

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	<b>Unaudited As At 30.06.14 RM'000</b>	<b>Audited As At 31.12.13 RM'000</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	57,077	57,411
Prepaid Land lease payments	32,150	32,974
Investment property	1,193	1,206
Financial assets at fair value through profit or loss (quoted shares)	16,900	15,302
	107,320	106,893
<b>Current Assets</b>		
Financial assets at fair value through profit or loss (quoted shares)	8,480	7,451
Trade and other receivables	100	108
Tax recoverable	104	113
Cash and cash equivalents	89,445	89,891
	98,129	97,563
<b>TOTAL ASSETS</b>	<u>205,449</u>	<u>204,456</u>
 <b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	75,000	75,000
Reserves	121,971	121,290
<b>TOTAL EQUITY</b>	196,971	196,290
<b>LIABILITIES</b>		
<b>Non current liabilities</b>		
Provisions	252	242
	252	242
<b>Current Liabilities</b>		
Trade and other payables	4,580	4,629
Provisions	3,646	3,295
<b>TOTAL LIABILITIES</b>	<u>8,226</u>	<u>7,924</u>
	8,478	8,166
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>205,449</u>	<u>204,456</u>
Net Assets Per Share (RM)	2.63	2.62

*(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 2013)*

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 30.06.14 RM'000	Comparative Qtr Ended 30.06.13 RM'000 (Restated)	Current Year-To-Date 30.06.14 RM'000	Preceding Year-To-Date 30.06.13 RM'000 (Restated)
Revenue	-	-	-	-
Other operating income	3,486	3,754	4,317	4,829
Administration expenses	(2,361)	(2,098)	(3,637)	(3,540)
Other operating expenses	(6)	(6)	(12)	(12)
<b>Profit before tax</b>	<b>1,119</b>	<b>1,650</b>	<b>668</b>	<b>1,277</b>
Tax expense	13	-	13	-
<b>Profit for the period</b>	<b>1,132</b>	<b>1,650</b>	<b>681</b>	<b>1,277</b>
<b>Attributable to:</b>				
Equity holders of the parent	1,132	1,650	681	1,277
Earning per share (sen)				
-Basic	1.51	2.20	0.91	1.70
-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 2013)*

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 2014**

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
<b>6 months ended 30 June 2014</b>				
As at 1 January 2014	75,000	24,367	96,923	196,290
<b>Comprehensive income</b>				
Profit for the period	-	-	681	681
<b>Total comprehensive income for the period</b>	-	-	681	681
As at 30 June 2014	75,000	24,367	97,604	196,971

**6 months  
ended 30 June 2013 (Restated)**

As at 1 January 2013	75,000	24,367	95,463	194,830
<b>Comprehensive income</b>				
Profit for the year	-	-	1,277	1,277
<b>Total comprehensive income for the period</b>	-	-	1,277	1,277
As at 30 June 2013	75,000	24,367	96,740	196,107

*(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 2013)*

**MALPAC HOLDINGS BERHAD (197424-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED 30 JUNE 2014**

	6 months ended 30.06.14 RM'000	6 months ended 30.06.13 RM'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	668	1,277
Adjustments for:		
Non-cash items	(1,602)	(2,074)
Distribution income from unit trusts	(1,387)	(1,241)
Dividend income	(2)	(7)
Interest income	(205)	(206)
<i>Operating loss before working capital changes</i>	(2,528)	(2,251)
Changes in working capital		
Net change in current assets	8	18
Net change in current liabilities	313	817
<i>Cash used in operations</i>	(2,207)	(1,416)
Tax refund	34	-
Tax paid	(13)	(22)
<i>Net cash used in operating activities</i>	(2,186)	(1,438)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distribution income from unit trusts	1,387	1,241
Dividend received	2	6
Interest received	205	206
Proceeds from disposal of:		
Financial assets at fair value through profit or loss(quoted shares)	1,369	1,612
Purchase of:		
Financial assets at fair value through profit or loss(quoted shares)	(1,223)	(1,025)
Property, plant and equipment	-	(7)
<i>Net cash from investing activities</i>	1,740	2,033
Net (decrease)/increase in cash and cash equivalents	(446)	595
Cash and cash equivalents at beginning of the period	89,891	87,979
Cash and cash equivalents at end of the period	89,445	88,574
<b>Cash and cash equivalents comprise of:-</b>		
Unit trust fund	89,112	88,183
Fixed deposits/short term placement	94	126
Cash and bank balances	239	265
	89,445	88,574

*(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 2013)*

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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 2013.

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 2013 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 2014.

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 refused to continue paying the monthly rental 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.

The Federal Court had on 4 March 2014 dismissed our application for a judicial review of its earlier decision.

As there has been no recognition of income since the commencement of the appeal against the High Court's decision, there will be no further immediate adverse impact to the financial position of the Company in this respect. Should the Court ruling be carried through to completion, there will be an extraordinary gain of RM19.7 million recognized as the value of the plantation has been materially amortized in the book.

**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**  
As explained in Notes A3 and B9, no plantation revenue was reported for the quarter ended 30 June 2014. The Group recorded a pre-tax profit of RM1.12 million for the quarter as compared with pre-tax profit of RM1.65 million in the 2Q13. For the cumulative period, the profit before tax was RM0.67 million as compared with RM1.28 million in the same period last year. The reduction was mainly due to lower fair value gain on quoted shares held coupled with legal and professional fees incurred 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 profit of RM1.12 million in the second quarter as compared to pre-tax loss of RM0.45 million in the immediate preceding quarter. The improvement was largely

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due to higher fair value gain on quoted shares held in this quarter, i.e. RM2.69 million vs RM0.26 million in the previous quarter.

**B3 Prospect for the Year**

In light of the latest application for Supplementary Orders from the Ipoh High Court by the Plaintiffs and the outcome of our Company EGM (see note B9), the Board is in close consultation with our solicitors and shall keep shareholders and the investing public apprised of further developments in a timely manner.

In the worst case scenario, should the decision of the Courts be carried through to completion, the Company will fall under the ambit of Practice Note 17 of Bursa's Listing Requirements due to insignificant business 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**

There was no provision for tax expense for the quarter under review but there was an overprovision of tax expense in prior year of RM13,585.

**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 30 June 2014.

**B9 Material Litigation**

As at 15 August 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.

**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 situated in Teluk Intan, Perak, as partial settlement of loan owed to MCSB.

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MCSB had novated the rights of the plantation lands 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.

MCSB had on 5 April 2002 entered into a Conditional Sale and Purchase Agreements ("2002 Agreements") for disposal of RRSB comprising 2 shares 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 (Original Proposed Disposal of RRSB), 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 20 June 2002, the Company obtained its shareholders' approval for the Original Proposed Disposal of RRSB.

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.

On 21 April 2007, the Purchasers (hereinafter referred to as "the Plaintiffs") had filed a writ of summons and statements of claim against MCSB and RRSB seeking for specific performance of the 2002 Agreement.

On 5 May 2011, the Ipoh High Court delivered an oral judgment in favour of the Plaintiffs and ordered specific performance of the 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.

Effective 1 July 2011, MCSB had to suspend recognition of income from the oil palm plantation and palm oil mill since the Plaintiffs refused to make the monthly rental incomes due to us following the Ipoh High Court's decision given in favour of the Plaintiffs.

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. No plantation income had been received from the Plaintiffs despite demand from MCSB following 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.

On 4 March 2014 the Federal Court dismissed our application for a judicial review of its earlier decision.

MCSB and RRSB on 3 July 2014 was served with a sealed copy of an Application by the Plaintiffs for Supplementary Orders from the Ipoh High Court for the completion of the sale of the plantation lands and the palm oil mill pursuant to the Ipoh High Court Order dated 5 May 2011. The matter was called up before the Court Registrar on 21 July 2014 and has been fixed for further case management on 27 August 2014.



***Quarterly Report for the Period Ended 30 June 2014***

The Board, subsequent to the Federal Court decisions and after seeking legal advice, resolved that the shareholders' approval obtained in June 2002 was inadequate for the purpose of complying with the Ipoh High Court Order, due to various events and developments that took place subsequent to the passing of the June 2002 shareholder resolution, details of which are as follows:-

- (i) on 5 August 2003, the plantation lands were transferred to RRSB pursuant to the revised terms of the Workout Proposal at the higher sale/transfer consideration of RM47.398 million which would then give rise to RRSB owing MCSB an amount equivalent to the higher sale/transfer consideration of RM47.398 million (and not RM30.6 million as earlier envisaged);
- (ii) on 28 April 2004, following a tender exercise and further direct negotiations, the palm oil mill was sold to RRSB (as a nominee of MCSB) by the liquidators of Ganda Edible Oil Sdn Bhd for a cash consideration of approximately RM2.2 million; and
- (iii) on 4 February 2005, the issued and paid-up share capital of RRSB was increased from RM2.00 comprising 2 RRSB Shares to RM100,000 comprising 100,000 RRSB shares to comply with Malaysian Palm Oil Board rule on the minimum paid-up capital requirement to apply for an oil mill license.

The Board hence resolved to convene an Extraordinary General Meeting ("EGM") to seek shareholders' approval essentially for the disposal of the palm oil mill and the 99,998 new RRSB shares which were not covered by the June 2002 shareholder resolution in order that we are in compliance with requirements under Section 132C of the Companies Act 1965 and Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Bhd.

The EGM was held on 31 July 2014 and 99.96% of the shareholders who were present and who had voted, rejected the proposal to dispose of RRSB including the plantation and mill for an aggregate disposal consideration of RM53.1 million.

The Board is now in close consultation with our solicitors in regard to the next course of action. We shall keep shareholders and the investing public apprised of further developments in a timely manner

**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 30 June 2014

## B11 Earning Per Share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/06/14 RM'000	Comparative Qtr Ended 30/06/13 RM'000 Restated	Current Year Year-To-Date 30/06/14 RM'000	Preceding Year Year-To-Date 30/06/13 RM'000 Restated
a) <u>Basic EPS</u>				
<u>Numerator</u> Profit for the financial period attributable to equity holders of the parent	1,132	1,650	681	1,277
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic EPS (sen)	1.51	2.20	0.91	1.70
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 30 June 2014 (RM'000)	Immediate preceding quarter ended 31 March 2014 (RM'000)	As at last financial period ended 30 June 2013 Restated (RM'000)
Total retained profits of Malpac Holdings Bhd and its subsidiaries:			
- Realised	96,014	96,163	82,423
- Unrealised	1,281	-	-
Add: Consolidation adjustment	309	309	14,317
Total group retained profits as per consolidated accounts	97,604 =====	96,472 =====	96,740 =====

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

*Quarterly Report for the Period Ended 30 June 2014*

**B14 Notes to Statement of Comprehensive income**

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

	Quarter ended 30/06/14 RM'000	Quarter ended 30/06/13 RM'000 Restated	Year-to-date ended 30/06/14 RM'000	Year-to-date ended 30/06/13 RM'000 Restated
<u>After crediting</u>				
Interest income	76	77	205	206
Dividend income	1	5	2	7
Distribution income	715	597	1,387	1,241
Fair value gain on quoted shares (non-current)	1,588	859	1,598	1,075
Fair value gain on quoted shares (current)	1,101	2,134	1,176	2,194
<u>After debiting</u>				
Amortisation on Prepaid Land Lease Payments	(412)	(412)	(824)	(824)
Depreciation	(174)	(186)	(348)	(371)

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: 20 August 2014