

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Unaudited As At 31.12.13 RM'000	Audited As At 31.12.12 RM'000
Non-Current Assets		
Property, plant and equipment	58,618	59,340
Prepaid Land lease payments	32,974	34,623
Financial assets at fair value through profit or loss (quoted shares)	15,302	12,649
	106,894	106,612
Current Assets		
Available-for-sale financial assets (unit trusts)	89,452	87,663
Financial assets at fair value through profit or loss (quoted shares)	7,451	6,956
Trade and other receivables	108	106
Tax recoverable	113	169
Cash and cash equivalents	439	316
	97,563	95,210
TOTAL ASSETS	204,457	201,822
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	121,291	119,830
TOTAL EQUITY	196,291	194,830
Current Liabilities		
Trade and other payables	4,629	4,406
Provisions	3,537	2,586
TOTAL LIABILITIES	8,166	6,992
TOTAL EQUITY AND LIABILITIES	196,291	194,830
Net Assets Per Share (RM)	2.62	2.60

(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 2012)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2013**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Comparative	Current	Preceding
	Qtr Ended	Qtr Ended	Year-To-Date	Year-To-Date
	31.12.13	31.12.12	31.12.13	31.12.12
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Other operating income	1,597	794	8,207	3,282
Administration expenses	(1,377)	(1,515)	(6,474)	(6,387)
Other operating expenses	(7)	(38)	(25)	(1,177)
Profit/(Loss) before tax	213	(759)	1,708	(4,282)
Tax expense	(148)	(3)	(148)	(3)
Profit/(Loss) for the financial year	65	(762)	1,560	(4,285)
Other comprehensive income after tax:				
Changes in fair value of securities available-for-sale financial assets	(179)	74	(99)	181
Total comprehensive income for the financial year	(114)	(688)	1,461	(4,104)
Net profit/(loss) attributable to:				
Owners of the parent	65	(762)	1,560	(4,285)
Total comprehensive income attributable to:				
Owners of the parent	(114)	(688)	1,461	(4,104)
Earning/(Loss) per share (sen)				
-Basic	0.09	(1.02)	2.08	(5.71)
-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 2012)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2013**

	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 2013					
As at 1 January 2013	75,000	24,367	95,300	163	194,830
Comprehensive income					
Profit for the year	-	-	1,560	-	1,560
Other comprehensive income					
Net fair value loss on available-for-sale financial assets	-	-	-	(99)	(99)
Total comprehensive income for the year	-	-	1,560	(99)	1,461
As at 31 December 2013	75,000	24,367	96,860	64	196,291

**12 months
ended 31 December 2012**

As at 1 January 2012	75,000	24,367	99,585	(18)	198,934
Comprehensive income					
Loss for the year	-	-	(4,285)	-	(4,285)
Other comprehensive income					
Net fair value gain on available-for-sale financial assets	-	-	-	181	181
Total comprehensive income for the year	-	-	(4,285)	181	(4,104)
As at 31 December 2012	75,000	24,367	95,300	163	194,830

(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 2012)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 31 DECEMBER 2013**

	12 months ended 31.12.13 RM'000	12 months ended 31.12.12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1,708	(4,282)
Adjustments for:		
Non-cash items	(2,035)	3,234
Distribution income from unit trusts	(2,537)	(2,206)
Dividend income	(720)	(293)
Interest income	(285)	(409)
<i>Operating loss before working capital changes</i>	(3,869)	(3,956)
Changes in working capital		
Net change in current assets	(2)	149
Net change in current liabilities	1,174	(568)
<i>Cash used in operations</i>	(2,697)	(4,375)
Tax refunded	120	-
Tax paid	(35)	(118)
<i>Net cash used in operating activities</i>	(2,612)	(4,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	2,537	2,206
Dividend received	543	273
Interest received	285	409
Proceeds from disposal of:		
Available-for-sale financial assets	31,320	15,380
Held-to-maturity investments(bonds)	-	10,009
Financial assets at fair value through profit or loss(quoted shares)	4,970	4,083
Property, plant and equipment	-	544
Purchase of:		
Available-for-sale financial assets	(33,013)	(27,686)
Financial assets at fair value through profit or loss(quoted shares)	(3,896)	(9,754)
Property, plant and equipment	(11)	(1,207)
<i>Net cash from/(used) investing activities</i>	2,735	(5,743)
Net increase/(decrease) in cash and cash equivalents	123	(10,236)
Cash and cash equivalents at beginning of the financial year	316	10,552
Cash and cash equivalents at end of the financial year	439	316
Cash and cash equivalents comprise of:-		
Fixed deposits/short term placement	92	132
Cash and bank balances	347	184
	439	316

(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 2012)

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PART A - EXPLANATORY NOTES AS REQUIRED BY MFRS 134

A1 Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* in Malaysia and Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad. It should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2012.

The significant accounting policies and method of computation adopted in these quarterly interim financial reports are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012 except for the changes arising from the adoption of the new MFRS, Amendments to MFRS and IC Interpretations that are effective on or after 1 January 2013.

The Directors expect that the adoption of the new MFRS, Amendments to MFRS and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

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

After the Ipoh High Court's judgment given in favour of the Plaintiffs on the Civil Suit as mentioned in Note B9, the Plaintiffs had ceased making the monthly payments due to us. The Board then 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 since then.

The Court of Appeal had on 17 January 2012 made a unanimous decision in our favour with costs awarded to us.

On 4 September 2013, the Federal Court allowed the Plaintiffs appeal and set aside the decision of Court of Appeal and affirmed the decision of Ipoh High Court.

Our solicitors had submitted an application on 3 October 2013 to the Federal Court for a judicial review of its earlier decision. The hearing of our application has been fixed on 4 March 2014.

As there has been no recognition of income since the commencement of the appeal against the High Court's decision, there will be no adverse impact to the financial position of the Company in this respect.

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.

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- 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**
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 for the current quarter under review.
- A13 Significant Related Party Transactions**
There were no significant related party transactions for the current quarter under review.

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

B1 Performance Analysis

For the current quarter, the Group reported a pre-tax profit of RM0.21 million as compared to pre-tax loss of RM0.76 million for 4Q12. The profit was mainly due to the nett result of the following:

- i) higher dividend and distribution income;
- ii) higher gains from disposal of quoted shares and unit trust; and
- iii) fair value loss of RM0.28 million on quoted shares held during the quarter as compared to fair value loss of RM0.08 million in the same quarter last year.

For cumulative year-to-date period, the profit before tax was RM1.71 million compared to pre-tax loss of RM4.28 million in the same period last year. The improvement in profitability was mainly due to better stock market performance in the current financial year resulting in a fair

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value gain of RM3.66 million on quoted shares held as compared to fair value loss of RM1.14 million in the same period last year coupled with reasons as disclosed in (i) and (ii) above.

No revenue was reported for the quarter and financial year to-date.

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

The Group recorded a slightly lower pre-tax profit of RM0.21 million in the fourth quarter compared to RM0.25 million in the immediate preceding quarter. The reduction was mainly due to the nett result of the following:

- i) fair value loss of RM0.28 million on quoted shares held in the current quarter as compared to fair value gain of RM0.86 million in the immediate preceding quarter;
- ii) lower administrative expenses for the quarter; and
- iii) higher dividend, interest and distribution income.

B3 Prospect for the Year

The Group's prospect for the year would very much depend on the outcome of our application to Federal Court to review its decision made on 4 September 2013 (Refer to Note B9).

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 RM135,785 for the current quarter and current financial year-to-date and RM12,676 being underprovision of tax expense for prior year.

The effective tax rate for the current quarter was higher than the statutory tax rate mainly because of a taxable portion of the dividend income from the long-term investment. For current financial year-to-date, the effective tax rate was lower than the statutory tax rate due mainly to certain income which is not assessable for income tax.

B7 Status of Corporate Proposals

There were no corporate proposals announced for the current quarter under review.

B8 Group's Borrowings and Debt Securities

There were no group borrowings and debt securities as at 31 December 2013.

B9 Material Litigation

As at 18 February 2014, 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.

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**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 Appeal No. 02(f)-69-10/2012(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 encompassing a palm oil mill (owned by a third party then) sited on part of the plantation for a total consideration of RM53,000,002.

On 15 November 2002, a Subsequent Letter Agreement was executed by both parties recognizing the Agreements had lapsed as not all approvals from the relevant authorities had been obtained and also negotiations to acquire the palm oil mill sited on the subject plantation had not been successful. However the said Subsequent Letter Agreement 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 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
- (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

Quarterly Report for the Period Ended 31 December 2013

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 favour of the Plaintiffs and ordered specific performance of the April 2002 Agreements whereby MCSB and RRSB were 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 were pending.

On 17 January 2012, the Court of Appeal made a unanimous decision in our favour, i.e. the Ipoh High Court's decision allowing for specific performance of the 2002 Agreement was overturned with costs awarded to us.

The Plaintiffs were granted leave by the Federal Court to appeal against the Court of Appeal's decision. On 4 September 2013, the Federal Court allowed their appeal, set aside the decision of Court of Appeal and affirmed the decision of Ipoh High Court.

The Plaintiffs had again tendered full payment of the balance purchase price for the plantation which our solicitors had rejected and returned to them on the grounds that our solicitors had submitted an application on 3 October 2013 to the Federal Court for a judicial review of its earlier decision. The application has been fixed for hearing on 4 March 2014.

Based on available information, the Group's solicitors are of the view that the Group has reasonable grounds to pursue the judicial review.

B10 Dividend

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

Quarterly Report for the Period Ended 31 December 2013

B11 Earning/(Loss) Per Share (“(EPS/LPS)”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31/12/13 RM'000	Comparative Qtr Ended 31/12/12 RM'000	Current Year Year-To-Date 31/12/13 RM'000	Preceding Year Year-To-Date 31/12/12 RM'000
a) <u>Basic EPS</u>				
<u>Numerator</u> Profit/(Loss) for the financial period attributable to equity holders of the parent	65	(762)	1,560	(4,285)
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS/(LPS) (sen)	0.09	(1.02)	2.08	(5.71)
b) Diluted EPS	Nil	Nil	Nil	Nil

The Company does not have any instrument 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 31 Dec 2013 (RM'000)	Immediate preceding quarter ended 30 Sept 2013 (RM'000)	As at last financial period ended 31 Dec 2012 (RM'000)
Total retained profits of Malpac Holdings Bhd and its subsidiaries:			
- Realised	84,298	81,619	85,002
- Unrealised	131	859	-
	84,429	82,478	85,002
Add : Consolidation adjustment	12,431	14,317	10,298
Total group retained profits as per consolidated accounts	96,860	96,795	95,300

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 2013***B14 Notes to Statement of Comprehensive income**

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

	Current Quarter	Comparative Quarter	Year-to- date ended	Year-to- date ended
	31/12/13 RM'000	31/12/12 RM'000	31/12/13 RM'000	31/12/12 RM'000
<u>After crediting</u>				
Interest income	77	77	285	409
Dividend income	682	80	720	293
Distribution income	681	583	2,537	2,206
Gain on disposal of Available-For-Sale financial assets	172	10	195	65
Gain/(Loss) on disposal of quoted shares	109	(22)	564	169
Fair value (loss)/gain on quoted shares (non-current)	(416)	-	2,472	-
Fair value gain on quoted shares (current)	131	-	1,185	-
Gain on disposal of PPE	-	36	-	36
<u>After debiting</u>				
Amortisation on Prepaid Land Lease Payments	(412)	(412)	(1,649)	(1,649)
Depreciation	(176)	(183)	(732)	(720)
Loss on disposal of PPE	-	57	-	-
Fair value loss on quoted shares (non-current)	-	(67)	-	(882)
Fair value loss on quoted shares (current)	-	(9)	-	(253)

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) Exceptional items
- (v) Foreign exchange gain or loss

Order of the Board

NG BEE LIAN (MAICSA 7041392)

Company Secretary

Seremban

Date: 25 February 2014