

MALPAC HOLDINGS BERHAD (197424-V)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2010**

	Unaudited As At 30.06.10 RM'000	Audited As At 31.12.09 RM'000
Non-Current Assets		
Property, plant and equipment	60,120	60,521
Prepaid lease payment for land	38,744	39,568
Securities available-for-sale	4,427	4,507
	103,291	104,596
Current Assets		
Securities available-for-sale	1,610	25,372
Securities held-to-maturity	45,795	51,890
Securities held-for-trading	5,915	5,876
Trade and other receivables	5,415	3,208
Current tax asset	92	284
Cash and cash equivalents	35,290	1,328
	94,117	87,958
TOTAL ASSETS	<u>197,408</u>	<u>192,554</u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	115,438	111,044
TOTAL EQUITY	190,438	186,044
LIABILITIES		
Non current liabilities		
Deferred tax liability	22	22
	22	22
Current Liabilities		
Trade and other payables	5,586	5,159
Provision	1,202	1,329
Current tax liabilities	160	-
	6,948	6,488
TOTAL LIABILITIES	<u>6,970</u>	<u>6,510</u>
TOTAL EQUITY AND LIABILITIES	<u>197,408</u>	<u>192,554</u>
Net Assets Per Share (RM)	2.54	2.48

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to this Interim Financial Report together with the Annual Financial Report for the year ended 31 December 2009)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2010**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 30.06.10 RM'000	Comparative Qtr Ended 30.06.09 RM'000 Restated	Current Year Ended 30.06.10 RM'000	Preceding Year Ended 30.06.09 RM'000 Restated
Revenue	2,986	3,013	5,897	5,154
Other operating income	248	3,211	1,952	3,058
Administration expenses	(1,412)	(1,649)	(3,296)	(2,757)
Other operating expenses	(128)	(213)	(148)	(220)
Profit before tax	1,694	4,362	4,405	5,235
Tax expense	(406)	(214)	(621)	(214)
Profit for the financial year	1,288	4,148	3,784	5,021
Other comprehensive income after tax:				
Changes in fair value of securities available-for-sale	(40)	-	18	-
Total comprehensive income for the period	1,248	4,148	3,802	5,021
Net profit attributable to:				
Owners of the parent	1,288	4,148	3,784	5,021
Minority interest	-	-	-	-
	1,288	4,148	3,784	5,021
Total comprehensive income attributable to:				
Owners of the parent	1,248	4,148	3,802	5,021
Minority interest	-	-	-	-
	1,248	4,148	3,802	5,021
Earnings per share (sen)				
-Basic	1.72	5.53	5.05	6.69
-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 30 JUNE 2010**

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					Total RM'000
	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Other capital reserve RM'000	Distributable Retained earnings RM'000	
6 months ended 30 June 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 available-for-sale	-	-	-	-	211	211
- Accrual interest on securities held-to-maturity	-	-	-	-	380	380
Adjusted balance at at 1 January 2010	75,000	24,367	-	-	87,269	186,636
Other comprehensive income	-	-	18	-	-	18
Profit for the financial period	-	-	-	-	3,784	3,784
Total comprehensive income for the period	-	-	18	-	3,784	3,802
Balance as at 30 June 2010	75,000	24,367	18	-	91,053	190,438
6 months ended 30 June 2009						
Balance as at 1 January 2009	75,000	24,367	-	23,000	55,472	177,839
Profit for the financial period	-	-	-	-	5,021	5,021
Balance as at 30 June 2009	75,000	24,367	-	23,000	60,493	182,860

(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 30 JUNE 2010**

	6 months ended 30.06.10 RM'000	6 months ended 30.06.09 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,405	5,235
Adjustments for:		
Non-cash items	738	(713)
Distribution income from unit trusts	(277)	(111)
Dividend income	(36)	(44)
Interest income	(1,221)	(981)
<i>Operating profit before working capital changes</i>	3,609	3,386
Changes in working capital		
Net change in current assets	(1,827)	(342)
Net change in current liabilities	300	398
<i>Cash generated from operations</i>	2,082	3,442
Tax refund	-	451
Tax paid	(266)	(11)
<i>Net cash from operating activities</i>	1,816	3,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	277	111
Dividend received	34	40
Interest received	1,221	981
Capital repayment	-	112
Proceeds from financial assets	65,472	52,737
Purchase of property, plant and equipment, landed properties and others	(1)	(2,206)
Purchase of financial assets	(34,857)	(111,974)
<i>Net cash from investing activities</i>	32,146	(60,199)
Net decrease in cash and cash Equivalents	33,962	(56,317)
Cash and cash equivalents at beginning of the financial period	1,328	58,279
Cash and cash equivalents at end of the financial period	<u>35,290</u>	<u>1,962</u>
Cash and cash equivalents comprise of:-		
Fixed deposits/short term placement	35,261	1,788
Cash and bank balances	29	174
	<u>35,290</u>	<u>1,962</u>

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

Quarterly Report for the Period Ended 30 June 2010

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.

Quarterly Report for the Period Ended 30 June 2010

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 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

The Group recorded a pre-tax profit of RM1.69 million for the quarter and RM4.40 million for the cumulative period as compared to RM4.36 million and RM5.23 million for the corresponding periods in the preceding year. The much higher profit reported last year was mainly due to the steep upsurge in the local stock market then, resulting in a high amount of write back of provision for diminution in value of quoted shares held.

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

The Group recorded a lower pre-tax profit for the quarter at RM1.69 million as compared to RM2.71 million in the immediate preceding quarter. The decline was mainly due to weaker stock

Quarterly Report for the Period Ended 30 June 2010

market during the quarter which resulted in some provision being made for diminution in value for quoted shares as against some write back of provision during the preceding quarter.

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 recognition of taxation of RM113,998.50 and provision for taxation of RM292,213.50 for the current quarter under review.

B7 Sale of Unquoted Investments and/or Properties

There was a gain of RM35,500 from the disposal of a Property under Geran No. 28042 PT2749 at the Mukim of Jelei, District of Kuala Pilah during the quarter. There were no disposal of unquoted investments 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 30.06.10 <u>RM'000</u>	Cumulative Quarter Ended 30.06.10 <u>RM'000</u>
Total Purchases:		
Quoted shares	72	442
Unit trusts (cash securities)	3,076	23,850
Total Proceeds on Disposals:		
Quoted shares	334	1,001
Unit trusts (cash securities)	35,808	47,671
Net Gain/(Loss) on Disposals:		
Quoted shares	6	241
Unit trusts (cash securities)	53	59

Quarterly Report for the Period Ended 30 June 2010

b) Investment in quoted securities as at 30 June 2010:

	<u>RM'000</u>
At cost - Securities available-for-sale (quoted shares)	7,431
Less allowance for diminution in value	(3,021)
Add fair value reserve	<u>17</u>
At carrying value	<u>4,427</u>
At market value	<u>4,427</u>
At cost - Securities available-for-sale (unit trust)	1,610
Fair value reserve	<u>-</u>
At carrying value	<u>1,610</u>
At market value	<u>1,610</u>
At cost - Securities held-for-trading (quoted shares)	7,502
Less fair value loss	<u>(1,587)</u>
At carrying value	<u>5,915</u>
At market value	<u>5,915</u>

B9 Status of Corporate Proposals Announced But Not Completed By 13 August 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.

Quarterly Report for the Period Ended 30 June 2010

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 30 June 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 13 August 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:-

Quarterly Report for the Period Ended 30 June 2010

- (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.

Quarterly Report for the Period Ended 30 June 2010

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 hearing continued on 11th August 2010 and is scheduled to resume again on 27th and 28th September 2010 and 22nd to 26th November 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 30/06/10 RM'000	Comparative Qtr Ended 30/06/09 RM'000	Current Year Ended 30/06/10 RM'000	Preceding Year Ended 30/06/09 RM'000
a) Basic EPS				
<u>Numerator</u> Profit for the financial period attributable to equity holders of the parent	1,288	4,148	3,784	5,021
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS (sen)	1.72	5.53	5.05	6.69
b) Diluted EPS	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: 18 August 2010