EQUATOR LIFE SCIENCE BERHAD (640850-U)

Lot 3219, Jalan Bukit Mor, Parit Jawa, 84150 Muar, Johor Darul Takzim, W. Malaysia.
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EQUATOR™

EQUATOR
LIFE SCIENCE BERHAD
(640850-U)

Environmental Friendly & Cost Effective

ANNUAL REPORT 2009

EQUATOR
LIFE SCIENCE BERHAD

CONTENTS

Notice of Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at Room Diamond 2, Level 6, The Grand Paragon Hotel, No 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor on Wednesday, 30 June, 2010 at 11.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon. **Resolution 1**

2. To re-elect the following Directors who retiring in accordance of the Company's Articles of Association and being eligible, offer themselves for re-election:-
   (a) Huang Shih-Yen **Resolution 2**
   (b) Wang Ting Peng **Resolution 3**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2009. **Resolution 4**

4. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

5. To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

   ORDINARY RESOLUTION 1
   Authority To Allot Shares

   i) "**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issue pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

   ORDINARY RESOLUTION 2
   Proposal Renewal Of Existing Shareholders' Mandate For The Recurrent Related Party Transactions Of A Revenue Or Trading Nature

   ii) "**THAT**, subject always to the provision of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory authorities to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in section 2.3 of the Circular to Shareholders dated 4 June 2010 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such mandate shall continue to be in force until: **Resolution 7**

      a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the ordinary resolution for the proposed mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;

      b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

Notice of Sixth Annual General Meeting

c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorized by this ordinary resolution."

6. To transact any other business of which due notice has been given.

By Order of the Board

LEONG SIEW FOONG (f)
MAICSA NO. 7007572
Company Secretary

Johor Bahru
Dated: 4 June 2010

NOTES

1. *The proxy need not be a Member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.*

2. *Where a member of the Company is an authorised nominee as defined under Central Depositories Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

3. *A member may appoint more than two (2) proxies to attend at the same meeting.*

4. *Where a member appoints more than two (2) proxies, the proxies shall not be valid unless the Member specifies the proportions of his shareholdings to be represented by each proxy.*

5. *If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.*

6. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

7. *Explanatory notes on Special Business:*

   (a) *The proposed Resolution No.6 if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors in their absolute discretion consider would be in the interest of the Company. In order to avoid any delay and cost involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting. This authority will unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting.*

   (b) *The proposed Resolution No.7 if passed ,was intended to renew the existing shareholders' mandate granted by the shareholders of the Company at an Annual General Meeting of the Company held on 30 June 2009. This is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.*

   By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Corporate Information

DIRECTORS

KOH AH KENG	*Executive Chairman*
KOH YUEH LEONG	*Managing Director*
WANG TING PENG	*Non-Independent Non-Executive Director*
GOH AH TEU @ GOH KENG CHIEW	*Independent Non-Executive Director*
HUANG SHIH-YEN	*Independent Non-Executive Director*
CHUA SYER CIN	*Independent Non-Executive Director*

COMPANY SECRETARY

LEONG SIEW FOONG

AUDIT COMMITTEE MEMBERS

CHUA SYER CIN
Independent Non-Executive Director

HUANG SHIH-YEN
Independent Non-Executive Director

GOH AH TEU @ GOH KENG CHIEW
Independent Non-Executive Director

NOMINATING COMMITTEE MEMBERS

CHUA SYER CIN
Independent Non-Executive Director

HUANG SHIH-YEN
Independent Non-Executive Director

GOH AH TEU @ GOH KENG CHIEW
Non-Executive Director

REMUNERATION COMMITTEE MEMBERS

KOH AH KENG
Executive Chairman

CHUA SYER CIN
Independent Non-Executive Director

GOH AH TEU @ GOH KENG CHIEW
Independent Non-Executive Director

AUDITORS

Deloitte KassimChan
Chartered Accountants

REGISTERED OFFICE

SUITE 6.1A, LEVEL 6,
MENARA PELANGI,
JALAN KUNING,
TAMAN PELANGI,
80400 JOHOR BAHRU, JOHOR
TEL : 07-332 3536
FAX : 07-332 4536

SHARE REGISTRAR

SYMPHONY SHARE REGISTRARS SDN BHD
(COMPANY NO. 378993-D)
LEVEL 6, SYMPHONY HOUSE
PUSAT DAGANGAN DANA 1
JALAN PJU 1A/46
47301 PETALING JAYA, SELANGOR
MALAYSIA
TEL : 03-7841 8000
FAX : 03-7841 8151

BANKERS

MALAYAN BANKING BERHAD
RHB BANK BERHAD
CIMB BANK BERHAD

STOCK EXCHANGE LISTING

ACE MARKET
OF BURSA MALAYSIA SECURITIES BERHAD
("Bursa Securities")

Corporate Profile

ONE WORLD EQUATOR

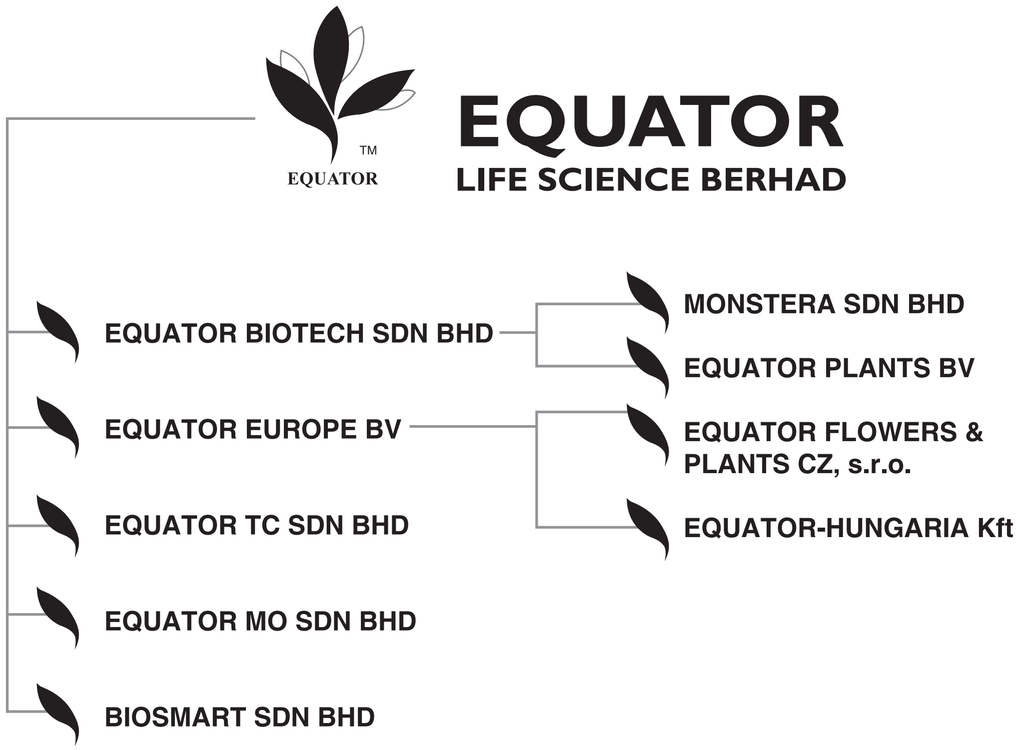
The Equator group of companies ("Equator Group"), one of the leading biotechnology companies in the horticulture industry in Asia, was established in 1994 and listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 May 2005.

The Equator Group is principally engaged in the propagation of various ornamental plants through the application of biotechnology such as micro propagation and bioconversion to mass propagate ornamental plants in order to isolate and retain the best characteristics of parent plants.

Presently, more than 90% of the Group's products are exported to international markets, including the European, Australia, Middle East and other Asia Pacific regions. The Group will continue to grow and penetrate the products to other international markets such as Russia and America.

In addition, in year 2009, Equator has commenced its new business in oil palm industry to provide and supply the system design, machineries & equipments and additives for setting up the first commercial Instant-Compost Technology Plant to convert the oil palm biomass into bio-chemo fertilizer in Indonesia. In further, Equator will continue its effort to promote the Instant-Compost Technology in the promising industry (Palm Oil Industry).

Corporate Structure



EQUATOR LIFE SCIENCE BERHAD	**EQUATOR (640850-U)**	
EQUATOR BIOTECH SDN BHD	EBSB (426721-D)	100%
MONSTERA SDN BHD	MSB (324373-H)	100%
EQUATOR PLANTS BV	EPBV (34104087)	100%
EQUATOR EUROPE BV	EEBV (1331737)	70%
EQUATOR FLOWERS & PLANTS CZ, s.r.o	ECZ (27614301)	50.4%
EQUATOR-HUNGARIA Kft	EHU (13-09-110377)	50.4%
EQUATOR TC SDN BHD	ETC (708815-M)	100%
EQUATOR MO SDN BHD	EMO (708816-H)	100%
BIOSMART SDN BHD	BSSB (714564-P)	55%

Chairman's Statement

> "On behalf of the Board of Directors, it is my pleasure to present the Group's Annual Report for the financial year ended 31 December 2009."

Financial Review

The Group achieved a turnover of RM 12.46 million for the financial year under review, increase by approximately 22.3% from RM 10.19 million reported in the previous financial year 2008. The Group reported a net loss after taxation of RM 9.80 million compared to a net profit after taxation of RM 0.05 million in the previous financial year 2008. These losses are mainly due to lower selling price of certain horticulture products as affected by financial crisis in European Union, the written down of cost of inventory to its net realizable value as well as the provision for impairment loss of mother plants and Plant, Property and Equipments held for sale.

Research and Development ("R&D") updates

Due to the Group ongoing rationalization and cost containment plans, the Group has slowdown of some Research and Development ("R&D") project. However, to remain the competitiveness in the market, the Group still emphasis on R&D to upgrade and improve its technology, improve quality of products and enhance its technology processes with minimum cost and resources. The R&D activities undertake by the Group consist of mass propagation methods for Cycas revoluta, bio-waste management, and development of new products.

The Group has continuously carry out the R&D activities of improving, design and development of high efficient application and management of Instant-Compost Technology ("ICT") to be an economical waste management service to provide a thorough and efficient waste recycle management solution in Palm Oil Industry. In addition, the Group currently is developing a new product Zamio Furfuracea to widen products assortment for European and Asia market.

Chairman's Statement

Corporate Development

On the note of meeting Bumiputera equity condition, the Equity Compliance Unit of Securities Commission ("SC(ECU)") (and under the Guidelines on the Acquisition of Interest, Mergers & Take-Over By Local and Foreign Interest) had vide its letter dated 29 October 2008 granted an extension of time for Equator to meet the 30% Bumiputera equity requirement until 31 December 2009. However, SC (ECU) had via its letter dated 6 August 2009 informed Equator that the requirement of thirty percent (30%) Bumiputera equity is no longer applicable to Equator.

On 30 November 2009, Equator has announced that its wholly-owned subsidiary, Equator Biotech Sdn Bhd ("EBSB") has entered into a a Sale and Purchase Agreement ("SPA") with Paramount Corridor Sdn Bhd ("PCSB") for the disposal of 1 piece of freehold land located in Mukim Sedenak for a cash consideration of RM 4,858,750 (referred to as the "Proposed Disposal"). The Disposal was completed on 3 March 2010.

On 28 December 2009, Equator has announced that EBSB, a wholly-owned subsidiary of Equator, had on 28 December 2009 entered into three (3) conditional sale and purchase agreements with PCSB for the disposal of three (3) pieces of freehold agricultural land to PCSB for a total cash consideration of RM2,103,156.25 (referred to as the "Proposed Disposals"). The resolution in relation to the Proposed Disposals was duly passed by the shareholders of Equator at the Extraordinary General Meeting held on 27 April 2010.

On 1 February 2010, Equator has announced that Equator MO Sdn Bhd ("EMO"), a wholly-owned subsidiary of Equator, entered into a conditional Sale and Purchase Agreement ("SPA") with OEL Distribution (Johor) Sdn Bhd ("OEL") for the disposal of a piece of leasehold industrial land located in Mukim of Senai, District of Kulaijaya, State of Johor for a cash consideration of RM 1,974,000.00 (thereafter referred to as the "Proposed Disposal"). Currently, EMO is in the midst of applying relevant consents and approvals from State Authorities.

On 24 February 2010, Equator has announced that Equator TC Sdn Bhd ("ETC"), a wholly-owned subsidiary of Equator, entered into a conditional Sale and Purchase Agreement ("SPA") with SKS Design and Engineering Sdn Bhd ("SKS") for the disposal of a piece of leasehold industrial land located in Mukim of Senai, District of Kulaijaya, State of Johor for a cash consideration of RM 1,644,921.41 (thereafter referred to as the "Proposed Disposal"). ETC is in the midst of applying relevant consents and approvals from State Authorities.

Prospect

The Group foresees that the business environment and trading conditions continue to be challenging in view of the adverse impact of the European financial crisis, tightening control by financial institutions, the volatility in the foreign exchange market and inflationary pressure and slowdown in the growth of major economies.

In view of challenging time ahead, the Board anticipates that the performance of the group will remain challenging as compared to FYE 31 December 2009.

Acknowledgement

The Board and I would like to express our heartfelt thanks and deep appreciation of the efforts and perseverance of the management, staff and workers whose endeavour for excellence has yielded a year of remarkable achievements.

We also wish to thank our customers, suppliers, business associates and advisers for their continuous support.

On behalf of the Board of Directors

KOH AH KENG
Executive Chairman

Statement of **Corporate Governance**

Introduction

The Board of Directors ("Board") of Equator Life Science Berhad adopts the best practice of corporate governance in conducting the business and affairs of the Company and the Group. The Board ensures that the highest standards of Corporate Governance are observed to ensure the Group's continued progress and success as these would not only safeguard and enhance shareholders investment and value but at the same time protect the interests of other stakeholders.

In line with the Listing Requirements of Bursa Malaysia Securities Berhad, the Board wishes to report on the manner the Group has maintained the standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in the Malaysian Code of Corporate Governance ("Code").

1. The Board of Directors

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

a) Board Composition and Balance

The Board currently has six (6) members comprising one (1) Executive Chairman, one (1) Managing Director, four (4) Non-Executive Directors, whom three (3) of them hold Independent position and one (1) of them holds Non – Independent position. Equator Life Science Berhad has thus complies with the ACE Market Listing Requirements ("AMLR") on board composition of at least 2 Directors are Independent Directors. The profiles of each of the Directors are set out on pages 19 to 20 of this Annual Report.

b) Re-election of Directors

An election of Directors will take place each year where one-third of the Directors shall retire from office at each Annual General Meeting and shall be eligible to offer themselves for re-election and each Director shall stand for re-election at least once every three (3) years. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments.

c) Board Meetings

During the financial year ended 31 December 2009, the Board met for a total of five (5) times to discuss and review the quarterly and annually financial results, corporate proposal, Related Party Transaction and Research Report. Details of the attendance of the Directors at Board Meetings during the financial year are tabulated as follows:

Executive Directors	**Attendance**
Koh Ah Keng	5
Koh Yueh Leong	5

Non-Executive Directors	
Goh Ah Teu @ Goh Keng Chiew	4
Huang Shih-Yen	3
Chua Syer Cin	4
Wang Ting Peng	4

The meetings were held on 20th February 2009, 22nd May 2009, 21st August 2009, 16th September 2009, and 23rd November 2009, respectively.

The agenda and issues discussed were prepared and circulated with due notice before each meeting. The Company Secretary has attended all the Board meetings and the minutes of the Board meetings are maintained by the Company Secretary.

All Directors have access to the advice and services of the Company Secretary, independent professional advisors, and internal/external auditors in appropriate circumstances at the Company's expense.

Statement of **Corporate Governance**

d) Supply of Information

Each Board Member receives regular reports, including a comprehensive review and analysis of the Group's performance. Prior to each Board meeting, the directors are sent an agenda and full set of board papers for each agenda item to be discussed at the meeting. This is issued in sufficient time to enable the directors to obtain further explanations, where necessary, in order to brief properly before the meeting.

Guidelines are in place concerning the content presentation and delivery of papers to the Board for each Board meeting so that the Directors have access to all information within the company, whether as full board or in their individual capacity, in furtherance of their duties.

The Directors also have direct access to the advice and services of the Group's Company Secretary who is responsible for ensuring that the Board procedures are followed.

e) Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities. Every Director will undergo continuous training to equip himself to effectively discharge his duties as a director from time to time. The Company provides briefing for new members of the Board, to ensure they have a comprehensive understanding on the operations of the Group and the Company.

During the financial year 2009, the Directors of the Company attended professional and development courses as follows:

Director	Courses/ Training Attended
Koh Ah Keng	Has not attended any formal training during the year but shall attend suitable course(s) in the near future
Koh Yueh Leong	Aquaculture Breeding Technology and Development by Pejabat Perikanan.
Wang Ting Peng	Has not attended any formal training during the year but shall attend suitable course(s) in the near future
Goh Ah Teu @ Goh Keng Chiew	Has not attended any formal training during the year but shall attend suitable course(s) in the near future
Huang Shih-Yen	Has not attended any formal training during the year but shall attend suitable course(s) in the near future
Chua Syer Cin	Seminar organised by the Chartered Tax Institute of Malaysia including:- - National Tax Conference 2009 - Latest Developments on Transfer Pricing in Malaysia and the 2009 Mini Budget - A critique of Recent Tax Cases - Income Reconstruction - Practical Implications on New Public Rulings - Corporate Restructuring & Tax Management Taxation Seminar 2009 organised by Lembaga Hasil Dalam Negeri

Statement of **Corporate Governance**

f) Board Committee

i. Audit Committee

The Audit Committee of the Board comprises entirely of Independent Non-Executive Directors. The members and the role and functions of the Audit Committee are set out in details under the Audit Committee Report in this Annual Report.

ii. Nominating Committee

In line with the Best Practices of the Code of Corporate Governance, the Board has set up Nominating Committee on 25 May 2005.

The Nominating Committee comprises exclusively Non-Executive Directors, a majority of whom are independent and the Nominating Committee will be responsible for identifying and recommending to the Board suitable nominees for appointment. The Nominating Committee will also consider the required mix of skills and core competencies of its members are sufficient to discharge of its responsibilities in an effective manner. However, the Board shall, with the assistance of the Nominating Committee, look into the required mix of skills from time to time in order to identify candidates with the requisite qualification and experience who will complement the Board and be of contribution to the Group.

The present members of the Nominating Committee of the Company are:

i. Chua Syer Cin (Chairman)
ii. Goh Ah Teu @ Goh Keng Chiew
iii. Huang Shih-Yen

(iii) Remuneration Committee

In line with the Best Practices of the Code of Corporate Governance, the Board has set up Remuneration Committee on 25 May 2005.

The Remuneration Committee comprises a majority of Non-Executive Directors and will recommend to the Board the remuneration of Directors in all its forms. Level of remuneration is sufficient to attract and retain the directors needed to run the Company successfully.

The present members of the Remuneration Committee of the Company are:

i. Chua Syer Cin (Chairman)
ii. Koh Ah Keng
iii. Goh Ah Teu @ Goh Keng Chiew

Directors' Remuneration

The details of the Directors' remuneration for the Financial Year Ended 31 December 2009 are disclosed in page 49 of the financial statements. The number of Directors whose remuneration fall within the following bands:

Range of remuneration	Number Of Dircetors Executive	Number Of Dircetors Non-executive	Number Of Dircetors Total
RM1 to RM50,000	-	4	4
RM 50,001 to RM 100,000	1	-	1
RM 100,001 to RM 150,000	1	-	1
Total	2	4	6

Statement of **Corporate Governance**

2. SHAREHOLDERS AND INVESTORS

a) Communication with Investors

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following:

i. the Annual Report;
ii. the various disclosures and announcements made to Bursa Securities including the Quarterly Results and Annual Results.

b) Investors Relations

Along with good corporate governance practices, the Company provides greater disclosure and transparency through all its communications with the public, the shareholders and investors. The Company strives to promote and encourage bilateral communication with its shareholders through participation at its general meetings and also ensure timely dissemination of any information to the investors, analysts and public at large. The Company always maintain and promote transparency in our business activities and to continually keep the shareholders and the public well-informed on the Company's activities.

c) General Meetings

The Annual General Meeting (AGM) is an important forum where communications with shareholders are effectively conducted. Shareholders will be notified of the meeting together with a copy of the Company's Annual Report at least twenty one (21) days before the meeting. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of the effects of any proposed resolution.

The Chairman and the Board Members are prepared to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the Shareholders. Status of all resolutions proposed at the AGM is submitted to Bursa Securities at the end of the meeting day.

The Company also maintains a website at http://**www.equatorgroup.com**

3. Corporate Social Responsibility

The Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates The Group's Corporate Social Responsibility ("CSR") activities include the following:

(i) Environment

The Company is involving in Green Plants and Bio-waste recycling business. The Company is developing an efficiency and latest technology to recycle the bio-waste into nutrient resources to reduce the chemical nutrient resources and this in turn contributed in helping our environment.

(ii) Workplace

Safety is our top priority at work. We strive to improve our workplace to ensure that all our employees and stakeholders safety and healthy are duly protected at work. Further, the Company is conducting annual review on the employee welfares, and provide relevant on-job training, coaching and open communication are practiced within the organization for continuous improvement.

4. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

It is the Board's commitment to provide a balanced, clear and meaningful assessment of the financial position and prospects of the Group in all the disclosure made to shareholders, investors and the regulatory authorities. The Directors are responsible to ensure that the financial statements prepared are drawn up in accordance with the provision of the Companies Acts, 1965 and approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors before releasing to the Bursa Securities. The details of the Company and the Group's financial statements for the financial year ended 31 December 2009 can be found from page 21 to page 66 of this Annual Report.

Statement of **Corporate Governance**

4. ACCOUNTABILITY AND AUDIT (cont'd)

b) Internal Control

The Board has overall responsibility for maintaining a system of internal control that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement on Internal Control, which provides an overview of the state of the internal controls within Group, is set out on page 18 of this Annual Report.

c) Relationship with the Auditors

The Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. Annual appointment or reappointment of the external auditor is via shareholder's resolution at the AGM on the recommendation of the Board.

5. ADDITIONAL COMPLIANCE INFORMATION

a) Utilisation of Proceeds

As at 31 December 2009, the Company has fully utilised the proceeds raised from its Initial Public Offer of May 2005.

b) Share Buybacks

There was no share buyback during the financial year.

c) Option, Warrants or Convertible Securities

No options, warrants or convertible securities were issued during the financial year

d) Non Audit Fees

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

e) Variance in Results, Profit Estimate, Forecast or Projection

There was no material variance between the results for the financial year and the unaudited results previously announced by the Company. There were no profit estimates, forecast or projection that has been previously announced by the Company during the financial year.

f) Profit Guarantees

There were no profit guarantees given by the Company during the financial year.

g) Material Contracts

None of the Directors and Major Shareholders had any material contract with the Company and/ or its subsidiaries during the financial year.

h) Contracts Relating to Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

i) Recurrent Related Party Transactions ("RRPT")

The details of Recurrent Related Party Transactions for the Financial Year Ended 31 December 2009 are disclosed in Note 21 of the financial statements and Circular to Shareholders dated 4 June 2010.

j) Depository Receipts

The Company did not sponsor any Depository Receipts during the financial year.

k) Revaluation Policy

The Company did not have a revaluation policy on landed properties.

l) Sanction and Penalties

As at to date there were no sanctions and penalties imposed on the Company by Bursa Securities and Securities Commission.

Audit Committee Report

1. COMPOSITION OF THE AUDIT COMMITTEE/ MEMBERSHIP

The Audit Committee is appointed by the Board of Directors amongst its members and consists of three (3) members, the majority of whom are Independent Directors. The Committee includes one member of the Malaysian Institute of Accountants. The Board of Directors will review the term of office and the performance of the Audit Committee and each of its members at least once in every three years.

The present members of the Audit Committee of the Company are:

i.	Chua Syer Cin (Chairman)	- *Independent Non-Executive Director*
ii.	Huang Shih-Yen	- *Independent Non-Executive Director*
iii.	Goh Ah Teu @ Goh Keng Chiew	- *Independent Non-Executive Director*

2. MEETINGS AND QUORUM OF THE AUDIT COMMITTEE

The Audit Committee met five (5) times during the financial year ended 31 December 2009 with due notice issued, then discuss and review the quarterly and annually financial result, corporate proposal, related party transaction and research report and thereafter recommend to Board for approval. The details of the attendance of meetings and the summary of the Audit Committee activities are disclosed under the heading "Attendance of Audit Committee Meetings" on page 16. The Audit Committee requires the attendance of any management staff from the Finance/ Accounts Department or other departments deemed necessary together with a representative from the external auditors. Upon the request of the auditors, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders. The Audit Committee has met twice with external auditors without the presence of executive members of the Committee during financial year ended 31 December 2009.

3. TERMS OF REFERENCE OF AUDIT COMMITTEE

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

a) the audit committee must be composed of no fewer than 3 members of whom a majority of the audit committee must be independent directors;

b) all members of the audit committee should be non-executive directors and financially literate; and

c) at least one (1) member of the Committee;

  i) must be a member of the Malaysian Institute of Accountants; or

  ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or

    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

  iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

Audit Committee Report

Procedure of the Audit Committee meetings

a) The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director.

b) The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.

c) The Committee shall meet not less than four (4) times a year and report to the Board of Directors.

d) Written notice of the meeting together with the agenda shall be given to the members of the Committee; the external auditors and any other person invited to attend the meeting, where applicable.

e) The quorum for meetings of the Committee shall be two (2) members and shall comprise of independent directors.

f) A representative of the external auditors, the head of internal audit and the Finance Manager should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

g) The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.

h) The Committee should meet with the external auditors without executive board members present at least once a year.

Rights of the Committee

The Committee shall:

(a) have explicit authority to investigate any matter within its term of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Function of the Committee

The functions of the audit committee shall be:

(a) To review the following and report the same to the Board of Directors -
  (i) with the external auditors, the audit plan;
  (ii) with the external auditors, his evaluation of the system of internal controls;
  (iii) with the external auditors, his audit report;
  (iv) the assistance given by the employees of the Company to the external auditor
  (v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - changes in or the implementation of major accounting policy changes;
    - significant and unusual events;
    - compliance with accounting standards and other legal requirements
  (vi) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  (vii) any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
  (viii) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

Audit Committee Report

(b) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) To recommend the nomination of a person or persons as external auditors and the external audit fee.

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

(e) To verify the criteria for allocation of options pursuant to a share scheme for employee.

Quorum
Two members of the Committee present at the meeting shall constitute a quorum and the majority of members present must be independent directors.

4. ATTENDANCE OF AUDIT COMMITTEE

The details of the attendance of each Audit Committee member in the Audit Committee meetings held during the financial year ended 31 December 2009 are as follows:

Directors	Total number of meeting held	Number of meeting attended
Chua Syer Cin	5	5
Huang Shih -Yen	5	3
Goh Ah Teu @ Goh Keng Chiew	5	5

Note
* The meetings were held on 20th February 2009, 21st May 2009, 21st August 2009, 23rd November 2009 and 30th November 2009, respectively.

Activities undertaken by Audit Committee:

The activities of the Audit Committee during the financial year ended 31 December 2009 include the following:

i. Review the Group's year end audited financial statement presented by the external auditors and recommend the same to the Board for approval;
ii. Review the quarterly financial results and announcement;
iii. Review audit plan of internal and external auditors;
iv. Review related party transactions within the Group;
v. Review the effectiveness of the Group's system of internal control;
vi. Review the Company's compliance with Bursa Malaysia Securities Berhad Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
vii. Consider and recommend to the Board for approval the audit fees payable to internal and external auditors.

Audit Committee Report

Internal Audit Function

The Board acknowledges its responsibility for establishing a good system of internal control for the Group. Thus, the Board has appointed Smart Business Consulting as the internal auditor to assist the Group for identifying and evaluating significant exposure to risk and assist the Group in maintaining effective control.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Companies Act, 1965 requires that the Directors prepare financial statements for each year which give a true and fair view of the state of affairs of the Company as at end of the financial year and of the results of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed and to disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that show a true and fair view at any time the financial position of the Company and which enable them to ensure that the financial statements have been prepared in accordance with the provisions of the Companies Act and comply with the approved accounting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of **Internal Control**

Introduction

The Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board of Directors is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2009.

a. Responsibility Of The Board

The Board is ultimately responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment as well as reviewing its adequacy and integrity.

The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations taking into account the requirements for sound and appropriate internal controls and management information systems within the Group. In view of inherent limitations in any system of internal control, the Group's internal control system is designed to manage, rather than eliminate, the risk of failure in achieving corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

b. Control Environment

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. The Executive Chairman, Managing Director and other senior management are accountable for ensuring the existence and effectiveness of internal control and provide leadership and direction to senior management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism. The external auditors and internal auditors review the organizations internal control annually.

c. Internal Audit

Internal audit team has conducted audit reviews, to address the related internal control weaknesses. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also test the effectiveness of the internal control on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval. Reports on internal audit findings, together with recommendations for Management actions, are reviewed by the Audit Committee and reported to the Board accordingly.

In view of the restructuring of the group, the audit coverage has be tailored accordingly and cost amounting to approximately RM8,000 were incurred in relation to the internal audit function for the financial year ended 31 December 2009.

d. Risk Management

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review by the management. This is to ensure that all high risks are adequately addressed at various levels within the Group.

Conclusion

The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measure to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of Directors dated 24 May 2010.

Directors' Profile

Koh Ah Keng

• Executive Chairman • Company Director • Malaysian

Aged 69, and was appointed to the Board of the Company on 28 March 2005. He is a member of Remuneration Committee. In 1997, he co-founded Yi Hup Agriculture Development Sdn Bhd (now known as Equator Biotech Sdn Bhd ("EBSB") together with late Wang Chi-Ti. He has been the Executive Director of Monstera Sdn Bhd ("MSB"), since 1994 a wholly-owned subsidiary of EBSB. His experience in horticulture industry began when he started Chiap Hup Agricultural Development Sdn Bhd ("Chiap Hup") in 1976. He has more than 30 years of experience in horticulture industry. Through his experience, he gained valuable in depth knowledge of vast market potential of horticulture industry and built with knowledge of the local environment. He conceptualised the idea of cultivating horticulture products locally to cater for the international markets.

He is a substantial shareholder of the Company and the father of Koh Yueh Leong, the Managing Director and shareholder of the Company and Koh Yueh Lai, a shareholder of the Company and uncle of Goh Sau Chong and Goh Sau Yih, a key management personnel.

He does not have any conflict of interest with the Company except for certain recurrent related part transactions of revenue or trading nature which are necessary for day to day operations of the Group. He has no convictions for any offences for over the past 10 years. Please refer to page 69 of this Annual Report for his securities holding.

Koh Yueh Leong

• Managing Director • Company Director • Malaysian

Aged 39, and was appointed to the Board of the Company on 28 March 2005. He was appointed as the Director of BioSmart Sdn Bhd ("BSSB"), Equator TC Sdn Bhd ("ETC"), Equator MO Sdn Bhd ("EMO"), and Equator Europe B.V ("EEBV"). He has no directorships in other public companies. He graduated with a Bachelor of Business Administration Degree majoring in Finance from the University of Toledo, Ohio, US in 1995. He has eleven (11) years working experience in the horticulture industry. However, his exposure in the horticulture industry started much earlier, when he developed a strong interest in horticulture at an early age under the guidance of his father, Koh Ah Keng. During this time, he gained knowledge and hands-on experience in biotechnology techniques from various visiting consultants and university researchers. After a short stint with a Taiwanese electronics company, he joined EBSB as Marketing Manager in 1998 and subsequently in 2001; he was promoted to General Manager. In 2002, he became Managing Director of EBSB. With the assistance of external technical advisers, he has been instrumental in driving the development of biotechnology techniques for the Group. He is responsible for the day-to-day management and operations of the Equator Group including strategic planning and administration as well as leading the R&D team and over seeing the R&D activities.

He is a shareholder of the Company and the son of Koh Ah Keng, the Executive Chairman and substantial shareholder of Equator and brother of Koh Yueh Lai, a shareholder of the Company and cousin to Goh Sau Chong and Goh Sau Yih, key management personnel.

He does not have any conflict of interest with the Company except for certain recurrent related part transactions of revenue or trading nature which are necessary for day to day operations of the Group. He has no convictions for any offences for over the past 10 years. Please refer to page 69 of this Annual Report for his securities holding.

Wang Ting Peng

• Non Independent Non-Executive Director • Company Director • Taiwanese

Aged 33, is the Non Independent & Non Executive Director of Equator. She was appointed to the Board of Equator on 12 December 2005. She obtained her Bachelor of Science majoring in Pathology and Biochemistry and Honour Degree in Pathology from University of Western Australia in 2000 and 2001 respectively. Subsequently, she obtained her Doctor of Philosophy in Medical Science in the same university, specialising in Medical Science. During the course of pursuing her Doctor of Philosophy, she was involved actively in lab management and worked as Project Instructor to supervise and assisted 3rd year Pathology students in the University of Western Australia. Besides well knowledge in Science and Biochemistry, her exposure to the horticulture industry started at her earlier age under the guidance of her father, late Wang Chi Ti. Indeed, her relevant knowledge and expertise will benefit Equator Group in terms of biotechnology advancement. She has no directorships in other public companies.

She does not have any family relationship with any director and/or major shareholder of the Company.

She does not have any conflict of interest with the Company. She has no convictions for any offences for over the past 10 years. Please refer to page 69 of this Annual Report for her securities holding.

Directors' Profile

Goh Ah Teu @ Goh Keng Chiew

• Independent Non-Executive Director • Company Director • Malaysian

Aged 64, and was appointed to the Board of the Company on 28 March 2005. He is the member of Remuneration Committee and member of Audit Committee. Upon completion of his secondary education from Chung Hwa High School in 1962, he started trading and planting of agriculture products at his own capacity. In 1997, he joined Chiap Hup as a Store Manager and left in 1998 to join Chaoan Xinma Agriculture Development Co. Ltd, China as a Managing Director and retired in 2004. He has no directorships in other public companies.

He does not have any family relationship with any director and/or major shareholder of the Company.

He does not have any conflict of interest with the Company. He has no convictions for any offences for over the past 10 years. Please refer to page 69 of this Annual Report for his securities holding.

Huang Shih-Yen

• Independent Non-Executive Director • Company Director • Taiwanese

Aged 58, and was appointed to the Board of the Company on 28 March 2005. He is the member of Audit Committee and Nominating Committee. He graduated with a Bachelor of International Business Management from Feng Chia University, Taiwan in 1976. He started his career as a Trainer in the Army Services in 1976. In 1977, he joined Yung Shou Enterprise, Taiwan as the Marketing Manager. Later in 1986, he joined Amline Products Limited, Taiwan as the Marketing Manager and promoted to the position of General Manager in 1998. He has no directorships in other public companies.

He does not have any family relationship with any director and/or major shareholder of the Company.

He does not have any conflict of interest with the Company. He has no convictions for any offences for over the past 10 years. Please refer to page 69 of this Annual Report for his securities holding.

Chua Syer Cin

• Independent Non-Executive Director • Company Director • Malaysian

Aged 38, and was appointed to the Board of the Company on 28 March 2005. He is the Chairman of Audit Committee, the Chairman of Remuneration Committee and Member of Nominating Committee. Upon graduation from the Charles Sturt University, Australia in 1994, he joined the accounting practice of Ernst & Young as an Audit Senior. From 1998 to 2000, he was the Audit/Tax Manager of Teo & Associates, an accounting firm in Melaka. In February 2000, he set up his own accounting firm, Messrs SC Chua & Associates and he has since been the sole proprietor of the firm.

He is presently a member of Malaysian Institute of Accountants and CPA, Australia. He is currently an Independent Non-Executive Director of Poh Huat Resources Holdings Berhad and Kia Lim Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company.

He does not have any conflict of interest with the Company. He has no convictions for any offences for over the past 10 years. Please refer to page 69 of this Annual Report for his securities holding.

DIRECTORS' REPORT

The directors of **EQUATOR LIFE SCIENCE BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of management administrative services to its subsidiary companies.

The principal activities of its subsidiary companies are disclosed in Note 17 to the Financial Statements. During the financial year, one of its subsidiary companies commenced trading of instant compost technology related equipment and additives.

During the financial year, the Company disposed of its entire equity interest in Biotropics Centre Sdn. Bhd.

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss before tax	(9,795,927)	(4,839,702)
Income tax expense	(344)	-
Loss for the year	(9,796,271)	(4,839,702)
Attributable to:		
Equity holders of the Company	(9,795,789)	(4,839,702)
Minority interests	(482)	-
	(9,796,271)	(4,839,702)

In the opinion of the directors, the results of operations of the Group and of the Company have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

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

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

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

The Group and the Company have accumulated losses of RM30,580,484 and RM22,957,048 respectively as of December 31, 2009 which resulted from losses sustained in current and prior years. In addition, certain subsidiary companies have defaulted in their borrowings and the interest payment obligations as disclosed in Note 27 and 28 to the Financial Statements. The Group and the Company are currently negotiating with the bankers and leasing creditor on the rescheduling and/or forbearance of the bank borrowings and are actively seeking buyers for properties which are surplus to the requirement of the Group. The directors are satisfied on the appropriateness of the going concern basis in the preparation of the financial statements of the Group and of the Company. The appropriateness of the going concern basis underlying the preparation of the financial statements presumes that the Group will be able to dispose of its assets, to seek indulgence to defer the defaulted principal and interest repayments and the continued support from the bankers and creditors and consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Cont'd)

As of the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Koh Ah Keng
Koh Yueh Leong
Goh Ah Teu @ Goh Keng Chiew
Huang Shih-Yen
Chua Syer Cin
Wang Ting Peng

In accordance with Article 102 of the Company's Articles of Association, Messrs. Huang Shih-Yen and Wang Ting Peng retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors as of the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of ordinary shares of RM0.10 each			
	Balance as of 1.1.2009	**Bought**	**Sold**	**Balance as of 31.12.2009**
Registered in the name of directors				
Koh Ah Keng	13,646,289	-	(265,100)	13,381,189
Koh Yueh Leong	9,457,817	-	-	9,457,817
Goh Ah Teu @ Goh Keng Chiew	100,000	-	-	100,000
Huang Shih-Yen	100,000	-	-	100,000
Chua Syer Cin	100,000	-	-	100,000
Wang Ting Peng	142,100	36,890,394	-	37,032,494

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 21 to the Financial Statements.

During and as of the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

KOH AH KENG

KOH YUEH LEONG

Johor Bahru
March 19, 2010

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EQUATOR LIFE SCIENCE BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Equator Life Science Berhad, which comprise the balance sheets of the Group and of the Company as of December 31, 2009 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 65.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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 the auditors' 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, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of 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 that 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 the Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2009 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 to the Financial Statements which indicates that the Group and the Company have accumulated losses of RM30,580,484 and RM22,957,048 respectively as of December 31, 2009 which resulted from losses sustained in current and prior years. In addition, certain subsidiary companies have defaulted in their borrowings and the interest payment obligations as disclosed in Note 27 and 28 to the Financial Statements. The Group and the Company are currently negotiating with the bankers and leasing creditor on the rescheduling and/or forbearance of the bank borrowings and are actively seeking buyers for properties which are surplus to the requirement of the Group. These conditions indicate the existence of an uncertainty which may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Accordingly, the appropriateness of the going concern basis and the underlying assumptions used in the preparation of the financial statements is dependent on the ability of the Group to dispose of its assets, to seek indulgence to defer the defaulted principal and interest repayments and the continued support from their bankers and creditors and consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business. The financial statements of the Group and of the Company do not include any adjustments that may be required to the amounts and the classification of assets and liabilities due to this uncertainty.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EQUATOR LIFE SCIENCE BERHAD

Report on Other Legal and Regulatory Requirements

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

a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Companies Act, 1965;

b) we are satisfied that the accounts of the subsidiary companies 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

c) the auditors' report on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

PHUAH LAI HOCK
Partner - 2557/08/11(J)
Chartered Accountant

Johor Bahru
March 19, 2010

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note (s)	RM	RM	RM	RM
Revenue	5 & 6	12,457,399	10,188,065	-	-
Cost of sales		(14,503,775)	(5,239,723)	-	-
Gross (loss) profit		(2,046,376)	4,948,342	-	-
Investment revenue	7	9,513	16,192	-	200
Other operating income		472,855	2,327,081	176,386	2,223,555
Selling expenses		(968,943)	(1,755,870)	-	-
Administrative expenses		(3,461,929)	(3,798,555)	-	-
Other losses	6	(1,316,041)	(47,814)	(137,500)	-
Finance costs	8	(1,175,184)	(1,184,086)	-	-
Other operating expenses		(1,309,822)	(561,498)	(4,878,588)	(458,122)
(Loss) Profit before tax	9	(9,795,927)	(56,208)	(4,839,702)	1,765,633
Income tax (expense) credit	12	(344)	104,690	-	27,000
(Loss) Profit for the year		(9,796,271)	48,482	(4,839,702)	1,792,633
Attributable to:					
Equity holders of the Company		(9,795,789)	49,083	(4,839,702)	1,792,633
Minority interests		(482)	(601)	-	-
		(9,796,271)	48,482	(4,839,702)	1,792,633
(Loss) Profit per share					
Basic (sen)	13	(4.17)	0.02		

The accompanying Notes form an integral part of the Financial Statements.

BALANCE SHEETS
AS OF DECEMBER 31, 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note (s)	RM	RM	RM	RM
Non-current Assets					
Property, plant and equipment	14	4,022,919	13,687,497	-	-
Prepaid lease payments on leasehold land	15	107,629	6,762,792	-	-
Plantation development expenditure	16	4,587,637	5,836,901	-	-
Investment in subsidiary companies	17	-	-	5,852,113	5,989,615
Other investments	18	643,212	605,796	-	-
Total Non-current Assets		9,361,397	26,892,986	5,852,113	5,989,615
Current Assets					
Inventories	19	13,679,926	24,196,216	-	-
Trade receivables	20&21	586,300	1,098,557	-	-
Other receivables and prepaid expenses	20	279,269	1,014,259	1,000	87,101
Amount owing by subsidiary companies	21	-	-	16,999,761	21,623,849
Tax recoverable		87,690	105,653	1,700	14,728
Cash and bank balances	22	610,518	88,692	160	222
		15,243,703	26,503,377	17,002,621	21,725,900
Assets classified as held for sale	23	13,119,656	-	-	-
Total Current Assets		28,363,359	26,503,377	17,002,621	21,725,900
TOTAL ASSETS		37,724,756	53,396,363	22,854,734	27,715,515

BALANCE SHEETS
AS OF DECEMBER 31, 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note (s)	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	24	23,500,800	23,500,800	23,500,800	23,500,800
Reserves	25	(8,841,899)	997,936	(930,429)	3,909,273
Equity attributable to equity holders of the Company		14,658,901	24,498,736	22,570,371	27,410,073
Minority interests		5,212	5,694	-	-
TOTAL EQUITY		14,664,113	24,504,430	22,570,371	27,410,073
Non-current Liabilities					
Hire-purchase payables	27	-	346,716	-	-
Bank borrowings	28	-	4,715,388	-	-
Total Non-current Liabilities		-	5,062,104	-	-
Current Liabilities					
Trade payables	21&29	2,833,023	9,224,412	-	-
Other payables and accrued expenses	29	3,528,580	3,396,920	168,613	233,442
Amount owing to directors	21	175,757	366,449	115,750	72,000
Finance lease payable	26	-	139,084	-	-
Hire-purchase payables	27	900,657	647,511	-	-
Bank borrowings	28	15,622,626	10,055,453	-	-
Total Current Liabilities		23,060,643	23,829,829	284,363	305,442
TOTAL LIABILITIES		23,060,643	28,891,933	284,363	305,442
TOTAL EQUITY AND LIABILITIES		37,724,756	53,396,363	22,854,734	27,715,515

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Accumulated Loss RM	Total RM	Minority Interests RM	Net Equity RM
	Attributable to Equity Holders of the Company	Non-distributable Reserves					
The Group							
Balance as of January 1, 2008	23,500,800	22,026,619	(241,203)	(20,833,778)	24,452,438	6,295	24,458,733
Net expense recognised directly into equity on currency translation differences	-	-	(2,785)	-	(2,785)	-	(2,785)
Profit(Loss) for the year	-	-	-	49,083	49,083	(601)	48,482
Total recognised income and expense for the year	-	-	(2,785)	49,083	46,298	(601)	45,697
Balance as of December 31, 2008	23,500,800	22,026,619	(243,988)	(20,784,695)	24,498,736	5,694	24,504,430
Balance as of January 1, 2009	23,500,800	22,026,619	(243,988)	(20,784,695)	24,498,736	5,694	24,504,430
Net expense recognised directly into equity on currency translation differences	-	-	(44,046)	-	(44,046)	-	(44,046)
Loss for the year	-	-	-	(9,795,789)	(9,795,789)	(482)	(9,796,271)
Total recognised income and expense for the year	-	-	(44,046)	(9,795,789)	(9,839,835)	(482)	(9,840,317)
Balance as of December 31, 2009	23,500,800	22,026,619	(288,034)	(30,580,484)	14,658,901	5,212	14,664,113

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

	Share Capital RM	Non-distributable Reserve Share Premium RM	Accumulated Losses RM	Net Equity RM
The Company				
Balance as of January 1, 2008	23,500,800	22,026,619	(19,909,979)	25,617,440
Total recognised income and expense				
- Profit for the year	-	-	1,792,633	1,792,633
Balance as of December 31, 2008	23,500,800	22,026,619	(18,117,346)	27,410,073
Balance as of January 1, 2009	23,500,800	22,026,619	(18,117,346)	27,410,073
Total recognised income and expense				
- Loss for the year	-	-	(4,839,702)	(4,839,702)
Balance as of December 31, 2009	23,500,800	22,026,619	(22,957,048)	22,570,371

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES					
(Loss) Profit after tax		(9,796,271)	48,482	(4,839,702)	1,792,633
Adjustments for:					
Income tax expense (credit) recognised in profit and loss		344	(104,690)	-	(27,000)
Inventories written down to net realisable value		1,885,987	-	-	-
Impairment loss on:					
Property, plant and equipment		1,138,726	-	-	-
Plantation development expenditure		177,315	47,814	-	-
Investment in subsidiary companies		-	-	137,500	-
Finance costs		1,175,184	1,184,086	-	-
Depreciation of property, plant and equipment		1,076,306	1,185,089	-	-
Amortisation of:					
Plantation development expenditure		583,690	459,568	-	-
Prepaid lease payments on leasehold land		116,499	117,300	-	-
Plantation development expenditure written off		488,259	-	-	-
Property, plant and equipment written off		483,591	55,776	-	-
Allowance for doubtful debts		94,420	102,234	4,608,257	197,183
Bad debts written off		47,968	2,338	2,605	-
Prepaid expenses written off		45,159	-	-	-
Allowance for doubtful debts no longer required		(1,934)	(630,070)	-	(2,223,555)
Interest income		(9,513)	(16,192)	-	(200)
Unrealised (gain) loss on foreign exchange		(10,810)	(16,642)	(2,388)	16,019
Gain on disposal of:					
Property, plant and equipment		(198,095)	(1,102,901)	-	-
Subsidiary companies		-	(23,820)	(173,998)	-
		(2,703,175)	1,308,372	(267,726)	(244,920)
Movements In Working Capital:					
Decrease (Increase) in:					
Inventories		5,677,460	(6,910,239)	-	-
Receivables		941,469	1,493,103	86,101	(87,101)
(Decrease) Increase in payables		(3,854,624)	6,164,499	(64,829)	144,399
Cash From (Used In) Operations		61,130	2,055,735	(246,454)	(187,622)
		-			
Income tax refunded		82,190	63,507	13,028	-
Income tax paid		(64,457)	(92,429)	-	-
Finance costs paid		(520,634)	(1,184,086)	-	-

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Net Cash (Used In) From Operating Activities		(441,771)	842,727	(233,426)	(187,622)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		509,421	2,310,389	-	-
Net cash from disposal of subsidiary companies	17	118,000	(869)	174,000	-
Interest received		9,513	16,192	-	200
Decrease in fixed deposit pledged to a bank		-	2,000,000	-	2,000,000
Repayment from (Advances to) subsidiary companies		-	-	15,614	(2,037,912)
Additions to:					
Plantation development expenditure	16	-	(2,182,441)	-	-
Property, plant and equipment		-	(62,000)	-	-
Other investments		(32,029)	(78,148)	-	-
Net Cash From (Used In) Investing Activities		604,905	2,003,123	189,614	(37,712)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Repayments of:					
Finance lease payables		(5,500)	(18,143)	-	-
Hire-purchase payables		(93,570)	(470,546)	-	-
Term loans		(55,161)	(2,275,574)	-	-
Bankers' acceptances (Net)		(1,498,000)	(2,596,000)	-	-
(Repayment to) Advances from directors		(190,692)	-	43,750	-
Net Cash (Used In) From Financing Activities		(1,842,923)	(5,360,263)	43,750	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,679,789)	(2,514,413)	(62)	(225,334)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(4,921,452)	(2,404,254)	222	225,556
Effect of exchange differences		(262)	(2,785)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	31	(6,601,503)	(4,921,452)	160	222

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally involved in investment holding and provision of management administrative services to its subsidiary companies.

The principal activities of its subsidiary companies are disclosed in Note 17. During the financial year, one of its subsidiary companies commenced trading of instant compost technology related equipment and additives.

During the financial year, the Company disposed of its entire equity interest in Biotropics Centre Sdn. Bhd.

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at Suite 6.1 A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor.

The principal place of business of the Company is located at Lot 3219, Jalan Bukit Mor, 84150 Parit Jawa, Muar, Johor.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on March 19, 2010.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

During the financial year, the Group and the Company adopted all of the new and revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Int.") issued by the Malaysian Accounting Standards Board that are relevant to their operations and effective for the financial period beginning on or after January 1, 2009.

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the FRSs, IC Int. and amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRS 1*	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)[2]
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010)[3]
FRS 2*	Share-based Payment (Amendments relating to vesting conditions and cancellations)[2]
FRS 2*	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)[3]
FRS 3*	Business Combinations (Revised in 2010)[3]
FRS 4*	Insurance Contracts[2]
FRS 5*	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)[3]
FRS 7	Financial Instruments: Disclosures[2]
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)[2]
FRS 8	Operating Segments[1]

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

FRS 101 Presentation of Financial Statements (Revised in 2009)[2]
FRS 123 Borrowing Costs (Revised)[2]
FRS 127* Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)[2]
FRS 127 Consolidated and Separate Financial Statements (Revised in 2010)[3]
FRS 132* Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation)[2]
FRS 138* Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)[3]
FRS 139 Financial Instruments: Recognition and Measurement[2]
FRS 139 Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127)[2]

Improvements to FRSs (2009)[2]
IC Int. 9* Reassessment of Embedded Derivatives[2]
IC Int. 9* Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)[2]
IC Int. 9* Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3)[3]
IC Int. 10* Interim Financial Reporting and Impairment[2]
IC Int. 11* FRS 2 - Group and Treasury Share Transactions[2]
IC Int. 12* Service Concession Arrangements[3]
IC Int. 13* Customer Loyalty Programmes[2]
IC Int. 14* FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction[2]
IC Int. 15* Agreements for the Construction of Real Estate[3]
IC Int. 16* Hedges of a Net Investment in a Foreign Operation[3]
IC Int. 17* Distributions of Non-cash Assets to Owners[3]

1 Effective for annual periods beginning on or after July 1, 2009
2 Effective for annual periods beginning on or after January 1, 2010
3 Effective for annual periods beginning on or after July 1, 2010

* These Standards and Interpretations are not expected to be relevant to the operations of the Group and of the Company.

Consequential amendments were also made to various FRS as a result of these new/revised FRSs.

The directors anticipate that the abovementioned Standards and Interpretations will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

FRS 3 - Business Combinations (Revised in 2010)
The revised FRS 3:

(i) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

FRS 3 - Business Combinations (Revised in 2010) (Cont'd)

(iii) requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 7 – Financial Instruments: Disclosures
FRS 7 and the consequential amendments to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's and the Company's financial position and performance, the nature and extent of risks arising from financial instruments, and the objectives, policies and processes for managing capital.

FRS 8 - Operating Segments
FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Currently, the Group identifies one segment (geographical) using a risks-and-rewards approach, with the Group's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segment. As a result, following the adoption of FRS 8, the identification of the Group's reportable segments may change.

FRS 101 – Presentation of Financial Statements (Revised in 2009)
FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and of the Company's financial statements.

FRS 123 - Borrowing Costs (Revised)
FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. This principal change in the Standard has no impact on the financial statements of the Group and of the Company in the period of initial application as it has always been the Group's and the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

FRS 127 – Consolidated and Separate Financial Statements (Revised in 2010)
The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiary companies that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (Revised in 2010), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (Revised in 2010) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

FRS 127 – Consolidated and Separate Financial Statements (Revised in 2010) (Cont'd)

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 139 - Financial Instruments: Recognition and Measurement
FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Improvements to FRS (2009)

Improvements to FRS (2009) contain amendments to 21 FRSs. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. Only the following improvement is expected to have an impact on the Group's financial statements:

FRS 117 Leases generally requires leases of land with an indefinite useful life to be classified as operating leases. Following the amendments, leases of land are classified as either 'finance' or 'operating' using the general principles of FRS 117. These amendments are effective for annual periods beginning on or after January 1, 2010, and they are to be applied retrospectively to unexpired leases as of January 1, 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on January 1, 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance lease at their fair values on that date; any difference between those fair values will be recognised in retained earnings. It is likely that the changes will affect the classification of some of the Group's leases of land.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and on the basis of accounting principles applicable to a going concern. As of December 31, 2009, the Group and the Company have accumulated losses of RM30,580,484 and RM22,957,048 respectively which resulted from losses sustained in current and prior years. In addition, certain subsidiary companies have defaulted in their borrowings and the interest payment obligations as disclosed in Note 27 and 28. The Group and the Company are currently negotiating with the bankers and leasing creditor on the rescheduling and/or forbearance of the bank borrowings and are actively seeking buyers for properties which are surplus to the requirement of the Group. The directors are satisfied on the appropriateness of the going concern basis in the preparation of the financial statements of the Group and of the Company. The appropriateness of the going concern basis underlying the preparation of the financial statements presumes that the Group will be able to dispose of its assets, to seek indulgence to defer the defaulted principal and interest repayments and the continued support from the bankers and creditors and consequently, the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets of the consolidated subsidiary company are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business Combination

The acquisition of subsidiary companies and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for the recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal group) that are classified as held for sale in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investment in subsidiary companies

A subsidiary company is an entity over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment loss, if any, in the Company's separate financial statements.

Other investment

Investment in auction markets membership is stated at cost less accumulated impairment loss, if any.

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sales of goods in the normal course of business, net of returns and trade discounts after eliminating sales within the Group.

Sales of goods

Revenue from sales of goods is recognised when the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Foreign Currencies

The individual financial statements of each company in the Group are presented using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in RM using exchange rates prevailing at the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign companies (including monetary items that, in substance, form part of the net investment in foreign companies), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee Benefits

i. *Short-term employee benefits*

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

ii. *Defined contribution plans*

The Company and certain subsidiary companies make statutory contributions to approved provident funds and the contributions are charged to profit or loss for the period. The approved provident funds are defined contribution plans. The Group's foreign incorporated subsidiary company and its eligible employees also made contribution to their respective country's statutory pension scheme. Such contributions are recognised as an expense in the income statements as incurred. Once the contributions have been paid, there are no further payment obligations.

Borrowing Costs

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred Tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the income statements, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The gain or loss arising on disposal or retirement of an item or property, plant and equipment asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Freehold land is not depreciated. All other property, plant and equipment are depreciated on a straight-line method to their residual values at rates based on the estimated useful lives of the various assets.

The annual rates of depreciation are as follows:

Buildings	5% - 20%
Plant and machinery	10%
Office equipment, furniture and fittings	10% - 25%
Motor vehicles	20%
Electrical installations	10%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Prepaid Lease Payments on Leasehold Land

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The up-front payments made for the leasehold land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

Plantation Development Expenditure

Plantation development expenditure represents planting expenditure incurred from the commencement of development to the date of maturity of the plants. Plantation development expenditure is capitalised at cost and amortised over a period of 10 years commencing from the date of maturity of the plants.

Where an indication of impairment exists, the carrying amount of plantation development expenditure is assessed and written down immediately to its recoverable amount.

Impairment of Tangible Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a "first-in, first-out" method. The cost of raw materials and consumables represents the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of finished goods comprises the costs of raw materials, direct labour and a proportion of plantation overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non collection of certain receivable accounts.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, against which bank overdrafts, if any, is deducted.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

Bank borrowings
Interest-bearing bank loans and overdrafts are stated at nominal value of the consideration received less directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

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

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Contingent Liabilities

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

The directors believe that there are no critical judgements made on applying accounting policies 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 except for the going concern assumption as follows:

Going Concern Assumption

The financial statements of the Group and of the Company have been prepared under the historical cost convention and on the basis of accounting principles applicable to a going concern. The directors of the Group and of the Company have deemed the preparation of the financial statements of the Group and of the Company on the going concern basis to be appropriate which assumes obtaining continuing financial support of their bankers and creditors.

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.

Impairment of Plantation Development Expenditure

The Group tests plantation development expenditure for impairment annually or more frequently if there is indication that the plantation development expenditure might be impaired. During the financial year, the Group has recognised impairment loss of plantation development expenditure amounting to RM177,315. The key assumptions for the recognition of impairment of the plantation development expenditure are those regarding the expected changes in the demand, selling prices and direct costs during the period. Changes in the demand, selling prices and direct costs are based on past experience and expectation of future changes in the market.

Allowances for Doubtful Receivables

Allowance for doubtful receivables is made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

Impairment of Investment in Subsidiary Companies

Determining whether investment in subsidiary companies is impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

NOTES TO THE FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

Net Realisable Values of Inventories

The management reviews periodically whether adequate allowance has been made for damaged, slow-moving and obsolete inventories. These reviews require judgements and estimates on the expected changes in the demand, selling prices and direct costs during the period. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the period in which such estimate has been changed.

5. REVENUE

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of:				
Ornamental plants	10,138,749	9,830,888	-	-
Instant compost technology equipment	2,000,000	-	-	-
Organic fertiliser	318,650	357,177	-	-
	12,457,399	10,188,065	-	-

6. OPERATING COSTS APPLICABLE TO REVENUE

The operating costs classified by nature, applicable to revenue, are as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Changes in inventories of finished goods	10,138,745	(7,094,050)	-	-
Raw materials used	2,156,510	2,282,930	-	-
Purchases of trading merchandise	-	43,197	-	-
Staff costs *	1,764,572	2,668,817	-	-
Directors' remuneration (Note 11)	736,533	756,742	60,000	42,500
Depreciation of property, plant and equipment	1,076,306	1,185,089	-	-
Amortisation of:				
Plantation development expenditure	583,690	459,568	-	-
Prepaid lease payments on leasehold land	116,499	117,300	-	-
Finance costs	1,175,184	1,184,086	-	-
Impairment loss on**:				
Property, plant and equipment	1,138,726	-	-	-
Plantation development expenditure	177,315	47,814	-	-
Investment in subsidiary companies	-	-	137,500	-
Inventories written down to net realisable value	1,885,987	-	-	-
Plantation development expenditure written off	488,259	-	-	-
Other operating expenses	1,297,368	10,936,053	4,818,588	415,622
	22,735,694	12,587,546	5,016,088	458,122

* Included in staff costs is Employees Provident Fund ("EPF") contributions of the Group of RM85,638 (2008: RM125,520).

** Included as other losses.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT REVENUE

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Interest income from:				
Membership	9,513	15,992	-	-
Fixed deposits	-	200	-	200
	9,513	16,192	-	200

8. FINANCE COSTS

	The Group	
	2009	2008
	RM	RM
Interest on:		
Bank overdrafts	447,700	228,779
Term loans	394,504	496,342
Bankers' acceptance	242,434	361,692
Hire-purchase and finance lease	90,546	97,273
	1,175,184	1,184,086

9. (LOSS) PROFIT BEFORE TAX

Included in (loss) profit before tax are the following income (expenses):

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Gain on disposal of:				
Property, plant and equipment	198,095	1,102,901	-	-
Subsidiary companies	-	23,820	173,998	-
Gain (Loss) on foreign exchange:				
Realised	39,966	(233,153)	-	-
Unrealised	10,810	16,642	2,388	(16,019)
Rental income	40,000	-	-	-
Allowance for doubtful debts no longer required	1,934	630,070	-	2,223,555
Prepaid expenses written off	(45,159)	-	-	-
Bad debts written off	(47,968)	(2,338)	(2,605)	-
Auditors' remuneration:				
Current	(73,060)	(67,259)	(13,000)	(13,000)
Over(Under)provision in prior year	(8,166)	14,259	-	800
Allowance for doubtful debts	(94,420)	(102,234)	(4,608,257)	(197,183)
Rental of:				
Equipment:				
Current year	-	(900)	-	-
Overprovision in prior year	-	7,590	-	-
Premises	(162,255)	(367,880)	-	-
Property, plant and equipment written off	(483,591)	(55,776)	-	-

NOTES TO THE FINANCIAL STATEMENTS

10. SEGMENT REPORTING

The Group operates predominantly in one industry and accordingly, only the geographical segmental information is presented.

The Group 2009	**Malaysia RM**	**European Countries RM**	**Elimination RM**	**Consolidated RM**
Revenue				
External revenue	2,703,505	9,753,984	-	12,457,489
Inter-segment revenue	3,232,470	-	(3,232,470)	-
Total revenue	5,935,975	9,753,984	(3,232,470)	12,457,489
Results				
Loss from operations	(9,754,393)	(3,655,074)	4,779,211	(8,630,256)
Finance costs				(1,175,184)
Investment revenue				9,513
Loss before tax				(9,795,927)
Income tax expense				(344)
Loss for the year				(9,796,271)
Other Information				
Depreciation	1,044,168	32,138	-	1,076,306
Consolidated Balance Sheets				
Assets				
Segment assets	35,731,034	1,906,032	-	37,637,066
Income tax assets				87,690
Consolidated total assets				37,724,756
Liabilities				
Segment liabilities	4,912,609	1,624,751	-	6,537,360
Borrowings				16,523,283
Consolidated total liabilities				23,060,643

NOTES TO THE FINANCIAL STATEMENTS

10. SEGMENT REPORTING (Cont'd)

The Group			**European**		
2008	**Malaysia**	**Countries**	**Elimination**	**Consolidated**	
		RM	**RM**	**RM**	**RM**
Revenue					
External revenue		539,999	9,648,066	-	10,188,065
Inter-segment revenue		5,236,038	144,724	(5,380,762)	-
Total revenue		5,776,037	9,792,790	(5,380,762)	10,188,065
Results					
Profit (Loss) from operations		1,282,526	(63,036)	(107,804)	1,111,686
Finance costs					(1,184,086)
Investment revenue					16,192
Loss before tax					(56,208)
Income tax credit					104,690
Profit for the year					48,482
Other Information					
Capital additions		62,000	-	-	62,000
Depreciation		1,135,973	49,116	-	1,185,089
Consolidated Balance Sheets					
Assets					
Segment assets		44,718,947	8,571,763	-	53,290,710
Income tax assets					105,653
Consolidated total assets					53,396,363
Liabilities					
Segment liabilities		7,278,105	5,709,676	-	12,987,781
Borrowings					15,904,152
Consolidated total liabilities					28,891,933

NOTES TO THE FINANCIAL STATEMENTS

11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Executive directors of the Company:				
Other emoluments	214,944	212,159	-	-
EPF contributions	23,256	12,060	-	-
	238,200	224,219	-	-
Director of a subsidiary company:				
Other emoluments	438,333	490,023	-	-
Non-executive directors of the Company:				
Fees:				
Current	60,000	60,000	60,000	60,000
Overprovision in prior year	-	(17,500)	-	(17,500)
	60,000	42,500	60,000	42,500
	736,533	756,742	60,000	42,500

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group includes executive directors and non-executive directors of the Company, a member of senior management and a director of a subsidiary company. Details of the compensation for these key management personnel are as disclosed as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Directors' remuneration	736,533	756,742	60,000	42,500
Key management personnel:				
Salaries and other emoluments	74,917	232,907	-	-
EPF contributions	11,376	28,572	-	-
	86,293	261,479	-	-
	822,826	1,018,221	60,000	42,500

NOTES TO THE FINANCIAL STATEMENTS

12. INCOME TAX CREDIT (EXPENSE)

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
(Under)Overprovision of current tax in prior year	(344)	104,690	-	27,000

Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
(Loss) Profit before tax	(9,795,927)	(56,208)	(4,839,702)	1,765,633
Tax at the applicable tax rate of 25% (2008: 26%)	2,449,000	15,000	1,210,000	(459,000)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	(1,482,000)	(449,000)	(1,210,000)	-
Income that are not assessable in determining taxable profit	-	-	-	459,000
Effect of different tax rates in other jurisdiction	36,000	5,000	-	-
Utilisation of deferred tax assets previously not recognised	-	429,000	-	-
Deferred tax assets not recognised*	(1,003,000)	-	-	-
Under (Over)provision of current tax in prior year	344	(104,690)	-	(27,000)
Tax expense (credit) for the year	344	(104,690)	-	(27,000)

* No deferred tax assets have been recognised in the financial statements of certain subsidiary companies due to the unpredictability of future profit streams in the foreseeable future.

A subsidiary company has been granted income tax relief in principle as a pioneer status company under the Promotion of Investments Act, 1986. As of the date of report, the production day for the commencement of tax exemption period has yet to be fixed. The pioneer status was granted for a period of 5 years. By virtue of this pioneer status, the statutory business income derived from the pioneer products during the pioneer period is exempted from income tax.

NOTES TO THE FINANCIAL STATEMENTS

12. INCOME TAX CREDIT (EXPENSE) (Cont'd)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of December 31, 2009, the estimated net deferred tax assets of the Group calculated at applicable tax rate which is not recognised in the financial statements due to uncertainty of its realisation is as follows:

	The Group	
	Deferred Tax Assets (Liabilities)	
	2009	2008
	RM	RM
Tax effect of temporary differences arising from:		
Property, plant and equipment	(343,000)	(562,000)
Plantation development expenditure	(728,000)	(778,000)
Allowance for doubtful debts	320,000	1,157,000
Unrealised foreign exchange	(2,000)	229,000
Unabsorbed tax capital allowances	1,060,000	853,000
Unused tax losses	6,949,000	5,354,000
Net Deferred Tax Assets	7,256,000	6,253,000

The unabsorbed tax capital allowances and unused tax losses, which are subject to the agreement of the tax authorities, are available for offset against future taxable profits of the subsidiary companies.

13. (LOSS) PROFIT PER SHARE

	The Group	
	2009	2008
Basic	RM	RM
(Loss) Profit attributable to equity holders of the Company	(9,795,789)	49,083

	2009	2008
	Units	Units
Number of ordinary shares in issue as of January 1 and December 31	235,008,000	235,008,000
Basic (loss) profit per share (sen)	(4.17)	0.02

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Buildings RM	Plant and machinery RM	Plant and machinery under hire-purchase RM	Office equipment, furniture and fittings RM	Office equipment under finance lease RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Electrical installations RM	Total RM
Cost:										
Balance as of January 1, 2008	8,129,372	5,361,835	3,229,549	1,324,000	599,576	209,345	641,743	526,978	269,318	20,291,716
Additions	-	-	62,000	-	-	-	-	-	-	62,000
Disposals/ Written off	(991,931)	(249,952)	(82,967)	-	(25,188)	-	(248,801)	(68,640)	-	(1,667,479)
Reclassification	-	-	-	-	-	-	85,311	(85,311)	-	-
Balance as of December 31, 2008	7,137,441	5,111,883	3,208,582	1,324,000	574,388	209,345	478,253	373,027	269,318	18,686,237
Additions	-	-	-	-	-	-	-	-	-	-
Disposals/ Written off	-	(421,641)	(364,838)	-	(113,797)	(209,345)	(278,961)	(373,027)	(148,096)	(1,909,705)
Reclassified as held for sale (Note 23)	(6,020,835)	(3,400,201)	(303,455)	-	-	-	-	-	(121,222)	(9,845,713)
Balance as of December 31, 2009	1,116,606	1,290,041	2,540,289	1,324,000	460,591	-	199,292	-	-	6,930,819
Accumulated Depreciation:										
Balance as of January 1, 2008	-	1,721,063	1,226,500	177,308	260,784	20,935	440,246	313,442	57,588	4,217,866
Charge for the year	-	465,535	304,397	166,275	77,429	-	15,169	129,261	27,023	1,185,089
Disposals/Written off	-	(101,460)	(54,595)	-	(8,820)	-	(165,610)	(73,730)	-	(404,215)
Reclassification	-	-	-	-	-	-	85,311	(85,311)	-	-
Balance as of December 31, 2008	-	2,085,138	1,476,302	343,583	329,393	20,935	375,116	283,662	84,611	4,998,740
Charge for the year	-	463,305	416,334	4,963	64,648	20,935	33,938	45,157	27,026	1,076,306
Disposals/Written off	-	(175,963)	(110,624)	-	(105,673)	(41,870)	(233,946)	(328,819)	(44,256)	(1,041,151)
Reclassified as held for sale (Note 23)	-	(1,887,914)	(170,700)	-	-	-	-	-	(67,381)	(2,125,995)
Balance as of December 31, 2009	-	484,566	1,611,312	348,546	288,368	-	175,108	-	-	2,907,900

NOTES TO THE FINANCIAL STATEMENTS

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

	Freehold land RM	Buildings RM	Plant and machinery RM	Plant and machinery under hire-purchase RM	Office equipment, furniture and fittings RM	Office equipment under finance lease RM	Motor vehicles RM	Motor vehicles under hire-purchase RM	Electrical installations RM	Total RM
Accumulated Impairment Losses:										
Balance as of January 1, 2008/ December 31, 2008	-	-	-	-	-	-	-	-	-	-
Charge for the year	1,138,726	-	-	-	-	-	-	-	-	1,138,726
Reclassified as held for sale (Note 23)	(1,138,726)	-	-	-	-	-	-	-	-	(1,138,726)
Balance as of December 31, 2009	-	-	-	-	-	-	-	-	-	-
Net Book Value:										
Balance as of December 31, 2009	1,116,606	805,475	928,977	975,454	172,223	-	24,184	-	-	4,022,919
Balance as of December 31, 2008	7,137,441	3,026,745	1,732,280	980,417	244,995	188,410	103,137	89,365	184,707	13,687,497

Freehold land of the Group with net book value of RM1,116,606 (2008: RM7,137,441) are charged to banks for borrowings granted to certain subsidiary companies as disclosed in Note 28.

During the financial year, the Group carried out a review of the recoverable amount of its freehold land prior to the reclassification as assets held for sale. The review led to the recognition of an impairment loss of RM1,138,726 that has been recognised in the income statement. The recoverable amount of the relevant assets has been determined based on the fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS

15. PREPAID LEASE PAYMENTS ON LEASEHOLD LAND

	The Group 2009 RM	2008 RM
Cost		
At beginning of year	7,039,447	7,039,447
Reclassified as held for sale (Note 23)	(6,913,967)	-
At end of year	125,480	7,039,447
Accumulated Amortisation		
At beginning of year	276,655	159,355
Charge for the year	116,499	117,300
Reclassified as held for sale (Note 23)	(375,303)	-
At end of year	17,851	276,655
Unamortised Prepaid Lease Payments		
At beginning of year	6,762,792	6,880,092
At end of year	107,629	6,762,792

Prepaid lease payments relate to the lease of land of the Group which are located in Johor Bahru, Malaysia. These leases will expire in 2094 (2008: 2068 and 2094).

16. PLANTATION DEVELOPMENT EXPENDITURE

	The Group 2009 RM	2008 RM
Cost:		
At beginning of year	10,277,717	13,206,391
Additions	-	2,182,441
Written off	(2,452,905)	(5,111,115)
At end of year	7,824,812	10,277,717
Accumulated Amortisation:		
At beginning of year	2,674,738	3,951,030
Charge for the year	583,690	459,568
Written off	(920,728)	(1,735,860)
At end of year	2,337,700	2,674,738
Accumulated Impairment Losses:		
At beginning of year	1,766,078	5,093,519
Charge for the year	177,315	47,814
Written off	(1,043,918)	(3,375,255)
At end of year	899,475	1,766,078
	4,587,637	5,836,901

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company 2009 RM	The Company 2008 RM
Unquoted shares, at cost	17,796,751	17,796,753
Less: Accumulated impairment losses	(11,944,638)	(11,807,138)
	5,852,113	5,989,615

The subsidiary companies are as follows:

Name of Companies	Place of Incorporation	Effective Equity Interest % 2009	Effective Equity Interest % 2008	Principal Activities
Direct subsidiary companies				
Equator Biotech Sdn. Bhd. #	Malaysia	100	100	Bio-conversion, micro propagation, cultivation, importing and exporting of ornamental plants
Equator Europe B.V. #	The Netherlands	70	70	Cultivating, importing, exporting and trading of ornamental plants
BioSmart Sdn. Bhd. #	Malaysia	55	55	Manufacturing and trading of organic fertiliser and instant compost technology related equipments and additives
Equator TC Sdn. Bhd. #	Malaysia	100	100	Dormant
Equator MO Sdn. Bhd. #	Malaysia	100	100	Dormant
Biotropics Centre Sdn. Bhd.*	Malaysia	-	100	Dormant
Indirect subsidiary companies				
Held through Equator Biotech Sdn. Bhd.				
Equator Plants B.V. #	The Netherlands	100	100	Cultivating, importing, exporting and trading of ornamental plants
Monstera Sdn. Bhd.	Malaysia	100	100	Inactive
Held through Equator Europe B.V.				
Equator-Hungaria Kft. #	Hungary	50.4	50.4	Dormant
Equator Flowers & Plants CZ, s.r.o.	Czech Republic	50.4	50.4	Dormant

* Disposed off during the financial year

\# The auditors' reports on the financial statements of these subsidiary companies have been modified with an emphasis of matter due to uncertainties on the ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

During the financial year, the Company disposed off its entire equity interest in Biotropics Centre Sdn. Bhd. (2008: Equator International Corp and its subsidiary companies). The net assets (liabilities) as of the date of disposal and as of the balance sheet date were as follows:

	2009		2008	
	January 31, 2009 RM	December 31, 2008 RM	September 30, 2008 RM	December 31, 2007 RM
Trade receivables	-	-	19,094	17,220
Other receivables and prepaid expenses	118,882	174,000	62,778	60,889
Amount owing by related company	56,000	-	-	-
Cash and bank balances	-	-	873	61,699
Trade payables	-	-	(96,914)	(92,507)
Other payables and accrued expenses	(882)	(186,885)	(9,647)	(13,275)
Net assets (liabilities) disposed	174,000	(12,885)	(23,816)	34,026
Gain on disposal	-		23,820	
Total consideration satisfied by cash	174,000		4	
Net cash inflow arising on disposal:				
Cash consideration received	174,000		4	
Cash and bank balances disposed off	-		(873)	
Amount owing by related company	(56,000)		-	
	118,000		(869)	

18. OTHER INVESTMENTS

	The Group 2009 RM	The Group 2008 RM
Investment in auction markets membership	643,212	605,796

19. INVENTORIES

	The Group 2009 RM	The Group 2008 RM
At cost:		
Raw materials	224,945	263,109
Finished goods	1,063,300	22,954,545
Consumables	639,181	978,562
At net realisable value:		
Finished goods	11,752,500	-
	13,679,926	24,196,216

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group	
	2009	2008
	RM	RM
Trade receivables	1,973,686	6,547,070
Less: Allowance for doubtful debts	(1,387,386)	(5,448,513)
	586,300	1,098,557

Other receivables and prepaid expenses consist:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other receivables	152,039	485,975	-	3
Less: Allowance for doubtful debts	(43,730)	(3,143)	-	-
	108,309	482,832	-	3
Refundable deposits	132,402	294,483	1,000	1,000
Prepaid expenses	38,558	236,944	-	86,098
	279,269	1,014,259	1,000	87,101

Trade and other receivables that are denominated in the functional currency of the entities in the Group are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
RM	677,116	983,025	-	3
Euro	17,493	598,364	-	-
	694,609	1,581,389	-	3

The foreign currency exposure profile of trade and other receivables of the Group denominated in Euro amounted to RMNil (2008: RM14,706).

Trade receivables comprise amounts receivables for the sales of goods.

The credit period granted on sales of goods is 30 days (2008: 30 days). An allowance has been made for estimated irrecoverable amounts of trade and other receivables of the Group of RM1,387,386 and RM43,730 (2008: RM5,448,513 and RM3,143) respectively determined based on past default experience.

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS

The amount owing by subsidiary companies is arrived at as follows:

	The Company	
	2009	2008
	RM	RM
Amount owing by subsidiary companies	23,353,751	23,369,582
Less: Allowance for doubtful debts	(6,353,990)	(1,745,733)
	16,999,761	21,623,849

The amount owing by subsidiary companies arose mainly from advances and expenses paid on behalf, which are unsecured, interest-free and repayable on demand.

The amount owing to directors arose mainly from advances and expenses paid on behalf which are unsecured, interest-free and repayable on demand.

The related parties and their relationship with the Group are as follows:

Name of Related Parties	Relationship
Jeo Jeo Plantation Sdn. Bhd. Zizen Plas Trading	Entities in which a close member of the family of Koh Ah Keng and Koh Yueh Leong, directors of the Company, has substantial financial interests.
Goh King Joua	Brother-in-law of Koh Ah Keng

Included in the following accounts are balances owing by (to) the related parties of the Group:

	The Group	
	2009	2008
	RM	RM
Trade receivables	23,000	627,593
Trade payables	819,789	1,941,789

During the financial year, significant related party transactions are as follows:

	The Group	
	2009	2008
	RM	RM
Other related party		
Jeo Jeo Plantation Sdn. Bhd.		
Purchases of raw materials and consumables	167,329	509,202
Sales of goods	-	31,961

22. CASH AND BANK BALANCES

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks	610,518	88,692	160	222

NOTES TO THE FINANCIAL STATEMENTS

22. CASH AND BANK BALANCES (Cont'd)

Cash and bank balances that are denominated in the functional currency of the entities of the Group and of the Company are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
RM	587,183	41,496	160	222
Czech Koruna	20,581	21,324	-	-
Euro	2,754	25,872	-	-
	610,518	88,692	160	222

23. ASSETS CLASSIFIED AS HELD FOR SALE

		The Group	
		2009	2008
	Note	RM	RM
Cost			
Property, plant and equipment	14	9,845,713	-
Prepaid lease payments on leasehold land	15	6,913,967	-
		16,759,680	-
Accumulated depreciation on property, plant and equipment	14	(2,125,995)	-
Accumulated impairment loss on property, plant and equipment	14	(1,138,726)	-
Accumulated amortisation on prepaid lease payments on leasehold land	15	(375,303)	-
		(3,640,024)	-
		13,119,656	-

Prepaid lease payments relate to the lease of land of the Group which are located in Johor, Malaysia. These leases will expire in 2068.

The leasehold lands and freehold properties are charged to banks for bank borrowings granted to the Group as disclosed in Note 28.

During the financial year, the directors have proposed to dispose the leasehold land and property, plant and equipment. Negotiations with interested parties have taken place and the assets are expected to be sold within twelve months. During the financial year, conditional sale and purchase agreements were entered into for the disposal of certain leasehold land and property, plant and equipment of the Group with a total net book value of RM10,451,875 for a consideration of RM11,011,983. The proceeds from disposal are expected to exceed the net carrying amount of the assets and, accordingly, no impairment loss has been recognised on the classification of the assets as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE CAPITAL

	The Group and The Company 2009 RM	The Group and The Company 2008 RM
Authorised:		
500,000,000 ordinary shares of RM0.10 each	50,000,000	50,000,000
Issued and fully paid:		
235,008,000 ordinary shares of RM0.10 each	23,500,800	23,500,800

25. RESERVES

	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Non-distributable reserves:				
Share premium	22,026,619	22,026,619	22,026,619	22,026,619
Foreign currency translation reserve	(288,034)	(243,988)	-	-
	21,738,585	21,782,631	22,026,619	22,026,619
Accumulated losses	(30,580,484)	(20,784,695)	(22,957,048)	(18,117,346)
	(8,841,899)	997,936	(930,429)	3,909,273

Share Premium

Share premium of the Group and of the Company arose mainly from the allotment of ordinary shares at a premium, net of share issue expenses.

Foreign Currency Translation Reserve

The foreign currency translation reserve arising on translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. FINANCE LEASE PAYABLE

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2009 RM	2008 RM	2009 RM	2008 RM
Amount payable under finance lease:				
Within one year	-	148,505	-	139,084
Less: Future finance charges	-	(9,421)	-	-
Present value of lease payables	-	139,084	-	139,084
Less: Amount due within 12 months (shown under current liabilities)			-	(139,084)
Non-current portion			-	-

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCE LEASE PAYABLE (Cont'd)

It is the Group's policy to lease certain of its property, plant and equipment under finance lease agreements. The average lease is approximately 3 years. For the financial year ended December 31, 2009, the average effective borrowing rate was 4.5% (2008: 4.5%) per annum. Interest rates are fixed at the inception of the lease. The finance lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

All lease obligations are denominated in Ringgit Malaysia.

The Group's finance lease payable is secured by the lessor's title to the leased assets.

27. HIRE-PURCHASE PAYABLES

	The Group	
	2009 RM	2008 RM
Total outstanding	1,077,206	1,181,429
Less: Interest-in-suspense outstanding	(176,549)	(187,202)
Principal outstanding	900,657	994,227
Less: Amount due within 12 months (shown under current liabilities)	(900,657)	(647,511)
Non-current portion	-	346,716

The non-current portion is repayable as follows:

	The Group	
	2009 RM	2008 RM
Later than one year and not later than two years	-	346,716

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The average term for hire-purchase is approximately 5 years. For the year ended December 31, 2009, the average effective interest rate was 9.07% (2008: 7.82%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

All hire-purchase arrangements are denominated in Ringgit Malaysia.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase and is guaranteed by the Company.

A subsidiary company of the Group has defaulted in the repayment of the hire-purchase instalments and legal action has been instituted by the leasing creditor for the recovery of the principal, interest and other costs.

NOTES TO THE FINANCIAL STATEMENTS

28. BANK BORROWINGS

	The Group 2009 RM	The Group 2008 RM
Secured:		
Bank overdrafts	7,212,021	5,010,144
Term loans	5,410,605	5,262,697
Bankers' acceptance	3,000,000	4,498,000
	15,622,626	14,770,841
Less: Amount due within 12 months (shown under current liabilities)	(15,622,626)	(10,055,453)
Non-current portion	-	4,715,388

The non-current portion is repayable as follows:

	The Group 2009 RM	The Group 2008 RM
Later than one year and not later than two years	-	589,316
Later than two years and not later than five years	-	1,833,373
Later than five years	-	2,292,699
	-	4,715,388

The long-term loans were repayable at the following terms:

	Total number of instalments	Amount per instalment (All interest inclusive) RM	Commencement of instalment
Loan I	120 equal monthly instalments	31,546	November, 2006
Loan II	120 equal monthly instalments	24,266	August, 2007
Loan III	120 equal monthly instalments	16,380	November, 2007
Loan IV	120 equal monthly instalments	18,928	November, 2007
Loan V	60 equal monthly instalments	9,922	December, 2007

Certain subsidiary companies of the Group have defaulted in the repayment of the bank borrowings and have been informed by the banks for the recovery of the principal, interest and other costs. Accordingly, the entire bank borrowings have been classified as current liabilities.

The directors are confident that the Group and the Company will be able to amicably resolve the repayment upon the disposal of its leasehold land and property, plant and equipment as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

28. BANK BORROWINGS (Cont'd)

The average effective interest rates are as follows:

	The Group	
	2009	2008
	%	%
Bank overdrafts	7.22	7.75
Term loans	7.45	7.90
Bankers' acceptance	4.10	5.56

The bank borrowings of the Group are secured by a charge over freehold land, leasehold lands and buildings of the subsidiary companies and is guaranteed by the Company.

All borrowings are denominated in Ringgit Malaysia.

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranges from 30 to 60 days (2008: 45 to 60 days).

Other payables and accrued expenses consist:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Other payables	2,387,185	2,876,985	154,913	214,845
Accrued expenses	1,136,395	519,935	13,700	18,597
Deposit received	5,000	-	-	-
	3,528,580	3,396,920	168,613	233,442

Trade and other payables that are denominated in the functional currency of the entities of the Group and of the Company are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
RM	4,694,262	6,722,488	154,913	214,845
Euro	196,862	5,037,337	-	-
Japanese Yen	158,986	160,973	-	-
United States Dollar	126,819	133,295	-	-
Hungarian Forint	43,279	46,191	-	-
Czech Koruna	-	1,113	-	-
	5,220,208	12,101,397	154,913	214,845

The amounts owing mainly arose from trade transactions and payments on behalf. The non-trade outstanding balances are interest free and repayable on demand. Transactions with related parties are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company have taken measures to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

Foreign currency risk

The Group is not exposed to any significant foreign currency risk other than in the normal course of business for the foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies. The Group does not speculate in foreign currencies.

Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to financing through short-term borrowings and long-term loans. The Group does not enter into any interest rate risk management transactions.

Credit risk

The Group and the Company are exposed to credit risk mainly from trade receivables and cash and bank balances. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

Management believes that the Group's and the Company's exposure on credit risk of bank balances is limited as it is placed with credit worthy financial institutions.

Liquidity and cash flow risks

The Group has defaulted certain bank borrowings as mentioned in Note 27 and 28. This resulted in a significant liquidity and cash flow risks to the Group and the Company. The ability of the Group and the Company to continue as going concerns is dependent on timely disposal of their assets and to seek indulgence to defer the defaulted principal and interest repayments as disclosed in Note 3.

Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2009 are as follows:

		The Group			
		2009		2008	
	Note	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Financial liability					
Bank borrowing - term loans	28	5,410,605	5,411,000	5,262,697	5,002,000

Cash and cash equivalents, trade and other receivables, inter-company indebtedness, trade and other payables, amount owing to directors and bank borrowings

The fair values of these financial instruments approximate their carrying amounts due to the short maturity of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (Cont'd)

Other investments

It is not practicable to estimate the fair value of other investment in auction markets membership due to the inability to estimate the fair value without incurring excessive cost. However, the directors of the Group believe that the carrying amount represents recoverable value.

Hire-purchase payables and finance lease payable

The fair values of these financial instruments approximate their carrying amounts. Fair values of hire-purchase payables and finance lease payable are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements.

Term loans

Fair values of term loans are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements.

31. CASH FLOW STATEMENTS

Cash and cash equivalents consist of the following:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	610,518	88,692	160	222
Bank overdrafts	(7,212,021)	(5,010,144)	-	-
	(6,601,503)	(4,921,452)	160	222

32. CONTINGENT LIABILITY

As of December 31, 2009, the Company has corporate guarantees given to the financial institution for bank and hire-purchase facilities granted to subsidiary companies. The amount outstanding from these credit facilities amounted to RM4,972,000 (2008: RM4,972,000).

33. CAPITAL COMMITMENT

As of December 31, 2009, the Group has approved and contracted capital expenditure amounting to RMNil (2008: RM1,080,000).

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On October 8, 2009, a subsidiary company was served with a winding up notice pursuant to Section 218 of the Companies Act, 1965 by a leasing creditor as mentioned in Note 27. The subsidiary company has successfully set aside the judgement in default instituted by the said leasing creditor on December 9, 2009. The leasing creditor has filed an appeal in the High Court against the said judgment. The appeal was fixed for mention on March 31, 2010.

35. SUBSEQUENT EVENT

Subsequent to year end, a subsidiary company has been awarded the Biotechnology Commercialisation Grant from Malaysian Biotechnology Corporation Sdn. Bhd. The total amount of the grant approved was RM981,000.

STATEMENT BY DIRECTORS/ DECLARATION BY THE DIRECTOR

STATEMENT BY DIRECTORS

The directors of **EQUATOR LIFE SCIENCE BERHAD** state that, in their opinion, the accompanying balance sheets and the related income statements, statements of changes in equity and cash flow statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2009 and of the results of their businesses and the cash flows for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

....
KOH AH KENG

....
KOH YUEH LEONG

Johor Bahru
March 19, 2010

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **KOH YUEH LEONG**, the director primarily responsible for the financial management of **EQUATOR LIFE SCIENCE BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related income statements, statements of changes in equity and cash flow statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed **KOH YUEH LEONG**)
at **JOHOR BAHRU** in the State of)
JOHOR on March 19, 2010)

Before me,

....
COMMISSIONER FOR OATHS

STATEMENT OF SHAREHOLDINGS
AS AT 14 MAY 2010

Authorised capital	:	RM50,000,000-00
Issued and fully paid-up capital	:	RM23,500,800-00
Class of shares	:	Ordinary shares of RM0.10 each
Voting rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
3	Less than 100 shares	146	0.00
271	100 to 1,000 shares	250,600	0.11
807	1,001 to 10,000 shares	4,617,298	1.96
570	10,001 to 100,000 shares	22,991,200	9.78
154	100,001 to less than 5% of issued shares	129,433,773	55.08
3	5% and above of issued shares	77,714,983	33.07
1,808		235,008,000	100.00

THIRTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of shares	Percentage of shares
1.	WANG, TING PENG	37,032,494	15.76
2.	YANG, WEN-SHIUNG	27,301,300	11.62
3.	KOH AH KENG	13,381,189	5.69
4.	LIN, FU-MEI	7,800,617	3.32
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH YUEH LEONG	7,669,480	3.26
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH YUEH LAI	7,000,004	2.98
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LIANG KIAT	6,760,200	2.88
8.	INTER-AMPLE SDN. BHD.	6,683,492	2.84
9.	PAN STONE DEVELOPMENT SDN BHD	5,883,000	2.50
10.	DIMENSI BAKAT SDN. BHD.	4,538,203	1.93
11.	KE-ZAN NOMINEES (ASING) SDN. BHD. KIM ENG SECURITIES PTE. LTD. FOR YUANTA ASSET MANAGEMENT LIMITED	3,908,400	1.66
12.	LEE, YEN-CHUAN	3,546,300	1.51
13.	NARA HORTICULTURAL CO., LTD.	3,022,400	1.29

STATEMENT OF SHAREHOLDINGS
AS AT 14 MAY 2010

THIRTY LARGEST SHAREHOLDERS (Cont'd)

	Name of shareholder	Number of shares	Percentage of shares
14.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON SA/NV	3,000,000	1.28
15.	PERMODALAN NASIONAL BERHAD	3,000,000	1.28
16.	TOU SOUR	2,389,800	1.02
17.	KOH LIANG TIAN	2,209,400	0.94
18.	TEH HEAN IT	2,105,400	0.90
19.	TAN CHONG JUN	2,086,000	0.89
20.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SAI CHENG	1,827,700	0.78
21.	PANG MAN CHAI	1,800,000	0.77
22.	KOH YUEH LEONG	1,788,337	0.76
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FARID FADHLY BIN HARON	1,714,200	0.73
24.	WENG, CHIN-FAN	1,696,125	0.72
25.	ANG CHIEW HOOI	1,640,000	0.70
26.	JEO JEO PLANTATIONS SDN. BHD.	1,545,200	0.66
27.	LEE SAI CHENG	1,446,400	0.62
28.	GOH KING HONG	1,203,600	0.51
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG YUNG TIONG	1,043,900	0.46
30.	GOH SAU MING	1,026,400	0.44

STATEMENT OF SHAREHOLDINGS
AS AT 14 MAY 2010

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

		Direct Interest		Indirect Interest	
	Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
1.	Wang Ting Peng	37,032,494	15.76	-	-
2.	Yang, Wen-Shiung	27,301,300	11.62	-	-
3.	Koh Ah Keng	13,381,189	5.69	18,217,484	7.75^

DIRECTOR'S SHAREHOLDINGS

According to the Register required to be kept under Section 134 of the Companies Act, 1965, the following are the shareholdings of the Directors in the Company:

		Direct Interest		Indirect Interest	
	Name of Directors	No. of Shares	%	No. of Shares	%
1.	Koh Ah Keng	13,381,189	5.69	18,217,484	7.75^
2.	Koh Yueh Leong	9,457,817	4.02	-	-
3.	Goh Ah Teu @ Goh Keng Chiew	100,000	0.04	-	-
4.	Huang Shih-Yen	100,000	0.04	-	-
5.	Chua Syer Cin	100,000	0.04	-	-
6.	Wang Ting Peng	37,032,494	15.76	-	-

^ Deemed interested pursuant to Section 134 of the Companies (Amendment) Act, 2007

LIST OF PROPERTIES

The details of the landed properties of the Equator Group as at 31 December 2009 are as follows::

No.	Registered owner/ Title No./ Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Date of Acquisition/ Purchase Consideration	Net book value as at 31 December 2009 RM
	Bukit Mor Nursery Lot 3219, Jalan Bukit Mor 84150 Parit Jawa, Muar Johor Darul Takzim					
1	EBSB/ GM2456 Lot 3216, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	0.5868 hectares/ Freehold	Nil	Agricultural/ nursery	11.02.2004 / RM 81,199	83,351
2	EBSB/ GM2458 Lot 3218, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	1.4239 hectares/ Freehold	Nil	Agricultural/ nursery	11.02.2004 / RM197,033	201,427
3	EBSB/ GM1347 Lot 3235, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	2.0083 hectares/ Freehold	Nil	Agricultural/ nursery	11.02.2004/ RM277,900	289,084
4	EBSB/ GM1349 Lot 3237, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	0.736 hectares/ Freehold	Nil	Agricultural/ nursery	11.02.04 / RM 101,845	104,248
5	EBSB/ GM2459 Lot 3219, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	2.6026 hectares/ Freehold	Nil	Agricultural/ nursery	05.03.2003/ RM373,012.50	384.693
6.	EBSB/ GM 2457 Lot 3217, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	0.7562 hectares/ Freehold	Nil	Agricultural	15.08.2003 / RM104,640	97,352

LIST OF PROPERTIES

No.	Registered owner/ Title No./ Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Date of Acquisition/ Purchase Consideration	Net book value as at 31 December 2009 RM
7.	EBSB/ GM 2460 Lot 3220, Mukim Parit Jawa, District of Muar, Johor Darul Takzim	1.2624 hectares/ freehold	Nil	Agricultural	15.08.2003 / RM174,685	160,394
	Layang Nursery Lot 1039, Jalan Kampung Murni Jaya 81850 Layang-Layang Johor Darul Takzim					
8	EBSB/ GM 355 Lot 11, Tempat Teh Wah Heng, Mukim Sedenak, District of Kulai, Johor Darul Takzim	3.3285 hectares/ Freehold	Nil	Agricultural/ nursery	16.06.2003[(2)]/ RM723,800	766.589
9	EBSB/ HS (M) 1013 Lot 12, Tempat Layang-Layang, Mukim Sedenak, District of Kulai, Johor Darul Takzim	3.7383 hectares/ Freehold	Nil	Agricultural/ nursery	16.06.2003[(2)]/ RM812,900	840,916
10	EBSB/ GM 273 Lot 13, Tempat Sungai Siam, Mukim Sedenak, District of Kulai, Johor Darul Takzim	6.0273 hectares/ Freehold	Nil	Agricultural/ nursery	16.06.2003[(2)]/ RM1,310,650	1,394,804
11	EBSB/ CT 17392 Lot 1039, Mukim Sedenak, Johor Darul Takzim	30.2503 hectares/ Freehold	Office (256 sq.m.2/5 years)	Agricultural/ nursery	11.03.1997[(1)]	2,814,581

LIST OF PROPERTIES

No.	Registered owner/ Title No./ Location	Approx. Land Area/ Tenure/ Expiry Date	Approx. Built-up Area/ Age of Building	Description/ Existing Use	Date of Acquisition/ Purchase Consideration	Net book value as at 31 December 2009 RM
	Vacant Building Land					
12	MSB/ HS(D) 4051 PT 324, Mukim Pegoh, District of Alor Gajah, Melaka	755 sq. m. /99 year lease expiring 18.12.2094	Nil	Building Land	14.03.1995	107,269
	Johor Technology Park, PLO 29, Taman Teknologi Johor, Johor Bahru Johor Darul Takzim.					
13	EBSB/PLO No 29, Mukim Senai/ Kulai / District of Johor Bahru, Johor Darul Takzim	0.707 acre (30,796.92 sq. ft)/ 60 Years State Lease/ Years 2068	Nil	Industrial Land	28.06.2006(3) / RM430,804	409,725
14	EBSB/PLO No 30A, Mukim Senai/ Kulai / District of Johor Bahru, Johor Darul Takzim	4.6565 acres (202,837.14 sq. ft)/ 60 Years State Lease/ Years 2068	Nil	Industrial Land	28.06.2006/ RM 2,810,940	2,667,780
15	ETC/PLO No 30B, Mukim Senai/ Kulai / District of Johor Bahru, Johor Darul Takzim	2.7965 acres (121,815.54 sq. ft) / 60 Years State Lease / Years 2068	Nil	Industrial Land	28.06.2006(4) / RM 1,689,608	1,604,524
16	EMO/PLO No 30C, Mukim Senai/ Kulai / District of Johor Bahru, Johor Darul Takzim	3.2371 acres (141008.076 sq.ft) / 60 Years State Lease / Years 2068	Nil	Industrial Land	28.06.2006(5) / RM 1,955,288	1,856,633

Notes:

(1) EBSB had on 30 November 2009 entered into a Sale and Purchase Agreement with Paramount Corridor Sdn Bhd ("PCSB") to dispose a piece of freehold land located in Mukim Sedenak for a total cash consideration of RM 4,858,750. The disposal was completed on 3 March 2010.

(2) EBSB had on 28 December 2009 entered into three conditional Sale and Purchase Agreements with Paramount Corridor Sdn Bhd ("PCSB") to dispose 3 pieces of freehold agricultural land located in Mukim Sedenak for a total cash consideration of RM 2,103,156.25 (referred to as "Proposed Disposals"). The Proposed disposal was approved by Shareholders of Equator at the Extraordinary General Meeting held on 27 April 2010.

(3) EBSB had on 9 April 2009 entered into one conditional Sale and Purchase Agreements with Sri Nagamas Printing Sdn Bhd to dispose a piece of Industrial leasehold Land located in Mukim Senai, District of Kulaijaya for a total cash consideration of RM 431,156.

(4) ETC had on 24 February 2010 entered into one conditional Sale and Purchase Agreements with SKS Design & Engineering Sdn Bhd to dispose a piece of Industrial leasehold Land located in Mukim Senai, District of Kulaijaya for a total cash consideration of RM 1,644,921.41.

(5) EMO had on 1 February 2010 entered into one conditional Sale and Purchase Agreements with OEL Distribution (Johor) Sdn Bhd to dispose a piece of Industrial leasehold Land located in Mukim Senai, District of Kulaijaya for a total cash consideration of RM 1,974,000.

EQUATOR

EQUATOR LIFE SCIENCE BERHAD (640850-U)

(Incorporated in Malaysia)

FORM OF PROXY

I/We,____(NRIC No.________________________)

of_______________________________________ being a member of **EQUATOR LIFE SCIENCE BERHAD** hereby appoint *(1) Mr/Mrs____

(NRIC No.______________________) of ____

or failing him/her,____(NRIC No.________________________)

of ____(the next name and address should be completed where it is desired to appoint two proxies.) *(2) Mr/Mrs ____

______________________ (NRIC No. _____________________) of____________________________________

_______________ or failing him/her,____

(NRIC No.____________________) of ____
as my/our proxy, to vote for me/us and my/our behalf at the Sixth Annual General Meeting to be held at Room Diamond 2, Level 6, The Grand Paragon Hotel, No 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor on Wednesday, 30th June, 2010 at 11.00 a.m. in the manner indicated below in respect of the following resolution (s):

CDS Account No.	No. of shares held

The proportion of *my/or proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) _____________ %

Second Proxy (1) _____________%

Resolutions No.	For	Against
1		
2		
3		
4		
5		
6		
7		

....
Signature/seal of shareholder

(Please indicate with an "X" in the spaces provided, how you wish your vote to be cast. If you do not do so, the proxy shall vote or abstain as he/she thinks fit.)

Dated this ____ day of _____________________2010

NOTES

1. *The proxy need not be a Member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.*
2. *Where a member of the Company is an authorised nominee as defined under Central Depositories Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *A member may appoint more than two (2) proxies to attend at the same meeting.*
4. *Where a member appoints more than two (2) proxies, the proxies shall not be valid unless the Member specifies the proportions of his shareholdings to be represented by each proxy.*
5. *If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.*
6. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

Please Fold Here

Affix
stamp

EQUATOR

The Secretary
EQUATOR LIFE SCIENCE BERHAD
(Company No: 640850-U)

Suite 6.1A, Level 6
Menara Pelangi, Jalan Kuning
Taman Pelangi,
80400 Johor Takzim
Malaysia

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