on disposal of quoted investments		(2)	(22)
Interest expense		344	272
Interest income		(7)	(9)
(Reversal of allowance)/Allowance for diminution in value of quoted investments		(72)	309
Reversal of allowance for doubtful debts		0	(46)
Operating profit before working capital changes		<u>241</u>	<u>386</u>
Decrease/(Increase) in receivables and prepayments		20	(10)
Increase in payables		140	35
Cash generated from operations		<u>401</u>	<u>411</u>
Tax paid		(152)	(45)
Tax refunded		323	0
Net cash from operating activities		<u>572</u>	<u>366</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary		0	(*)
Additional investments in subsidiaries		(2,060)	0
Dividends received		2,899	501
Interest received		8	9
Net advance to subsidiaries		(498)	(1,262)
Proceeds from disposal of quoted investments		21	231
Purchase of property, plant and equipment	24	(1)	(20)
Net cash from/(used in) investing activities		<u>369</u>	<u>(541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(344)	(272)
Net advance from/(repayment to) subsidiaries		27	(62)
Net increase in short-term bank borrowings		2	1,738
Net repayment to directors		(742)	(645)
Purchase of own shares		(**)	(**)
Repayment of long-term loans		(48)	(43)
Term deposits pledged as security		(7)	(9)
Net cash (used in)/from financing activities		<u>(1,112)</u>	<u>707</u>
Net (decrease)/increase in cash and cash equivalents		(171)	532
Cash and cash equivalents brought forward		528	(4)
Cash and cash equivalents carried forward	24	<u>357</u>	<u>528</u>

* Denotes RM2

** Denotes RM160 (2008 : RM294)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

1. GENERAL INFORMATION

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

The name of the Company was changed from Hunza Consolidation Berhad to Master-Pack Group Berhad with effect from 29 June 2009.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang and its principal place of business is located at 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

The consolidated financial statements set out on pages 28 to 31 together with the notes thereto cover the Company and its subsidiaries ("the Group") and the Group's interests in associates. The separate financial statements of the Company set out on pages 32 to 35 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 April 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

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

The Group and the Company have not applied the following FRSs and IC Interpretations which have been issued as at the balance sheet date but are not yet effective:-

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January 2010
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8 <i>Operating Segments</i>	1 July 2009
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1 January 2010
FRS 123 <i>Borrowing Costs</i>	1 January 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of Preparation of Financial Statements (cont'd)

Except for FRS 7, FRS 101 (revised in 2009) and FRS 139, the management foresees that the initial application of the above FRSs and IC Interpretations will not have any significant impacts on the financial statements.

By virtue of the exemptions given by FRS 7 and FRS 139, the impacts on the financial statements upon initial application of these FRSs (and the amendments thereto) are not disclosed.

FRS 101 (revised in 2009), which supersedes FRS 101 *Presentation of Financial Statements* (revised in 2005), affects the presentation of owner changes in equity and comprehensive income. It requires an entity to present all owner changes in equity in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). FRS 101 (revised in 2009) also changes the titles of the financial statements to reflect their function more closely, for example, the titles "balance sheet" and "cash flow statement" are renamed as "statement of financial position" and "statement of cash flows" respectively.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the financial year using the purchase method, except for certain business combinations entered into prior to 1 January 2006 which were accounted for using the merger method in accordance with MAS 2 *Accounting for Acquisitions and Mergers* prevailing at the date of combination. In accordance with the transitional provisions of FRS 3 *Business Combinations* which requires all business combinations to be accounted for using the purchase method, the Group has applied the FRS prospectively and business combinations entered into prior to 1 January 2006 have not been restated to comply with the FRS.

Under the purchase method, the results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in the income statement.

Under the merger method, the results of the subsidiary are presented as if the merger had been effected throughout the current and previous financial years. Any difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiary is taken to merger reserve. Any merger debit arising on consolidation is written off against reserves.

All intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

2.3 Financial Instruments

Recognised Financial Instruments

The accounting policies for recognised financial instruments are disclosed in the individual policies associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the financial guarantees as disclosed in Note 28 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Financial Instruments (cont'd)

Fair Values

The carrying amounts of financial assets and liabilities with short maturity periods are assumed to approximate their fair values.

The fair values of quoted investments are estimated based on quoted market prices.

The fair values of long-term loans and borrowings are estimated based on the current rates offered to the Group and the Company for loans and borrowings with the same remaining maturities.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the balance sheet date.

A revaluation increase is credited to equity as revaluation surplus or recognised as income in the income statement to the extent that the increase reverses a revaluation decrease of the same asset previously recognised as an expense. A revaluation decrease is recognised as an expense in the income statement or debited against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus of that asset.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2 - 5%
Plant and machinery	10 - 33%
Tools and equipment	10 - 33%
Furniture, fittings and office equipment	10 - 33%
Motor vehicles	20 - 25%

The residual value, useful life and depreciation method of an asset are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investment Property

An investment property, being a property held to earn rentals and/or for capital appreciation, is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in the income statement.

2.6 Investments

Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any.

Associates

An associate is an entity, other than a subsidiary or a joint venture, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Investments (cont'd)

Associates (cont'd)

In the consolidated financial statements, investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is initially recognised at cost and the carrying amount is subsequently adjusted to recognise the Group's share of the post-acquisition profit or loss and other changes in equity of the associate.

Other Investments

Quoted investments are stated at cost and accounted for using settlement date accounting. An allowance for diminution in value is made when there is a decline other than temporary in the value of the investment. The decline is recognised as an expense in the period in which it is identified.

2.7 Non-current Assets Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before the initial classification as held for sale, the carrying amount of the relevant asset is measured in accordance with applicable FRSs. Upon classification as held for sale, the asset, other than financial assets within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* and investment property stated at fair value, is measured at the lower of its carrying amount and fair value less costs to sell. Any initial or subsequent write-down to, or any subsequent increase in, fair value less costs to sell is recognised in the income statement.

2.8 Impairment of Assets

The carrying amounts of assets, other than inventories, financial assets within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, investment property stated at fair value and non-current assets classified as held for sale, are reviewed at each balance sheet date to determine whether there is any indication that an item of asset may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised as an expense in the income statement or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss of an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in the income statement or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss of goodwill is not reversed.

2.9 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.10 Receivables

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.

2.11 Payables

Payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Leases

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The upfront payments for a lease of land held for own use under an operating lease are classified as prepaid lease payments and amortised on a straight-line basis over the lease term. Land held under an operating lease that would otherwise meet the definition of investment property is classified as investment property and accounted for as if held under a finance lease.

2.13 Loans and Borrowings

All loans and borrowings are initially recognised at cost which is the fair value of the proceeds received. The loans and borrowings are subsequently stated at amortised cost using the effective interest method. The effective interest rate is the historical rate for a fixed rate instrument and the current market rate for a floating rate instrument.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.14 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in the income statement. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. directly in equity or in the income statement.

2.15 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as Treasury Shares in accordance with the requirements of Section 67A of the Companies Act 1965. The total amount of consideration paid, including directly attributable costs, is debited to equity.

Dividends on shares declared and unpaid at the balance sheet date are recognised as a liability whereas dividends proposed or declared after the balance sheet date are disclosed by way of note to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Income from the rendering of services is recognised when the services are performed.

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

Rental income is recognised on an accrual basis.

Interest income is recognised using the effective interest method.

2.17 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents 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 or substantively enacted by the balance sheet date.

Deferred tax is provided for under the balance sheet liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base except for those temporary differences associated with goodwill, negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

2.18 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the state pension scheme, Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the period in which the associated services are rendered by the employee.

2.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (excluding those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

Critical Judgements

In the process of applying the accounting policies of the Group and the Company, the management makes the following judgements that can significantly affect the amounts recognised in the financial statements:-

(i) Allowance for Inventories

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(ii) Allowance for Doubtful Debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables.

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) Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The management estimates the useful lives to be within 3 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised.

(ii) Impairment of Assets

When the recoverable amount of an asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax provisions in the period in which the outcome is determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<u>At Cost/Valuation</u>								
At 1 January 2008	3,500	16,912	45,800	1,647	3,875	1,072	205	73,011
Additions	0	140	2,559	105	76	96	13	2,989
Disposals/Write-offs	0	0	(1,174)	(45)	(110)	0	0	(1,329)
Reclassifications	0	13	0	0	205	0	(218)	0
At 31 December 2008	<u>3,500</u>	<u>17,065</u>	<u>47,185</u>	<u>1,707</u>	<u>4,046</u>	<u>1,168</u>	<u>0</u>	<u>74,671</u>
Representing:-								
Cost	0	230	47,185	1,707	4,046	1,168	0	54,336
Valuation	<u>3,500</u>	<u>16,835</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,335</u>
	<u>3,500</u>	<u>17,065</u>	<u>47,185</u>	<u>1,707</u>	<u>4,046</u>	<u>1,168</u>	<u>0</u>	<u>74,671</u>
At 1 January 2009	3,500	17,065	47,185	1,707	4,046	1,168	0	74,671
Additions	0	1	464	52	108	0	0	625
Disposals/Write-offs	0	0	(1,037)	(1)	(314)	0	0	(1,352)
Revaluation	0	(701)	0	0	0	0	0	(701)
At 31 December 2009	<u>3,500</u>	<u>16,365</u>	<u>46,612</u>	<u>1,758</u>	<u>3,840</u>	<u>1,168</u>	<u>0</u>	<u>73,243</u>
Representing:-								
Cost	0	0	46,612	1,758	3,840	1,168	0	53,378
Valuation	<u>3,500</u>	<u>16,365</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,865</u>
	<u>3,500</u>	<u>16,365</u>	<u>46,612</u>	<u>1,758</u>	<u>3,840</u>	<u>1,168</u>	<u>0</u>	<u>73,243</u>
<u>Accumulated Depreciation</u>								
At 1 January 2008	0	1,514	37,515	1,291	3,524	944	0	44,788
Depreciation	0	722	2,704	104	207	52	0	3,789
Disposals/Write-offs	0	0	(1,136)	(45)	(109)	0	0	(1,290)
At 31 December 2008	<u>0</u>	<u>2,236</u>	<u>39,083</u>	<u>1,350</u>	<u>3,622</u>	<u>996</u>	<u>0</u>	<u>47,287</u>
Depreciation	0	729	2,349	90	109	51	0	3,328
Disposals/Write-offs	0	0	(1,009)	(1)	(312)	0	0	(1,322)
Revaluation	0	(2,965)	0	0	0	0	0	(2,965)
At 31 December 2009	<u>0</u>	<u>0</u>	<u>40,423</u>	<u>1,439</u>	<u>3,419</u>	<u>1,047</u>	<u>0</u>	<u>46,328</u>
<u>Carrying Amount</u>								
At 1 January 2008	<u>3,500</u>	<u>15,398</u>	<u>8,285</u>	<u>356</u>	<u>351</u>	<u>128</u>	<u>205</u>	<u>28,223</u>
At 31 December 2008	<u>3,500</u>	<u>14,829</u>	<u>8,102</u>	<u>357</u>	<u>424</u>	<u>172</u>	<u>0</u>	<u>27,384</u>
At 31 December 2009	<u>3,500</u>	<u>16,365</u>	<u>6,189</u>	<u>319</u>	<u>421</u>	<u>121</u>	<u>0</u>	<u>26,915</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The freehold land and buildings of the Group were revalued on 31 December 2009 based on the values given by independent professional valuers using the open market value basis. Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts that would have been included in the financial statements as at the end of the financial year are as follows:-

	2009 RM'000	2008 RM'000
Freehold land	1,904	1,904
Buildings	10,234	10,684
	<u>12,138</u>	<u>12,588</u>

Certain property, plant and equipment of the Group with a total carrying amount of RM21,528,000 (2008 : RM20,655,000) have been pledged as security for credit facilities granted to the Group.

The carrying amounts of property, plant and equipment of the Group acquired under hire purchase agreements are as follows:-

	2009 RM'000	2008 RM'000
Plant and machinery	1,860	2,071
Tools and equipment	73	84
Office equipment	0	189
Motor vehicles	50	133
	<u>1,983</u>	<u>2,477</u>

The Company

	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>At Cost</u>			
At 1 January 2008	1,220	102	1,322
Additions	20	0	20
At 31 December 2008	<u>1,240</u>	<u>102</u>	<u>1,342</u>
Additions	1	0	1
At 31 December 2009	<u>1,241</u>	<u>102</u>	<u>1,343</u>
<u>Accumulated Depreciation</u>			
At 1 January 2008	1,032	102	1,134
Depreciation	110	0	110
At 31 December 2008	<u>1,142</u>	<u>102</u>	<u>1,244</u>
Depreciation	38	0	38
At 31 December 2009	<u>1,180</u>	<u>102</u>	<u>1,282</u>
<u>Carrying Amount</u>			
At 1 January 2008	<u>188</u>	<u>0</u>	<u>188</u>
At 31 December 2008	<u>98</u>	<u>0</u>	<u>98</u>
At 31 December 2009	<u>61</u>	<u>0</u>	<u>61</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

5. PREPAID LEASE PAYMENTS

The Group

	Short-term leasehold land RM'000
<u>At Valuation</u>	
At 1 January 2008	3,930
Movement during the year	0
At 31 December 2008	3,930
Movement during the year	0
At 31 December 2009	3,930
<u>Accumulated Amortisation</u>	
At 1 January 2008	285
Amortisation	134
At 31 December 2008	419
Amortisation	134
At 31 December 2009	553
<u>Carrying Amount</u>	
At 1 January 2008	3,645
At 31 December 2008	3,511
At 31 December 2009	3,377

The leasehold land was revalued on 15 November 2005 based on the value given by independent professional valuers using the open market value basis. As allowed by the transitional provisions of FRS 117 Leases, the unamortised revalued amount has been retained as the surrogate carrying amount of the prepaid lease payments.

The leasehold land has been pledged as security for credit facilities granted to the Group.

6. INVESTMENT PROPERTY

The Group

<u>At Fair Value</u>	Freehold land and buildings RM'000	Long-term leasehold land and building RM'000	Short-term leasehold land RM'000	Office lots RM'000	Total RM'000
At 1 January 2008	11,350	230	1,899	2,590	16,069
Disposals	0	(230)	0	0	(230)
At 31 December 2008	11,350	0	1,899	2,590	15,839
Transfer to assets held for sale	0	0	(1,899)	0	(1,899)
At 31 December 2009	11,350	0	0	2,590	13,940

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

6. INVESTMENT PROPERTY (cont'd)

The Company

<u>At Fair Value</u>	Office lots RM'000
At 1 January 2008	2,590
Movement during the year	0
At 31 December 2008	<u>2,590</u>
Movement during the year	0
At 31 December 2009	<u>2,590</u>

The fair values of investment property were determined based on the values given by independent professional valuers using the open market value basis.

Certain investment property of the Group and the Company with total carrying amounts of RM13,590,000 (2008 : RM14,975,000) and RM2,590,000 (2008 : RM2,590,000) respectively has been pledged as security for credit facilities granted to the Group and the Company.

7. INVESTMENTS IN SUBSIDIARIES

The Company

	2009 RM'000	2008 RM'000
Unquoted shares, at cost	33,395	31,335
Impairment losses	<u>(16,387)</u>	<u>(16,355)</u>
	<u>17,008</u>	<u>14,980</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Ownership Interest Held		Principal Activity
		2009	2008	
<u>Direct Subsidiaries</u>				
Master-Pack Sdn. Bhd.	Malaysia	100%	100%	Manufacture of corrugated cartons and distribution of packaging materials
Master-Pack (Sarawak) Sdn. Bhd. (formerly known as Hunza Packaging (Sarawak) Sdn. Bhd.)	Malaysia	100%	100%	Manufacture and sale of corrugated fibreboard cartons
Master-Pack Marine Products Sdn. Bhd. (formerly known as Hunza Marine Products Sdn. Bhd.)	Malaysia	100%	100%	Renting of property, equipment and machinery
Master-Pack Labs Sdn. Bhd. (formerly known as Hunza Labs Sdn. Bhd.)	Malaysia	68%	68%	Inactive
Master-Pack Energy Sdn. Bhd. (formerly known as Hunza Fresh Energy Sdn. Bhd.)	Malaysia	60%	100%	Inactive
Sin Wan Fatt Marine Products Sdn. Bhd.	Malaysia	100%	100%	Inactive
Tung Hai Fishing Sendirian Berhad	Malaysia	100%	100%	Inactive
<u>Indirect Subsidiaries</u>				
Master-Pack Diversity Sdn. Bhd. (formerly known as Hunza Diversity Sdn. Bhd.)	Malaysia	100%	100%	Inactive
Master-Pack Nutraceuticals Sdn. Bhd. (formerly known as Hunza Nutraceuticals Sdn. Bhd.)	Malaysia	68%	68%	Inactive
Ocean Garden Seafood Products Sdn. Bhd.	Malaysia	53%	53%	Inactive

7. INVESTMENTS IN SUBSIDIARIES (cont'd)

Amounts Owing By/To Subsidiaries

	2009	2008
	RM'000	RM'000
Amounts owing by subsidiaries	19,421	18,923
Allowance for doubtful debts	(16,769)	(15,851)
	<u>2,652</u>	<u>3,072</u>

The amounts owing by/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

8. INVESTMENTS IN ASSOCIATES

The Group

	2009	2008
	RM'000	RM'000
Unquoted shares, at cost	145	145
Share of post-acquisition results	54	33
	<u>199</u>	<u>178</u>

The details of the associates are as follows:-

Name of Associate	Country of Incorporation	Ownership Interest Held		Principal Activity
		2009	2008	
Hugh Packaging (Selangor) Sdn. Bhd.	Malaysia	30%	30%	Manufacture of packaging materials
Richmond Technology Sdn. Bhd.	Malaysia	20%	20%	Manufacture of packaging materials

The summarised financial information of Hugh Packaging (Selangor) Sdn. Bhd. is not disclosed as the Group's share of losses has been recognised to the extent of its interest in the associate. The unrecognised share of loss (2008 : profit) of the associate for the financial year amounted to RM14,000 (2008 : RM8,000) whereas the unrecognised share of losses cumulatively amounted to RM17,000 (2008 : RM3,000).

The summarised financial information of Richmond Technology Sdn. Bhd. is as follows:-

	2009	2008
	RM'000	RM'000
Total assets	2,419	2,721
Total liabilities	1,422	1,829
Revenue	5,918	6,521
Net profit for the year	<u>105</u>	<u>108</u>

Amounts Owing By Associates

The amounts owing by associates arose mainly from trade transactions with credit term of 60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

9. OTHER INVESTMENTS

The Group and the Company

	2009 RM'000	2008 RM'000
Shares quoted in Malaysia, at cost	661	782
Allowance for diminution in value	(416)	(590)
	<u>245</u>	<u>192</u>
Market value		
	<u>245</u>	<u>192</u>

Certain quoted investments with a total carrying amount of RM242,000 (2008 : RM187,000) have been pledged as security for credit facilities granted to the Group and the Company.

10. ASSETS HELD FOR SALE

The Group

	RM'000
At 1 January 2009	0
Transfer from investment property	1,899
At 31 December 2009	<u>1,899</u>
Representing short-term leasehold land:-	
- presented in the business segment of "packaging"	1,385
- presented in the business segment of "investment and rental"	514
	<u>1,899</u>

During the financial year, the Group committed to a plan to sell the aforementioned leasehold land. The management expects the sales to be completed in the near future.

Leasehold land with a carrying amount of RM1,385,000 has been pledged as security for credit facilities granted to the Group and the Company.

11. INVENTORIES

The Group

	2009 RM'000	2008 RM'000
Raw materials	5,598	7,469
Work-in-progress	522	141
Finished goods	407	737
Goods-in-transit	911	148
	<u>7,438</u>	<u>8,495</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	14,776	11,427	0	0
Allowance for doubtful debts	(444)	(197)	0	0
	<u>14,332</u>	<u>11,230</u>	<u>0</u>	<u>0</u>
Other receivables	2,219	2,447	957	958
	<u>16,551</u>	<u>13,677</u>	<u>957</u>	<u>958</u>

The credit terms of trade receivables range from 30 to 90 days.

Included in other receivables of the Group is an amount of RM1,186,000 (2008 : RM1,186,000), being compensation receivable from the compulsory acquisition of land by government.

13. TERM DEPOSITS WITH LICENSED BANKS

The Group and the Company

The term deposits have been pledged as security for credit facilities granted to the Group and the Company. The effective interest rate is 1.50% (2008 : 2.65%) per annum.

14. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	1,778	2,695	0	0
Other payables	3,354	1,857	466	326
	<u>5,132</u>	<u>4,552</u>	<u>466</u>	<u>326</u>

The credit terms of trade and other payables range from 30 to 60 days.

Included in other payables of the Group and the Company are amounts totalling RM201,000 (2008 : RM201,000) owing to companies in which a director of the Company has substantial financial interests.

15. AMOUNT OWING TO A DIRECTOR

The Group and the Company

The amount owing to a director was unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

16. LOANS AND BORROWINGS - SECURED

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Hire purchase payables	1,502	1,954	0	0
Bank overdrafts	2,133	3,365	0	0
Banker acceptances	6,061	8,567	0	0
Share margin financing	452	439	452	439
Receivable finance	92	0	0	0
Short-term loans	1,979	1,990	1,979	1,990
Long-term loans	11,842	13,039	412	460
	<u>24,061</u>	<u>29,354</u>	<u>2,843</u>	<u>2,889</u>
Disclosed as:-				
- current liabilities	16,627	18,427	2,481	2,476
- non-current liabilities	7,434	10,927	362	413
	<u>24,061</u>	<u>29,354</u>	<u>2,843</u>	<u>2,889</u>

Hire purchase payables are effectively secured against the assets acquired thereunder as disclosed in Note 4 to the financial statements. Other loans and borrowings are secured by fixed and floating charges on certain property, plant and equipment (Note 4), leasehold land (Note 5), investment property (Notes 6 and 10), quoted investments (Note 9) and term deposits (Note 13) of the Group and the Company.

The effective interest rates of loans and borrowings range from 3.53% to 10.00% (2008 : 3.50% to 10.00%) per annum.

Hire Purchase Payables

The repayment analysis of hire purchase payables is as follows:-

	The Group	
	2009 RM'000	2008 RM'000
Minimum hire purchase payments:-		
- not later than one year	480	551
- later than one year and not later than five years	1,232	1,742
	1,712	2,293
Future finance charges	(210)	(339)
Present value of hire purchase liabilities:-		
- not later than one year	386	426
- later than one year and not later than five years	1,116	1,528
	<u>1,502</u>	<u>1,954</u>

Long-Term Loans

Long-term loans are repayable over 1 to 15 years commencing from June 2001, June 2007 and February 2009. The repayment analysis is as follows:-

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Not later than one year	5,524	3,640	50	47
Later than one year and not later than five years	6,197	9,208	241	222
Later than five years	121	191	121	191
	<u>11,842</u>	<u>13,039</u>	<u>412</u>	<u>460</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

17. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	2,087	2,103	108	108
Deferred tax expense/ (income) relating to origination and reversal of temporary differences				
- charged/(credited) to income statement	160	(96)	(7)	0
- charged to equity	566	0	0	0
Deferred tax income relating to differential tax rates	(133)	0	0	0
Deferred tax liabilities under provided in prior year	121	80	0	0
At 31 December	<u>2,801</u>	<u>2,087</u>	<u>101</u>	<u>108</u>

The deferred tax liabilities are in respect of the following items:-

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Taxable/(Deductible) temporary differences of:-				
- property, plant and equipment	2,299	2,169	13	20
- prepaid lease payments	620	635	0	0
- investment property	88	221	88	88
- inventories	(101)	0	0	0
- receivables	(105)	(19)	0	0
Unused capital allowances	0	(919)	0	0
	<u>2,801</u>	<u>2,087</u>	<u>101</u>	<u>108</u>

Save as disclosed above, as at 31 December 2009, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of approximately RM1,263,000 (2008 : RM1,146,000). No further deferred tax assets have been recognised for the excess of the unused capital allowances and tax losses over the taxable temporary differences as follows:-

	2009 RM'000	2008 RM'000
Unused capital allowances	11,204	11,204
Unused tax losses	34,023	34,023
Taxable temporary differences of:-		
- property, plant and equipment	(1,062)	(1,542)
- investment property	(2,844)	(2,681)
- receivables	(1,147)	(360)
	<u>40,174</u>	<u>40,644</u>

18. SHARE CAPITAL

	2009 RM'000	2008 RM'000
Authorised:-		
100,000,000 ordinary shares of RM1.00 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid-up:-		
50,054,750 ordinary shares of RM1.00 each	<u>50,055</u>	<u>50,055</u>

Purchase of Own Shares

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 20 May 1998, approved the Company's plan to purchase its own shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

18. SHARE CAPITAL (cont'd)

Purchase of Own Shares (cont'd)

The details of the shares purchased from the open market using internally generated funds and held as Treasury Shares are as follows:-

	2009		2008	
	No. of Shares '000	Cost RM'000	No. of Shares '000	Cost RM'000
At 1 January	434	714	434	714
Shares purchased	*	**	*	**
At 31 December	<u>434</u>	<u>714</u>	<u>434</u>	<u>714</u>
Average unit cost for the year (sen)		<u>40.00</u>		<u>73.50</u>

* Denotes 400 (2008 : 400)

** Denotes RM160 (2008 : RM294)

The number of outstanding shares in issue after excluding the Treasury Shares is as follows:-

	2009	2008
	No. of Shares '000	No. of Shares '000
At 1 January	49,621	49,621
Shares purchased	(*)	(*)
At 31 December	<u>49,620</u>	<u>49,621</u>

* Denotes 400 (2008 : 400)

19. REVENUE

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of goods	51,654	41,400	0	0
Rendering of services	0	0	1,200	1,200
Dividend income from:-				
- investments in subsidiaries	0	0	3,280	650
- quoted investments in Malaysia	5	26	5	26
Rental income	1,090	1,091	0	0
	<u>52,749</u>	<u>42,517</u>	<u>4,485</u>	<u>1,876</u>

20. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short-term employee benefits	5,781	4,156	696	538
Defined contribution plan	438	353	54	48
	<u>6,219</u>	<u>4,509</u>	<u>750</u>	<u>586</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

21. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(Loss) before tax is arrived at after charging:-				
Allowance for diminution in value of quoted investments	0	309	0	309
Allowance for doubtful debts	347	7	918	1,379
Amortisation of prepaid lease payments	134	134	0	0
Auditors' remuneration				
- current year	62	63	17	16
- prior year	(2)	1	0	1
Bad debts written off	398	36	0	0
Depreciation of property, plant and equipment	3,328	3,789	38	110
Directors' remuneration				
- fee	77	47	75	47
- other emoluments	770	259	318	259
Direct operating expenditure on investment property				
- generating rental income	65	64	0	0
- not generating rental income	19	19	10	10
Impairment of investments in subsidiaries	0	0	32	75
Inventories written down	404	0	0	0
Loss on disposal of investment property	0	14	0	0
Property, plant and equipment written off	30	5	0	0
Realised loss on foreign exchange	12	0	0	0
Rental of equipment	4	4	0	0
Rental of premises				
- current year	45	68	9	8
- prior years	0	0	0	(22)
and crediting:-				
Bad debts recovered	0	1	0	0
Gain on disposal of property, plant and equipment	0	90	0	0
Gain on disposal of quoted investments	2	22	2	22
Interest income	9	9	7	9
Realised gain on foreign exchange	0	4	0	0
Rental income from:-				
- investment property, equipment and machinery	1,090	1,091	0	0
- others	195	780	0	0
Reversal of allowance for diminution in value of quoted investments	72	0	72	0
Reversal of allowance for doubtful debts	0	0	0	46
Waiver of debts	0	300	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

22. TAX EXPENSE

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax based on results for the year:-				
Malaysian income tax	1,284	669	562	296
Deferred tax	27	(96)	(7)	0
	<u>1,311</u>	<u>573</u>	<u>555</u>	<u>296</u>
Tax (over)/under provided in prior year:-				
Malaysian income tax	(163)	11	17	15
Deferred tax	121	80	0	0
	<u>1,269</u>	<u>664</u>	<u>572</u>	<u>311</u>

The numerical reconciliation between the product of profit/(loss) before tax multiplied by the applicable tax rate, which is the statutory income tax rate, and the tax expense is as follows:-

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit/(Loss) before tax	<u>5,054</u>	<u>18</u>	<u>2,275</u>	<u>(1,006)</u>
Tax at applicable tax rate of 25% (2008 : 26%)	1,264	5	569	(261)
Non-taxable income	(5)	(12)	(314)	(18)
Non-deductible expenses	687	573	300	575
Expenses eligible for double deduction	(3)	(10)	0	0
Reinvestment allowances claimed	(339)	0	0	0
(Decrease)/Increase in unrecognised deferred tax assets	(117)	13	0	0
Effect of differential tax rates	(176)	4	0	0
Tax (over)/under provided in prior year	(42)	91	17	15
Tax expense	<u>1,269</u>	<u>664</u>	<u>572</u>	<u>311</u>

Pursuant to the Finance Act 2007 (Act 683) gazetted on 28 December 2007, the statutory income tax rate has been reduced from 26% to 25% for the financial year under review.

23. EARNINGS/(LOSS) PER SHARE

The Group

The basic earnings/(loss) per share is calculated by dividing the Group's net profit/(loss) for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, after adjusting for the effect of shares purchased, as follows:-

	2009	2008
Net profit/(loss) for the year attributable to shareholders of the Company (RM'000)	<u>3,818</u>	<u>(644)</u>
Number of shares in issue as at 1 January ('000)	49,621	49,621
Effect of shares purchased ('000)	(*)	(*)
Weighted average number of shares in issue ('000)	<u>49,621</u>	<u>49,621</u>
Basic earnings/(loss) per share (sen)	<u>7.69</u>	<u>(1.30)</u>

* Denotes 235 (2008 : 234)

The diluted earnings/(loss) per share equals the basic earnings/(loss) per share as the Company did not have any dilutive potential ordinary shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

24. NOTES TO CASH FLOW STATEMENTS

Purchase of Property, Plant and Equipment

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of property, plant and equipment purchased	625	2,989	1	20
Amount financed through hire purchase	0	(1,808)	0	0
Net cash disbursed	625	1,181	1	20

Cash and Cash Equivalents

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	1,285	893	357	528
Bank overdrafts	(2,133)	(3,365)	0	0
	(848)	(2,472)	357	528

25. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Key management personnel compensation				
- short-term employee benefits	1,296	623	375	288
- defined contribution plan	74	53	18	18
	1,370	676	393	306
Additional investments in subsidiaries	0	0	2,060	0
Allowance for doubtful debts on amounts owing by subsidiaries	0	0	918	1,379
Dividends declared from subsidiaries	0	0	2,895	481
Management fee charged to subsidiaries	0	0	1,200	1,200
Reversal of allowance for doubtful debts on amounts owing by subsidiaries	0	0	0	46
Sale of goods to associates	3,628	5,488	0	0
Rental of premises charged to a company* of which a director of the Company was also a director	0	124	0	0
Rental of premises charged by other related party**	0	27	0	0
Trademark fee charged by other related party**	2	3	1	2

* The company ceased to be a related party upon the director's resignation as a director of the company with effect from 11 February 2008.

** Being companies in which a director of the Company has substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

26. SEGMENT REPORTING

The Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise equity accounted investments, interest-earning assets, interest-bearing liabilities, income tax assets and liabilities and their related income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group's principal activities can be categorised into the following business segments:-

- (i) Packaging - Manufacture and sale of corrugated fibreboard cartons and packaging materials
- (ii) Investment and rental - Investment holding, renting of property, equipment and machinery

<u>2009</u>	Packaging RM'000	Investment and rental RM'000	Consolidation adjustments RM'000	Consolidated RM'000
REVENUE				
External revenue	51,654	1,095	0	52,749
Inter-segment revenue	0	4,480	(4,480)	0
Total revenue	<u>51,654</u>	<u>5,575</u>	<u>(4,480)</u>	<u>52,749</u>
RESULTS				
Segment results	6,699	3,528	(3,280)	6,947
Share of profit of an associate				21
Interest income				9
Interest expense				(1,923)
Tax expense				(1,269)
Net profit for the year				<u>3,785</u>
ASSETS				
Segment assets	53,406	35,445	(15,168)	73,683
Investments in associates				199
Interest-earning assets				372
Income tax assets				135
Total assets				<u>74,389</u>
LIABILITIES				
Segment liabilities	3,922	1,210	0	5,132
Interest-bearing liabilities				24,061
Income tax liabilities				3,235
Total liabilities				<u>32,428</u>
OTHER INFORMATION				
Capital expenditure	611	14	0	<u>625</u>
Amortisation and depreciation	2,759	703	0	<u>3,462</u>
Other non-cash expenses	1,179	0	0	<u>1,179</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

26. SEGMENT REPORTING (cont'd)

Business Segments (cont'd)

<u>2008</u>	Packaging RM'000	Investment and rental RM'000	Consolidation adjustments RM'000	Consolidated RM'000
REVENUE				
External revenue	41,400	1,117	0	42,517
Inter-segment revenue	0	1,850	(1,850)	0
Total revenue	<u>41,400</u>	<u>2,967</u>	<u>(1,850)</u>	<u>42,517</u>
RESULTS				
Segment results	2,117	586	(650)	2,053
Share of profit of an associate				22
Interest income				9
Interest expense				(2,066)
Tax expense				(664)
Net loss for the year				<u>(646)</u>
ASSETS				
Segment assets	52,087	33,383	(13,168)	72,302
Investments in associates				178
Interest-earning assets				365
Income tax assets				371
Total assets				<u>73,216</u>
LIABILITIES				
Segment liabilities	3,668	1,626	0	5,294
Interest-bearing liabilities				29,354
Income tax liabilities				2,130
Total liabilities				<u>36,778</u>
OTHER INFORMATION				
Capital expenditure	2,966	23	0	<u>2,989</u>
Amortisation and depreciation	2,721	1,202	0	<u>3,923</u>
Other non-cash expenses	48	309	0	<u>357</u>

Geographical Segments

Segment reporting by geographical segments has not been presented as the Group operates and generates revenue principally within Malaysia.

27. CAPITAL COMMITMENTS

	The Group		The Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Contracted but not provided for:-				
- property, plant and equipment	875	0	0	0
- investment in unquoted shares	<u>*346</u>	<u>*300</u>	<u>*346</u>	<u>*300</u>

* Representing Rp950,000,000 translated using closing rates as at 31 December 2009 and 2008 respectively

28. CONTINGENT LIABILITIES

The Group

Material Litigation - Unsecured

In 2002, a writ of summon was filed against a subsidiary and a third party by a few individuals. The plaintiffs alleged that they have interests over certain portion of a piece of land purchased by the subsidiary in 1995. The subsidiary's legal advisor is of the opinion that the subsidiary would have reasonable ground to refute the claim. Accordingly, no provision for any liability was made in the financial statements.

The Company

Pledge of Property - Secured

The Company is contingently liable up to a limit of RM1,632,000 (2008 : RM1,632,000), being the total carrying amount of its certain investment property which has been pledged as security for credit facilities granted to a subsidiary.

Financial Guarantees - Unsecured

The Company has also issued corporate guarantees to financial institutions to secure the credit facilities granted to certain subsidiaries. The total utilisation of the credit facilities as at the balance sheet date amounted to approximately RM20,587,000 (2008 : RM25,314,000).

29. FINANCIAL INSTRUMENTS

Recognised Financial Instruments

The information about the extent and nature of significant recognised financial instruments is disclosed in the individual notes associated with each item.

Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the financial guarantees as disclosed in Note 28 to the financial statements.

Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company as at 31 December 2009 and 2008 approximate their fair values.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

30. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. The overall financial risk management objective of the Group is to maximise shareholders' value by minimising the potential adverse impacts of these risks on its financial position, performance and cash flows.

Financial risk management is carried out through risk reviews, internal control systems, appropriate insurance programme and adherence to the Group's financial risk management policies.

30. FINANCIAL RISK MANAGEMENT (cont'd)

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies.

The Group monitors the movements of exchange rates and acts accordingly to minimise its exposure to currency risk.

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from borrowings.

The Group manages its exposure to interest rate risk by seeking to obtain the most favourable interest rates available without increasing its other financial risk exposures.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables. The maximum credit risk exposure is best represented by the total carrying amount of these financial assets in the balance sheet.

The Group manages its exposure to credit risk by assessing counter parties' financial standings on an ongoing basis, setting and monitoring counter parties' limits and credit terms. The Group does not have any significant concentration of credit risk relating to any individual customer or counter party.

Liquidity Risk

The Group practises prudent liquidity risk management by maintaining sufficient cash and the availability of funding through certain committed credit facilities.

GROUP PROPERTIES

AS AT 31 DECEMBER 2009

No.	Location	Description of Property	Build-up Area	Land Area	Existing Use	Tenure	Approx. Age Of Buiding (years)	Fair Value	Date Of Last Revaluation / Date Of Acquisition
Properties									
1	Lot No. 408, Mukim 7, S.P.S., Penang.	Industrial Land & Factory Building	107061 sq ft	7.17 acres	Factory for manufacturing facilities	Freehold	14	L:RM2,740,000 B:RM9,165,000	7-Dec-09
2	Plot No. 13 and 14 Mukim 5, S.P.S., Penang.	Industrial Land & Factory Building	77200 sq ft	2.5 acres	Factory for manufacturing facilities	Freehold	9	L:RM760,000 B:RM5,000,000	7-Dec-09
3	Lot 1270, Section 66, Kuching Town Land District, Kuching, Sarawak.	Industrial Land & Factory Building	72613 sq ft	4.05 acres	Factory for manufacturing facilities	Leasehold land Expiring in 2035	17	PL:RM3,930,000 B:RM2,200,000	31-Dec-09
Investment Properties									
4	Lot 3527, Mukim of Kuala Kurau, Daerah Krian, Perak.	Industrial Land & Factory Building	13677 sq ft	39,476 sq ft	Factory for manufacturing facilities, suspended operations	Freehold	19	L:RM100,000 B:RM250,000	7-Dec-09
5	Lot No. 1889, 1895, 1891, 1893, 4313 to 4315, 8029 and 8030, Mukim of Parit Buntar Daerah Krian, Perak.	Industrial Land & Factory Building	90000 sq ft	133,291 sq ft	Rented out for seafood processing	Freehold	12	L:RM1,330,000 B:RM8,450,000	7-Dec-09
6	Office units-5-3-1 to Office units-5-3-6, Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang. Parent Lot: 4744, Section 5, Town of Georgetown, North East District, Penang.	Commercial Lots	8530 sq ft	Not Applicable	Vacant and for investment purposes.	Freehold	15	B:RM2,590,000	7-Dec-09
7	Lot No. 4329, Mukim of Parit Buntar District of Kerian, Perak.	Oil Palm Estate	Not applicable	18.70 acres	Fruits harvested if available and for investment purposes	Freehold	Not applicable	L:RM1,220,000	7-Dec-09
Assets Held For Sales									
8	Lot No. 37, 38 & 39, Lok Kawi Light Industrial Estate, Phase IIB, Kota Kinabalu, Sabah.	Industrial Land	Not applicable	115,383 sq ft	Vacant and for investment purposes	Leasehold 60 years Expiring in 2043	Not applicable	L:RM1,385,000	7-Dec-09
9	Lot 23 & 24 Lok Kawi Light Industrial Estate, Phase IIB, Kota Kinabalu, Sabah.	Industrial Land	Not applicable	42,818 sq ft	Vacant and for investment purposes	Leasehold 60 years Expiring in 2043	Not applicable	L:RM514,000	7-Dec-09
L : Land B : Building PL : Prepaid lease payment on leasehold land									

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2010

DISTRIBUTION OF SHAREHOLDERS

No. of Holders	Holdings	Total Holdings	%
261	Less Than 100	12,617	0.03
149	100 - 1,000	94,566	0.16
1,745	1,001 - 10,000	4,871,289	9.81
243	10,001 - 100,000	6,912,071	13.93
36	100,001 and below 5% of issued shares	12,477,295	25.12
3	5% and above of issued shares	25,252,312	50.89
2,437	TOTAL	49,620,150	100.00

DIRECTORS' SHAREHOLDINGS

Name of Director	Direct Interest	%	Deemed Interest	%
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Mr. Chew Hock Lin	-	-	-	-
Dato' Khor Teng Tong	420,000	0.85	1,147,000 ⁽¹⁾	2.31
En. Aminuddin Bin Saad	10,002	0.02	-	-
Cik Nazriah Binti Shaik Alawdin	-	-	-	-
Dr. Junid Bin Abu Saham	-	-	-	-

Note :

(1) Deemed interest by virtue of his shareholding in Khor Teng Tong Holdings Sdn. Bhd. and the shareholding held by his daughter, Ms. Khor San Leng.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Yayasan Bumiputra Pulau Pinang Bhd.	15,872,000	31.99	-	-
Permodalan Nasional Berhad	9,380,312	18.90	-	-
Yayasan Pelaburan Bumiputra	-	-	9,380,312 ⁽¹⁾	18.90

Notes :

(1) Deemed interest by virtue of its shareholding in Permodalan Nasional Berhad.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2010

LIST OF TOP 30 SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YAYASAN BUMIPUTRA PULAU PINANG BHD (PEN)	9,500,000	19.15
2	PERMODALAN NASIONAL BERHAD	9,380,312	18.90
3	HDM NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HDM CAPITAL SDN BHD FOR YAYASAN BUMIPUTRA PULAU PINANG BERHAD	6,372,000	12.84
4	MAYBAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : MAYBAN INVESTMENT MANAGEMENT SDN BHD FOR MALAYAN BANKING BERHAD	1,340,937	2.70
5	HDM NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : HDM CAPITAL SDN BHD FOR TAN KOO CHING	1,202,300	2.42
6	KHOR TENG TONG HOLDINGS SDN BHD	1,127,000	2.27
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KHOR TENG KUAN HOLDINGS SDN BHD	1,000,000	2.02
8	KHOR CHING WEE	563,000	1.13
9	YIK PHOOI HAR	482,400	0.97
10	KHOR CHIN SENG	460,000	0.93
11	KHOR TENG TONG	420,000	0.85
12	KHOR CHAI SEANG	389,500	0.78
13	CHENG LEE WAH	365,200	0.74
14	KHOR KEOW KUANG	360,000	0.73
15	KHOR CHEW WAN	358,250	0.72
16	NG ENG SIONG	324,400	0.65
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR NG SWEE YONG	314,000	0.63
18	QUAH AI LING	282,500	0.57
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KHOR CHAI KOAN	250,000	0.50
20	LIM PEIK CHOO	236,000	0.48
21	HLG NOMINEE (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	233,300	0.47
22	HLG NOMINEE (TEMPATAN) SDN BHD BENEFICIARY : HONG LEONG BANK BHD FOR KHOR CHAI KOAN	229,800	0.46
23	AMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KHOR CHAI TIAN	220,142	0.44
24	OOI LAY SEE	218,605	0.44
25	OOI PEY WONG	200,000	0.40
26	LIM BUN CHOON	182,200	0.37
27	TAN YOK JIN	173,750	0.35
28	TAN YUAK MING	172,350	0.35
29	TAN BOO NAM	170,411	0.34
30	EWE CHOR LAY	156,400	0.32

PROXY FORM

MASTER-PACK GROUP BERHAD
(Formerly known as Hunza Consolidation Berhad)
(Company No. 297020-W) (Incorporated In Malaysia)

I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

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

(FULL NAME IN BLOCK LETTERS)

(ADDRESS)

or failing him, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Master-Pack Sdn. Bhd., 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, S.P.S. Penang on Friday, 25 June 2010 at 3.00 p.m. and at any adjournment thereof.

ORDINARY RESOLUTION	FOR	AGAINST
1. To re-elect Dato' Syed Mohamad Bin Syed Murtaza as a Director of the Company.		
2. To re-elect Mr. Chew Hock Lin as a Director of the Company.		
3. To approve an increase in Directors' Fees of RM28,000.00 and the payment of Directors' Fees for the year ended 31 December 2009.		
4. To re-appoint Messrs. Crowe Horwath (Formerly known as Horwath) as Auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.		
5. Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares.		
SPECIAL RESOLUTION		
1. Proposed Amendments to the Articles of Association of the Company.		

Please indicate with an 'x' in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this _____ day of _____, 2010.

Number of shares held:

Signature of member(s)

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall apply to the Company.
2. For a proxy to be valid, this form must be duly completed and deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.



Please Fold Here To Seal

Stamp

The Company Secretary
Master-Pack Group Berhad (297020-w)
(formerly known as Hunza Consolidation Berhad)
51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.

Please Fold Here To Seal



MASTER-PACK GROUP BERHAD 297020-W

1574, Jalan Bukit Panchor,
14300 Nibong Tebal, S.P.S. Penang.
Tel : (04)-593 1550
Fax : (04)-593 9034
Website : www.master.net.my