

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011**

	Unaudited As At 30.09.11 RM'000	Audited As At 31.12.10 RM'000
Non-Current Assets		
Property, plant and equipment	59,448	59,836
Land use rights	36,684	37,920
Securities at fair value held through profit or loss (quoted shares)	7,930	5,183
	104,062	102,939
Current Assets		
Securities available-for-sale (unit trusts)	68,684	1,936
Securities held-to-maturity (bonds)	10,018	45,077
Securities at fair value held through profit or loss (quoted shares)	5,862	7,347
Trade and other receivables	279	2,866
Tax recoverable	252	29
Cash and cash equivalents	17,023	45,845
	102,118	103,100
TOTAL ASSETS	206,180	206,039
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	123,588	123,196
TOTAL EQUITY	198,588	198,196
LIABILITIES		
Non current liabilities		
Deferred tax liability	6	6
	6	6
Current Liabilities		
Trade and other payables	5,941	5,516
Provision	1,645	1,798
Income tax payable	-	523
	7,586	7,837
TOTAL LIABILITIES	7,592	7,843
TOTAL EQUITY AND LIABILITIES	206,180	206,039
Net Assets Per Share (RM)	2.65	2.64

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 31 December 2010)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 30.09.11 RM'000	Comparative Qtr Ended 30.09.10 RM'000	Current Year-To-Date 30.09.11 RM'000	Preceding Year-To-Date 30.09.10 RM'000
Revenue	-	2,994	8,115	8,891
Other operating income	844	2,102	2,726	4,054
Administration expenses	(1,348)	(1,375)	(4,346)	(4,671)
Other operating expenses	(3,771)	(33)	(4,364)	(181)
(Loss)/profit before tax	(4,275)	3,688	2,131	8,093
Tax expense	(80)	(665)	(1,793)	(1,286)
(Loss)/profit for the financial year	(4,355)	3,023	338	6,807
Other comprehensive income after tax:				
Changes in fair value of securities available-for-sale	(10)	5	54	23
Total comprehensive income for the period	(4,365)	3,028	392	6,830
Net (loss)/profit attributable to:				
Owners of the parent	(4,355)	3,023	338	6,807
Minority interest	-	-	-	-
	(4,355)	3,023	338	6,807
Total comprehensive income attributable to:				
Owners of the parent	(4,365)	3,028	392	6,830
Minority interest	-	-	-	-
	(4,365)	3,028	392	6,830
(Loss)/earnings per share (sen)				
-Basic	(5.81)	4.03	0.45	9.08
-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 together with Audited Financial Statements for the year ended 31 December 2010)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Fair value adjustment reserve RM'000	Total RM'000
9 months ended 30 September 2011					
Balance as at 1 January 2011	75,000	24,367	98,824	5	198,196
Total comprehensive income for the period	-	-	338	54	392
Balance as at 30 September 2011	<u>75,000</u>	<u>24,367</u>	<u>99,162</u>	<u>59</u>	<u>198,588</u>
9 months ended 30 September 2010					
Balance as at 31 December 2009	75,000	24,367	86,678	-	186,045
Effect of adopting FRS 139	-	-	591	-	591
Balance as at 31 December 2009 (restated)	75,000	24,367	87,269	-	186,636
Total comprehensive income for the period	-	-	6,807	23	6,830
Balance as at 30 September 2010	<u>75,000</u>	<u>24,367</u>	<u>94,076</u>	<u>23</u>	<u>193,466</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 31 December 2010)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	9 months ended 30.09.11 RM'000	9 months ended 30.09.10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,131	8,093
Adjustments for:		
Non-cash items	5,298	318
Distribution income from unit trusts	(1,014)	(300)
Dividend income	(48)	(125)
Interest income	(1,261)	(1,914)
<i>Operating profit before working capital changes</i>	5,106	6,072
Changes in working capital		
Net change in current assets	2,587	1,838
Net change in current liabilities	272	565
<i>Cash generated from operations</i>	7,965	8,475
Tax paid	(2,533)	(814)
<i>Net cash from operating activities</i>	5,432	7,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	1,014	300
Dividend received	42	103
Interest received	1,261	1,914
Proceeds from financial assets	65,387	67,246
Proceeds of property, plant and equipment, landed properties and others	-	180
Purchase of property, plant and equipment, landed properties and others	(57)	(18)
Purchase of financial assets	(101,901)	(39,845)
<i>Net cash (used in)/from investing activities</i>	(34,254)	29,880
Net (decrease)/increase in cash and cash equivalents	(28,822)	37,541
Cash and cash equivalents at beginning of the financial period	45,845	1,328
Cash and cash equivalents at end of the financial period	17,023	38,869
Cash and cash equivalents comprise of:-		
Fixed deposits/short term placement	16,765	38,887
Cash and bank balances	258	(18)
	17,023	38,869

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Notes to this Interim Financial Report together with Audited Financial Statements for the year ended 31 December 2010)

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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 2010.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2010, except that the Group has adopted the FRSs, amendments and interpretations that are effective from the annual period beginning from 1 March 2010, 1 July 2010, 1 January 2011 and 1 July 2011. The adoption of these standards, amendments and interpretations has no material impact to the Group's interim financial statements upon their initial application.

The Group has yet to adopt the FRSs, amendments and interpretations that will take effect for annual period beginning from 1 January 2012.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

A2 Seasonal or Cyclical Factor

Prior to third quarter 2011, 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 (Please refer to Note A3 below). In addition to the above, the Group holds some quoted shares as part of its investment portfolio, the Group's performance is adversely affected by market conditions in the local bourse.

A3 Unusual Items Affecting Financial Statements

Since the Ipoh High Court's judgment given in favour of the Plaintiffs on the Civil Suit as mentioned in Note B12, the Plaintiffs had tendered full payment of the balance purchase price for the plantation which our solicitors had rejected and subsequently returned to the Plaintiffs on the grounds that our appeal to the Court of Appeal and our application for a stay of execution on the Ipoh High Court judgment are pending. Since then the Plaintiffs have ceased making the monthly payments due to us. Until this matter is resolved, the Board has decided to suspend the recognition of the plantation income in our books effective 1 July 2011 and arising thereof, no plantation income will be reported in our financial results from the quarter ended 30 September 2011 onwards.

A4 Change in Estimates

There was no change in estimates of amount reported in prior financial period, which may have a material effect in the current quarter or financial period to-date.

A5 Issuance, Repurchase and Repayment of Debt and Equity Securities

There have been no issuance, repurchase and repayment of debt and equity securities during the current quarter and financial period to-date.

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- 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 and financial period to-date, 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.
- A12 Capital Commitments**
There were no capital commitments in the current quarter and financial period to-date.

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 loss of RM4.28 million for the quarter and pre-tax profit of RM2.13 million for the cumulative period as compared to pre-tax profit of RM3.69 million and RM8.09 million for the corresponding periods in the preceding year. The decrease was mainly due to the following reasons:-
- (i) Suspension of the recognition of the plantation income in our books effective 1 July 2011 since no income had been received from the oil palm plantation for the quarter following the Ipoh High Court's decision given in favour of the Plaintiffs in the Civil Suit as mentioned in Note B12. (Please also refer to Note A3); and
 - (ii) The weaker performance of the local stock market had resulted in a fair value loss of RM3.78 million on quoted shares held during the quarter.
- B2 Changes in Profit in the Quarterly Results compared to the Results of the Immediate Preceding Quarter**
The Group recorded a pre-tax loss of RM4.28 million for the current quarter as compared with pre-tax profit of RM2.08 million in the immediate preceding quarter. The loss during the quarter was largely due to reasons as stated in Note B1(i) and (ii).

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B3 Current Year Prospect

In the absence of the plantation income for the 2nd half year coupled with local stock market conditions becoming more volatile, the Group's performance for current financial year would be adversely 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 RM80,167 for the current quarter under review due to under-provision in the prior year.

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. Notwithstanding the Ipoh High Court's judgment as stated in paragraph Note A3, the Land Use Rights are not recorded as an asset held for sale pending the outcome of our appeal as stated in the same note.

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 30.09.11 <u>RM'000</u>	Cumulative Quarter Ended 30.09.11 <u>RM'000</u>
Total Purchases:		
Securities at fair value through profit or loss	5,530	7,697
Securities available-for-sale	8,931	84,262
Total Proceeds on Disposals:		
Securities at fair value through profit or loss	451	2,797
Securities available-for-sale	6,330	17,590
Net Gain on Disposals:		
Securities at fair value through profit or loss	38	318
Securities available-for-sale	26	24

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b) Investment in quoted securities as at 30 September 2011:

<u>Non-current Asset</u>	RM000
At cost - Securities at fair value held through profit or loss	10,049
Less fair value loss	(2,119)
At carrying value	<u>7,930</u>
At market value	<u>7,930</u>
<u>Current Assets</u>	
At cost - Securities available-for-sale (unit trust)	68,632
Fair value loss	(2)
Fair value reserve	<u>54</u>
At carrying value	<u>68,684</u>
At market value	<u>68,684</u>
At cost - Securities at fair value held through profit or loss	7,700
Less fair value loss	(1,838)
At carrying value	<u>5,862</u>
At market value	<u>5,862</u>

B9 Status of Corporate Proposals Announced But Not Completed By 18 November 2011

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 and subsequent status have 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 September 2011.

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 18 November 2011, 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.

***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 way of counter-claim, essentially MCSB and RRSB sought the 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 case was heard by the Ipoh High Court Judge intermittently from October 2009 through to November 2010.

On 5 May 2011, the Ipoh High Court delivered oral judgment in favor of the Plaintiffs and ordered specific performance of the April 2002 Agreements whereby MCSB and RRSB are

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required to complete the sale within three (3) months from the date of receipt of the balance purchase price. Costs were ordered against the defendants.

The Plaintiffs had tendered full payment of the balance purchase price for the plantation which our solicitors had rejected and was subsequently returned to the Plaintiffs on the grounds that our appeal to Court of Appeal and our application for a stay of execution on the Ipoh High Court judgment are pending.

The application for stay of execution of the above said judgment has now been fixed for mention on 13 December 2011 and the Court of Appeal Registry has fixed 8 December 2011 to hear our appeal.

Based on available information, the Group's solicitors are of the view that the Group has a strong case.

B13 Dividend

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

B14 Earnings Per Share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/09/11 RM'000	Comparative Qtr Ended 30/09/10 RM'000	Current Year Year-To-Date 30/09/11 RM'000	Preceding Year Year-To-Date 30/09/10 RM'000
a) Basic EPS				
Numerator Profit for the financial period attributable to equity holders of the parent	(4,355)	3,363	338	6,807
Denominator Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS (sen)	(5.81)	4.48	0.45	9.08
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 financial statements was not qualified.

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B16 Realised and Unrealised Profit Disclosure

	Current financial period ended 30 September 2011 (RM'000)	Immediate preceding quarter ended 31 June 2011 (RM'000)
Total retained profits of Malpac Holdings Bhd and its subsidiaries:		
- Realised	87,352	91,693
- Unrealised	-	14
	<u>87,352</u>	<u>91,707</u>
Add : Consolidation adjustment	11,810	11,810
	<u>99,162</u>	<u>103,517</u>
Total group retained profits as per consolidated accounts	<u>99,162</u>	<u>103,517</u>

Total share of retained profits/(accumulated losses) from associated companies and jointly controlled entities are not applicable.

By Order of the Board

NG BEE LIAN (MAICSA 7041392)
Company Secretary

Seremban
Date: 23 November 2011