

MALPAC HOLDINGS BERHAD (197424-V)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010**

	Unaudited As At 31.03.10 RM'000	Audited As At 31.12.09 RM'000
Non-Current Assets		
Property, plant and equipment	60,371	60,521
Prepaid lease payment for land	39,156	39,568
Securities available-for-sale	4,710	4,507
	104,237	104,596
Current Assets		
Securities available-for-sale	34,325	25,372
Securities held-to-maturity	46,145	51,890
Securities held-for-trading	6,360	5,876
Trade and other receivables	4,564	3,208
Current tax asset	174	284
Cash and cash equivalents	267	1,328
	91,835	87,958
TOTAL ASSETS	<u>196,072</u>	<u>192,554</u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	114,189	111,044
TOTAL EQUITY	189,189	186,044
LIABILITIES		
Non current liabilities		
Deferred tax liability	22	22
	22	22
Current Liabilities		
Trade and other payables	5,700	5,159
Provision	1,161	1,329
	6,861	6,488
TOTAL LIABILITIES	6,883	6,510
TOTAL EQUITY AND LIABILITIES	<u>196,072</u>	<u>192,554</u>
Net Assets Per Share (RM)	2.52	2.48

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction
with the Notes to this Interim Financial Report)*

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2010**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Current Qtr Ended 31.03.10 RM'000	Comparative Qtr Ended 31.03.09 RM'000	Current Year Ended 31.03.10 RM'000	Preceding Year Ended 31.03.09 RM'000	
Revenue	2,911	2,424	2,911	2,424	
Other operating income	1,703	380	1,703	380	
Administration expenses	(1,884)	(1,108)	(1,884)	(1,108)	
Other operating expenses	(20)	(823)	(20)	(823)	
Profit before tax	2,710	873	2,710	873	
Tax expense	(215)	-	(215)	-	
Profit for the financial year	2,495	873	2,495	873	
Other comprehensive income after tax:					
Changes in fair value of securities available-for-sale	58	-	58	-	
Total comprehensive income for the period	2,553	873	2,553	873	
Net profit attributable to:					
Owners of the parent	2,495	873	2,495	873	
Minority interest	-	-	-	-	
	2,495	873	2,495	873	
Total comprehensive income attributable to:					
Owners of the parent	2,553	873	2,553	873	
Minority interest	-	-	-	-	
	2,553	873	2,553	873	
Earnings per share (sen)	-Basic	3.33	1.16	3.33	1.16
	-Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to this Interim Financial Report)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2010**

	ATTRIBUTABLE TO OWNERS OF THE PARENT					Total RM'000
	Share capital RM'000	Share premium RM'000	Fair value adjustment RM'000	Other capital reserve RM'000	Distributable Retained earnings RM'000	
3 months ended 31 March 2010						
Balance as at 1 January 2010	75,000	24,367	-	-	86,678	186,045
Effect of adopting FRS 139:						
- Fair value gain on securities held-for-trading	-	-	-	-	211	211
- Accrual interest on securities held-to-maturity	-	-	-	-	380	380
Adjusted balance as at 1 January 2010	75,000	24,367	-	-	87,269	186,636
Other comprehensive income	-	-	58	-	-	58
Profit for the financial period	-	-	-	-	2,495	2,495
Total comprehensive income for the period	-	-	58	-	2,495	2,553
Balance as at 31 March 2010	75,000	24,367	58	-	89,764	189,189
3 months ended 31 March 2009						
Balance as at 1 January 2009	75,000	24,367	-	23,000	55,472	177,839
Profit for the financial period	-	-	-	-	873	873
Balance as at 31 March 2009	75,000	24,367	-	23,000	56,345	178,712

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to this interim Financial Report)

MALPAC HOLDINGS BERHAD (197424-V)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 MARCH 2010**

	3 months ended 31.03.10 RM'000	3 months ended 31.03.09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,710	873
Adjustments for:		
Non-cash items	(205)	1,361
Distribution income from unit trusts	(143)	(34)
Dividend income	(12)	(25)
Interest income	(766)	(547)
<i>Operating profit before working capital changes</i>	1,584	1,628
Changes in working capital		
Net change in current assets	(976)	(111)
Net change in current liabilities	373	320
<i>Cash generated from operations</i>	981	1,837
Tax paid	(102)	(4)
<i>Net cash from operating activities</i>	879	1,833
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	143	34
Dividend received	11	22
Interest received	766	547
Proceeds from financial assets	29,200	15,750
Purchase of property, plant and equipment, landed properties and others	(1)	(2,202)
Purchase of financial assets	(32,059)	(28,018)
<i>Net cash from investing activities</i>	(1,940)	(13,867)
Net decrease in cash and cash Equivalents	(1,061)	(12,034)
Cash and cash equivalents at beginning of the financial period	1,328	58,279
Cash and cash equivalents at end of the financial period	267	46,245
Cash and cash equivalents comprise of:-		
Fixed deposits/short term placement	191	46,047
Cash and bank balances	76	198
	267	46,245

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Notes to this Interim Financial Report)

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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 2009.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the annual financial statements except that the Group has adopted the Malaysian Financial Reporting Standards (FRSs) and other interpretations that are effective for financial statements commencing 1 January 2010. The FRSs which are effective commencing 1 January 2010 and have significant impact on the financial statements and applied by the Group are:

i) FRS 101: Presentation of Financial Statements

Changes in financial statements presentation have been adopted by the Group.

ii) FRS 139: Financial Instruments: Recognition and Measurement

Securities held-for-trading of the Group have been measured at fair value and the changes in the fair value are recognized in the income statement.

Securities available-for-sale of the Group have been measured at fair value whereby any gains in the fair value are recognized in equity and losses in fair value are recognized in the income statement.

Securities held-to-maturity of the Group have been measured at amortized cost with effective interest rate and the accrual interest are recognized in the income statement.

The Group has yet to adopt FRSs and Interpretations that will take effect for financial period beginning on or after 1 July 2010. The new FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

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

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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 to date.

A6 Dividend Paid

There was no dividend paid during the current financial period to date.

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.

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

For the quarter ended 31 March 2010, the Group recorded a pre-tax profit of RM2.49 million for the quarter as compared to RM0.87 million in the preceding year corresponding quarter. The jump was mainly attributable to:

- (i) much higher average CPO prices for current quarter (RM2,566/ton for current quarter vs RM1,922/ton for preceding year corresponding quarter);
- (ii) better stock market conditions resulting in some write back of allowance for diminutives in value of stocks and shares held; and
- (iii) recognition of accrual interest in the income statement for securities held-to-maturity (bonds) due to the adoption of FRS 139.

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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 RM2.49 million as compared to RM1.58 million in the immediate preceding quarter. The increase was mainly due to the reasons as stated in Note B1 above.

B3 Current Year Prospect

The Board does not anticipate average CPO prices to be significantly higher this year compared to last year. Also Bank Negara Malaysia is not expected to push interest rates much higher. Hence plantation income and interest income are not expected to increase significantly this year. However should the stock market conditions turn negative for the second half of this year, the Group's performance could be negatively affected.

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 provision for taxation of RM215,000 for the current quarter under review.

B7 Sale of Unquoted Investments and/or Properties

There were no disposal of unquoted investments and or Properties during the current quarter under review and financial year to date.

B8 Purchase or Disposal of Quoted Securities

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

	Current Quarter Ended 31.03.10 <u>RM'000</u>	Cumulative Quarter Ended 31.03.10 <u>RM'000</u>
Total Purchases:		
Quoted shares	370	370
Unit trusts (cash securities)	20,774	20,774
Total Proceeds on Disposals:		
Quoted shares	6,77	667
Unit trusts (cash securities)	11,863	11,863
Net Gain/(Loss) on Disposals:		
Quoted shares	235	235
Unit trusts (cash securities)	6	6

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b) Investment in quoted securities as at 31 March 2010:

	<u>RM'000</u>
At cost - Securities available-for-sale (quoted shares)	7,431
Less allowance for diminution in value	(2,743)
Add fair value reserve	<u>22</u>
At carrying value	<u>4,710</u>
At market value	<u>4,710</u>
At cost - Securities available-for-sale (unit trust)	34,289
Fair value reserve	<u>36</u>
At carrying value	<u>34,325</u>
At market value	<u>34,325</u>
At cost - Securities held-for-trading (quoted shares)	7,757
Less fair value loss	<u>(1,397)</u>
At carrying value	<u>6,360</u>
At market value	<u>6,360</u>

B9 Status of Corporate Proposals Announced But Not Completed By 19 May 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 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.

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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 March 2010.

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 May 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 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 bases 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:-

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- (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;
- (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.

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The case was part heard by the Ipoh High Court Judge from 12th to 15th October 2009 and the hearing of the trial was scheduled to resume from 18th to 21st 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. The matter is now fixed for mentioned on 27 May 2010.

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 31/03/10 RM'000	Comparative Qtr Ended 31/03/09 RM'000	Current Year Ended 31/03/10 RM'000	Preceding Year Ended 31/03/09 RM'000
<u>a) Basic EPS</u>				
<u>Numerator</u> Profit for the financial period attributable to equity holders of the parent	2,495	873	2,495	873
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS (sen)	3.33	1.16	3.33	1.16
<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.

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 May 2010