

*Quarterly Report for the Period Ended 31 December 2009*

**PART A - EXPLANATORY NOTES AS REQUIRED BY FRS 134**

**A1 Basis of Preparation**

The interim financial statements have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 - “Interim Financial Reporting” and Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad and it should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2008.

**A2 Seasonal or Cyclical Factor**

Currently the Group’s income is derived principally from the 5,000-acre oil palm plantation in Teluk Intan, Perak. As such, the Group’s income will fluctuate in accordance to the movement of crude palm oil prices.

**A3 Unusual Items Affecting Financial Statements**

There were no unusual items affecting the financial statements of the Group during the current financial quarter.

**A4 Change in Estimates**

There was no change in accounting estimates used in the preparation of the financial statements in the current financial quarter compared with the previous financial quarters or previous financial year.

**A5 Issuance, Cancellations, Repurchases, Resale and Repayment of Debt/Equity Securities**

There have been no issuance and repayment of debt and equity securities, share repurchases, shares cancellations, shares held as treasury shares and resale of treasury shares for the current financial period todate.

**A6 Dividend Paid**

There was no dividend paid during the current financial period todate.

**A7 Segmental Information**

Segmental information was not applicable to the Group’s current operations.

**A8 Valuations of Property, Plant and Equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

**A9 Subsequent Material Events**

There were no other material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

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**A10 Changes in the Composition of the Group**

There was no change in the composition of the Group during the current quarter, including business combinations or disposal of subsidiaries, long-term investments, restructurings and discontinuing operations.

**A11 Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets to be disclosed.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Review of Performance**

The Group recorded a pre-tax profit of RM1.58 million for the quarter as compared to RM1.49 million in the corresponding period last year. The increase was mainly due to the higher average crude palm oil (CPO) prices during current quarter. However, the Group's current year cumulative pre-tax profit of RM8.71 million was lower as compared to RM11.84 million in the previous financial year. The lower profit was mainly due to:

- (i) the current year average CPO prices being lower than last year; and
- (ii) a one-off bad debt recovery last year.

**B2 Changes in Profit in the Quarterly Results compared to the Results of the Immediate Preceding Quarter**

The Group recorded a pre-tax profit for the quarter at RM1.58 million as compared to RM1.90 million in the immediate preceding quarter. The reduction was mainly due to additional allowance made for diminution in value for quoted shares held.

**B3 Prospect for Next Financial Year**

The Board does not anticipate the average CPO prices for next financial year to be much higher than that for the current year. Also, Bank Negara Malaysia is not expected to push deposit rates up substantially. Hence earnings are expected to be flat for the next financial year, but the overall Group performance could be adversely affected should the general stock market conditions turn negative.

**B4 Board's Statement on Revenue or Profit Estimate, Forecast, Projection or Internal Targets Previously Announced or Disclosed in a Public Document**

This note is not applicable as no revenue or profit estimate, forecast, projection or internal targets were announced previously.

**B5 Variance of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee**

This note is not applicable as no profit forecast or profit guarantee was issued for the financial period.

**B6 Taxation**

There was a recognition of taxation of RM138,198 and a provision for taxation of RM97,226 for the current quarter under review.

*Quarterly Report for the Period Ended 31 December 2009***B7 Sale of Unquoted Investments and/or Properties**

There were no disposal of unquoted investments or properties during the current quarter under review and financial year todate.

**B8 Purchase or Disposal of Quoted Securities**

a) Total purchase and disposal of quoted securities for the current quarter and financial year todate are as follows:

	Current Quarter Ended 31.12.09 <u>RM'000</u>	Cumulative Quarter Ended 31.12.09 <u>RM'000</u>
Total Purchases:		
Quoted shares	1,077	1,776
Unit trusts (cash securities)	17,044	101,568
Total Proceeds on Disposals:		
Quoted shares	1,249	2,557
Unit trusts (cash securities)	16,988	91,317
Net Gain/(Loss) on Disposals:		
Quoted shares	289	353
Unit trusts (cash securities)	67	126

b) Investment in quoted securities as at 31 December 2009:

At cost:	<u>RM'000</u>
Quoted shares	15,261
Less : Allowance for diminution in value	<u>(4,878)</u>
Quoted securities at carrying value/book value	10,383
Unit trusts (cash securities)	25,372
At market value:	
Quoted shares	10,609
Unit trusts (cash securities)	25,404

**B9 Status of Corporate Proposals Announced But Not Completed By 19 February 2010**

Malpac Capital Sdn Bhd (MCSB), a wholly owned subsidiary of the Company, had on 2 January 2002 accepted an offer by the Special Administrators of Ganda Plantations (Perak) Sdn Bhd and Cempaka Sepakat Sdn Bhd (SA), to take a transfer of two (2) parcels of leasehold oil palm plantation land ("Assets") situated in Teluk Intan, Perak, as partial settlement of loan owed to MCSB. MCSB had novated the rights of the Assets to its wholly owned subsidiary, Radiant Response Sdn Bhd ("RRSB") for a consideration of RM30,600,000 to be satisfied via a shareholder's loan of equivalent amount.

Subsequently, MCSB had on 5 April 2002 entered into a Conditional Sale and Purchase Agreement ("Agreement") for disposal of RRSB for a consideration of RM2.00 to Yong Toi Mee and Cheang Kim Leong ("Purchasers") and the repayment by the Purchasers of the shareholder's

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loan of RRSB of RM30,600,000, as part of a composite transaction and encompassing the palm oil mill sited on part of the plantation by a lessee for a total consideration of RM53,000,002.

On 15 November 2002, the above Agreement was suspended to enable MCSB and the Purchasers to review their respective positions as not all approvals from the relevant authorities have been obtained and also negotiations to acquire the oil mill sited on the subject plantation have not been finalised.

The Securities Commission (SC) via their letter dated 4 December 2002 had requested for a fresh valuation of the plantation lands. The SA had submitted the fresh valuation to SC on 12 March 2003 and approval from SC had been obtained on 7 July 2003.

The new transfer value approved by the SC was RM47.398 million. The transfer of the Assets to RRSB was completed on 5 August 2003.

On 21 April 2007, the Purchasers have filed a writ of summons and statement of claim against MCSB and RRSB issued at the Ipoh High Court. The salient term of claims has been elaborated under Note B12 - Material Litigation.

**B10 Group's Borrowings and Debt Securities**

There were no group borrowings and debt securities as at 31 December 2009.

**B11 Off Balance Sheet Financial Instruments**

The Group has not entered into any contract involving off balance sheet financial instruments with off balance sheet risk for the current financial period to date.

**B12 Material Litigation**

As at 19 February 2010, saved as disclosed below, the Group was not engaged in any material litigation either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

**(A)**

**Ganda Plantations Sdn Bhd & 7 others v. Malpac Holdings Berhad, two of its subsidiaries and 4 others  
In the Ipoh High Court  
Civil Suit No. 22-263-2003**

The Proposed Transfer of two (2) parcels of leasehold land to Radiant Response Sdn Bhd (RRSB), a subsidiary of Malpac Capital Sdn Bhd (MCSB), as partial settlement of a loan owing to MCSB, a subsidiary of the Company, pursuant to certain workout proposals (Proposed Transfers and Set-Off) as approved by Pengurusan Danaharta Nasional Bhd, was subsequently approved by the Securities Commission and the exercise was completed in August 2003.

Subsequent to the completion of the Proposed Transfers and Set-Off, the Company, MCSB and RRSB (together with the 2 Special Administrators who effected the Proposed Transfers and Set-Off and 2 others) have been cited as defendants and was on 10 December 2003 served with a

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writ issued out of the High Court in Ipoh under Civil Suit No. 22-263-2003. The Plaintiffs are mainly the shareholders/directors of the holding company to the chargors/previous owners of the subject leasehold land.

The principal basis of the Plaintiffs' claim are:-

- (i) the Proposed Transfers and Set-Off and actions of the parties related thereto, were fraudulent and were calculated to deny the Plaintiffs their interests in the subject leasehold land; and
- (ii) in particular, the management of the oil palm plantations on the subject leasehold land prior to completion of the Proposed Transfers and Set-Off and the management fees paid in respect thereof, were wrongful and not properly accounted for.

The principal reliefs sought are:-

- (i) the Proposed Transfers and Set-Off shall be cancelled by Order of Court and management and ownership of the subject leasehold land surrendered to the Plaintiffs upon terms and conditions as the Court deems fit or just and equitable; and
- (ii) that an injunction be obtained from the Court to stop MCSB as legal owner of the plantation lands (the titles of which have been duly transferred) from managing the plantation and to vest all management rights to the plaintiffs.

As advised by the Group's solicitors, the Board is of the view that the above claim was without basis and unsustainable. The Group had instructed its solicitors to file in an Order 14A Application on 10 March 2004 requesting the High Court to determine on certain threshold questions of law. We were informed by our solicitors that the Company's Order 14A Application had been withdrawn on 27 October 2009 and the plaintiff's solicitors are to file a notice for case management to have a date fixed for purposes of obtaining directions for trial. As at the date of this announcement, no date has been fixed for the case management.

**(B)**

**Yong Toi Mee & Anor v Malpac Capital Sdn Bhd, Radiant Response Sdn Bhd and Anor  
In the Ipoh High Court  
Civil Suit No. 22-109-2007**

On 21 April 2007, Yong Toi Mee and Cheang Kim Leong, the Purchasers referred to Note B9 above, commenced legal proceedings against Malpac Capital Sdn Bhd (MCSB), its wholly owned subsidiary Radiant Response Sdn Bhd (RRSB) and one other, basically seeking to enforce the conditional sale and purchase agreement dated 5 April 2002 and the proposed sale and purchase of the oil mill and related assets sited on part of the plantation, as a composite arrangement.

MCSB and RRSB were served with the writ of summons and statement of claim on 29 May 2007, The principal relief sought are as follows:

- (i) specific performance of the subject composite arrangement;
- (ii) an order for MCSB to deliver up the shares of RRSB to the plaintiffs or their nominees;

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(iii) an injunction to restrain MCSB from dealing with the shares of RRSB and the assets of RRSB;

(iv) damages in addition to specific performance; and

(v) interest and costs.

On 30 July 2007, MCSB and RRSB filed and served their defence and counter-claim on the plaintiffs' solicitors. By their counter-claim, essentially MCSB and RRSB are seeking court declarations that the subject composite arrangement has become null and void and of no further legal effect, and that instead the plaintiffs (including their nominees) are obliged to re-deliver possession of the plantation and the mill to MCSB and RRSB upon formal notice being issued.

The plaintiffs had filed in their reply and defence to our counterclaims and our solicitors had subsequently replied to the plaintiffs' defence to counterclaims. Based on papers already filed and available information, the Group's solicitors are confident that the Group's position will ultimately prevail.

The case was part heard by the Ipoh High Court Judge from 12<sup>th</sup> to 15<sup>th</sup> October 2009 and the hearing of the trial was scheduled to resume from 18<sup>th</sup> to 21<sup>st</sup> January 2010. However the continued trial had been postponed due to the new fast track system implemented for redistribution of pending cases among the Judges who are assigned to hear civil suits. We are now awaiting the High Court to fix another mention date.

**B13 Dividend**

The Board of Directors does not recommend any interim dividend for the current quarter and current financial year to date.

**B14 Earning Per Share ("EPS")**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31/12/09 RM'000	Comparative Qtr Ended 31/12/08 RM'000	Current Year Ended 31/12/09 RM'000	Preceding Year Ended 31/12/08 RM'000
<u>a) Basic EPS</u>				
<u>Numerator</u> Profit for the financial period attributable to equity holders of the parent	1,340	1,477	8,260	11,823
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS (sen)	1.79	1.97	11.01	15.76
<u>b) Diluted EPS</u>	Nil	Nil	Nil	Nil

The Company does not have any instruments that would dilute the Issued Share Capital of the Company.

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**B15 Audit Qualification**

The audit report of the Company's preceding annual statements was not qualified.

By Order of the Board

**NG BEE LIAN** (MAICSA 7041392)

Company Secretary

Seremban

Date: 24 February 2010