

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

	Unaudited As At 31.12.11 RM'000	Audited As At 31.12.10 RM'000
Non-Current Assets		
Property, plant and equipment	59,361	59,836
Land use rights	36,271	37,920
Securities at fair value held through profit or loss (quoted shares)	8,415	5,183
	<u>104,047</u>	<u>102,939</u>
Current Assets		
Securities available-for-sale (unit trusts)	75,112	1,936
Securities held-to-maturity (bonds)	10,009	45,077
Securities at fair value held through profit or loss (quoted shares)	6,485	7,347
Trade and other receivables	255	2,866
Tax recoverable	31	29
Cash and cash equivalents	10,552	45,845
	<u>102,444</u>	<u>103,100</u>
TOTAL ASSETS	<u><u>206,491</u></u>	<u><u>206,039</u></u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	123,901	123,196
TOTAL EQUITY	<u>198,901</u>	<u>198,196</u>
LIABILITIES		
Non current liabilities		
Deferred tax liability	-	6
	-	6
Current Liabilities		
Trade and other payables	4,498	5,516
Provision	3,063	1,798
Income tax payable	29	523
	<u>7,590</u>	<u>7,837</u>
TOTAL LIABILITIES	<u>7,590</u>	<u>7,843</u>
TOTAL EQUITY AND LIABILITIES	<u><u>206,491</u></u>	<u><u>206,039</u></u>
 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 31 DECEMBER 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 31.12.11 RM'000	Comparative Qtr Ended 31.12.10 RM'000	Current Year-To-Date 31.12.11 RM'000	Preceding Year-To-Date 31.12.10 RM'000
Revenue	-	3,727	8,115	12,618
Other operating income	2,283	3,359	3,675	7,413
Administration expenses	(1,601)	(1,523)	(5,947)	(6,194)
Other operating expenses	(8)	(146)	(3,038)	(327)
Profit before tax	674	5,417	2,805	13,510
Tax expense	(284)	(669)	(2,077)	(1,955)
Profit for the financial year	390	4,748	728	11,555
Other comprehensive income after tax:				
Changes in fair value of securities available-for-sale	(77)	(18)	(23)	5
Total comprehensive income for the year	313	4,730	705	11,560
Net profit attributable to:				
Owners of the parent	390	4,748	728	11,555
Minority interest	-	-	-	-
	390	4,748	728	11,555
Total comprehensive income attributable to:				
Owners of the parent	313	4,730	705	11,560
Minority interest	-	-	-	-
	313	4,730	705	11,560
Earnings per share (sen)				
-Basic	0.52	6.33	0.97	15.41
-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 31 DECEMBER 2011**

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Fair value adjustment reserve RM'000	Total RM'000
12 months ended 31 December 2011					
Balance as at 1 January 2011	75,000	24,367	98,824	5	198,196
Total comprehensive income for the year	-	-	728	(23)	705
Balance as at 31 December 2011	<u>75,000</u>	<u>24,367</u>	<u>99,552</u>	<u>(18)</u>	<u>198,901</u>
12 months ended 31 December 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)	<u>75,000</u>	<u>24,367</u>	<u>87,269</u>	<u>-</u>	<u>186,636</u>
Total comprehensive income for the year	-	-	11,555	5	11,560
Balance as at 31 December 2010	<u>75,000</u>	<u>24,367</u>	<u>98,824</u>	<u>5</u>	<u>198,196</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)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 DECEMBER 2011**

	12 months ended 31.12.11 RM'000	12 months ended 31.12.10 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,805	13,510
Adjustments for:		
Non-cash items	4,665	(1,682)
Distribution income from unit trusts	(1,624)	(316)
Dividend income	(262)	(176)
Interest income	(1,488)	(2,632)
<i>Operating profit before working capital changes</i>	4,096	8,704
Changes in working capital		
Net change in current assets	2,610	722
Net change in current liabilities	247	825
<i>Cash generated from operations</i>	6,953	10,251
Tax refund	11	-
Tax paid	(2,534)	(1,158)
<i>Net cash from operating activities</i>	4,430	9,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	1,624	316
Dividend received	207	142
Interest received	1,488	2,632
Proceeds from disposal of		
Available-for-sale (AFS) securities	18,460	53,751
Held-to-maturity investment	45,000	18,026
Securities at fair value through profit or loss (quoted shares)	3,163	1,691
Property, plant and equipment	-	180
Purchase of		
Available-for-sale (AFS) securities	(91,633)	(29,370)
Held-to-maturity investment	(9,932)	(11,213)
Securities at fair value through profit or loss (quoted shares)	(7,980)	(712)
Property, plant and equipment	(120)	(19)
<i>Net cash (used in)/from investing activities</i>	(39,723)	35,424
Net (decrease)/increase in cash and cash equivalents	(35,293)	44,517
Cash and cash equivalents at beginning of the financial period	45,845	1,328
Cash and cash equivalents at end of the financial period	10,552	45,845
 Cash and cash equivalents comprise of:-		
Fixed deposits/short term placement	10,327	45,611
Cash and bank balances	225	234
	10,552	45,845

(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)

Quarterly Report for the Period Ended 31 December 2011

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

The Group holds some quoted shares as part of its investment portfolio, as such the Group's performance is also 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 B9, 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 has been reported in our financial results from the quarters ended 30 September 2011 and 31 December 2011.

The Court of Appeal had on 17 January 2012 made a unanimous decision in our favour with costs awarded to us. Since status quo has been restored, the Plaintiffs should re-commence the monthly payment of the plantation income to us. The Board has decided to recognize the monthly plantation income as revenue in its books once the monies are received. However the Plaintiffs had recently filed for leave to appeal to the Federal Court against the Court of Appeal's decision. Until the Federal Court delivers a final decision, the Board has also decided that it is prudent to make a simultaneous appropriate provision for such revenue recognized in its books.

Quarterly Report for the Period Ended 31 December 2011

The Group is currently claiming from the Plaintiffs all the monthly plantation payments due to us.

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.

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

The Company had on 2 November 2011 acquired the entire share capital of a company incorporated in British Virgin Island namely Precious Way International Limited for cash consideration of USD10.

Saved for disclosure on the above, there was no change in the business combinations or disposal of subsidiaries, long-term investments, restructurings and discontinuing operations during current quarter and financial year to-date.

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 Performance Analysis

The Group recorded a pre-tax profit of RM0.67 million for the quarter and pre-tax profit of RM2.81 million for the cumulative period as compared to pre-tax profit of RM5.42 million and

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RM13.51 million for the corresponding periods in the preceding year. The decrease was mainly due to the 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 following the Ipoh High Court's decision given in favour of the Plaintiffs in the Civil Suit as mentioned in Note B9. (Please also refer to Note A3).

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

The Group recorded a pre-tax profit of RM0.67 million for the current quarter as compared with per-tax loss of RM4.28 million in the immediate preceding quarter. The improvement was mainly due to better local stock market performance during the quarter resulting in a fair value gain of RM1.33 million on quoted shares held as compared to a fair value loss of RM3.78 million in the last quarter.

B3 Prospect for the next financial year

The Group's profitability level would very much depend on the decision of the Federal Court and its timing. Should the Court's decision be in our favour and within the year, the Board expects profitability for 2012 to return to the pre-suspension of plantation income recognition level.

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

Breakdown of taxation for the quarter and year-to-date comprises:

	Current Quarter RM'000	Current Year-to-Date RM'000
Current taxation	254	1,967
Underprovision in prior year	36	116
Deferred tax	(6)	(6)

The effective tax rate for the current quarter and financial year-to-date are higher than the statutory rate of taxation principally due to certain non-deductable expenses.

B7 Status of Corporate Proposals

There were no corporate proposals announced for the financial period under review.

B8 Group's Borrowings and Debt Securities

There were no group borrowings and debt securities as at 31 December 2011.

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B9 Material Litigation

As at 20 February 2012, 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 and Radiant Response Sdn Bhd
In the Ipoh High Court Civil Suit No. 22-109-2007
In the Court of Appeal Civil Appeal No. A-02-1449-2011
In the Federal Court Civil Application No. 08(F)-80-01-2012(A)**

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 Agreements ("Agreements") 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, a Letter of Suspension was agreed by both parties whereby the above Agreements were considered lapsed as not all approvals from the relevant authorities have been obtained and also negotiations to acquire the oil mill sited on the subject plantation had not been successful. However the said Letter of Suspension also allows both parties to review their respective positions in respect of the overall arrangement, i.e. including the management of the plantation and mill, on the understanding that moving forward the sale of the plantation and mill shall be subject to fresh negotiations.

On 21 April 2007, the Purchasers had 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 agreements 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

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(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 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.

On 17 January 2012, the Court of Appeal made a unanimous decision in allowing our claim, i.e. the Ipoh High Court's decision allowing for specific performance of the 2002 Agreement is overturned with costs awarded to us. In view of the Court of Appeal's decision, MCSB and RRSB had withdrawn its stay application filed in the Ipoh High Court.

On 30 January 2012, the Plaintiffs filed an application for leave to appeal to the Federal Court against the Court of Appeal's decision made on 17 January 2012. The Federal Court Registry has fixed the Plaintiff's motion for leave to appeal for further case management on 29 March 2012.

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

B10 Dividend

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

MALPAC HOLDINGS BERHAD (197424-V)

Quarterly Report for the Period Ended 31 December 2011

B11 Earnings Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31/12/11 RM'000	Comparative Qtr Ended 31/12/10 RM'000	Current Year Year-To-Date 31/12/11 RM'000	Preceding Year Year-To-Date 31/12/10 RM'000
a) Basic EPS				
<u>Numerator</u> Profit for the financial period attributable to equity holders of the parent	390	4,748	728	11,555
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS (sen)	0.52	6.33	0.97	15.41
b) Diluted EPS	Nil	Nil	Nil	Nil

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

B12 Audit Qualification

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

B13 Realised and Unrealised Profit Disclosure

	Current financial period ended 30 September 2011 (RM'000)	Immediate preceding quarter ended 31 December 2011 (RM'000)
Total retained profits of Malpac Holdings Bhd and its subsidiaries:		
- Realised	86,409	87,352
- Unrealised	<u>1,333</u>	<u>-</u>
	87,742	87,352
Add : Consolidation adjustment	11,810	11,810
Total group retained profits as per consolidated accounts	<u>99,552</u>	<u>99,162</u>

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

Quarterly Report for the Period Ended 31 December 2011**B14 Notes to Statement of Comprehensive income**

The following items have been included in the Statement of Comprehensive Income:-

	Current Quarter 31/12/11 RM'000	Current Year-to-Date 31/12/11 RM'000
<u>Income</u>		
Interest income	227	1,488
Dividend income	214	262
Distribution income	611	1,624
Fair value gain on quoted shares	1,333	-
Gain on Disposal of AFS Securities (unit trust)	2	26
(Loss)/Gain on disposal of quoted shares	(143)	176
<u>Expenses</u>		
Amortisation on Land use rights	(412)	(1,649)
Depreciation	(149)	(594)
Fair value loss on quoted shares	-	(2,623)

There are no income/expenses in relation to the below items:-

- (i) Provision for and write off of receivables
- (ii) Provision for and write off of inventories
- (iii) Impairment of assets
- (iv) Gain or loss on derivatives and
- (v) Exceptional items

By Order of the Board

NG BEE LIAN (MAICSA 7041392)
Company Secretary

Seremban
Date: 27 February 2012