

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	Unaudited As At 30.09.15 RM'000	Audited As At 31.12.14 RM'000
Non-Current Assets		
Property, plant and equipment	56,388	56,926
Prepaid land lease payments	30,089	31,325
Investment properties	1,159	1,179
Financial assets at fair value through profit or loss (quoted shares)	12,607	14,018
	100,243	103,448
Current Assets		
Financial assets at fair value through profit or loss (quoted shares)	5,701	6,808
Trade and other receivables	68	187
Tax recoverable	20	22
Cash and cash equivalents	89,950	90,108
	95,739	97,125
TOTAL ASSETS	195,982	200,573
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	112,244	116,788
TOTAL EQUITY	187,244	191,788
LIABILITIES		
Non current liabilities		
Provisions	261	272
	261	272
Current Liabilities		
Trade and other payables	4,721	4,982
Provisions	3,756	3,531
TOTAL LIABILITIES	8,477	8,513
	8,738	8,785
TOTAL EQUITY AND LIABILITIES	195,982	200,573
Net Assets Per Share (RM)	2.50	2.56

(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 2014)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 30.09.15 RM'000	Comparative Qtr Ended 30.09.14 RM'000	Current Year-To-Date 30.09.15 RM'000	Preceding Year-To-Date 30.09.14 RM'000
Revenue	-	-	-	-
Other operating income	736	1,817	2,675	6,134
Administration expenses	(1,536)	(1,492)	(4,758)	(5,129)
Other operating expenses	(2,073)	(6)	(2,461)	(18)
(Loss)/Profit before tax	(2,873)	319	(4,544)	987
Tax expense	-	(7)	-	6
(Loss)/Profit for the period	(2,873)	312	(4,544)	993
Attributable to:				
Equity holders of the parent	(2,873)	312	(4,544)	993
(Loss)/Earning per share (sen)	-Basic	0.42	(6.06)	1.32
	-Diluted	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 2014)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
9 months ended 30 September 2015				
As at 1 January 2015	75,000	24,367	92,421	191,788
Comprehensive income				
Loss for the period	-	-	(4,544)	(4,544)
Total comprehensive loss for the period	-	-	(4,544)	(4,544)
As at 30 September 2015	<u>75,000</u>	<u>24,367</u>	<u>87,877</u>	<u>187,244</u>

**9 months
ended 30 September 2014**

As at 1 January 2014	75,000	24,367	96,923	196,290
Comprehensive income				
Profit for the year	-	-	993	993
Total comprehensive income for the period	-	-	993	993
As at 30 September 2014	<u>75,000</u>	<u>24,367</u>	<u>97,916</u>	<u>197,283</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 2014)

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	9 months ended 30.09.15 RM'000	(Restated) 9 months ended 30.09.14 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(4,544)	987
Adjustments for:		
Non-cash items	4,654	(1,087)
Distribution income from unit trusts	(2,183)	(2,167)
Dividend income	(138)	(42)
Interest income	(211)	(211)
<i>Operating loss before working capital changes</i>	(2,422)	(2,520)
Changes in working capital		
Net change in current assets	119	9
Net change in current liabilities	(261)	(74)
<i>Cash used in operations</i>	(2,564)	(2,585)
Tax refund	10	34
Tax paid	(8)	(13)
Utilisation of provision	(249)	(373)
<i>Net cash used in operating activities</i>	(2,811)	(2,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	2,183	2,167
Dividend received	138	42
Interest received	211	211
Proceeds from disposal of:		
Financial assets at fair value through profit or loss(quoted shares)	777	2,239
Purchase of:		
Financial assets at fair value through profit or loss(quoted shares)	(652)	(2,498)
Property, plant and equipment	(4)	(186)
<i>Net cash from investing activities</i>	2,653	1,975
Net decrease in cash and cash equivalents	(158)	(962)
Cash and cash equivalents at beginning of the period	90,108	89,891
Cash and cash equivalents at end of the period	89,950	88,929
Cash and cash equivalents comprise of:-		
Unit trust fund	89,553	88,711
Fixed deposits/short term placement	101	90
Cash and bank balances	296	128
	89,950	88,929

(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 2014)

Quarterly Report for the Period Ended 30 September 2015

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 2014.

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 2014 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 2015.

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 in 2011 in 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 (For details on subsequent developments in the legal suit, please refer to Note B9).

As there has been no recognition of income since then, there will be no further immediate adverse impact to the financial position of the Company even in the worst case scenario. Should the 2011 High Court ruling be carried through to completion, there will be an extraordinary gain of RM22.90 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.

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.

Quarterly Report for the Period Ended 30 September 2015

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

Reference is made to the last three paragraphs of Note B9. Pending the outcome of the Federal Court hearing mentioned therein, 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

No plantation revenue was reported for the current quarter, details as explained in Note A3 and B9.

The Group suffered a pre-tax loss of RM2.87 million for the quarter as compared to a pre-tax profit of RM0.32 million in 3Q14. The differential was mainly due to a fair value loss of RM2.02 million on quoted shares held as compared to a fair value gain of RM0.97 million in 3Q14.

For the current year-to-date, the pre-tax loss was RM4.54 million as compared to a pre-tax gain of RM0.99 million in the same period of 2014. The differential was mainly to a fair value loss of RM2.39 million against a fair value gain of RM3.74 million in the same period of 2014.

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

The Group suffered a pre-tax loss of RM2.87 million in the second quarter as compared to pre-tax loss of RM1.09 million in the immediate preceding quarter. The differential was mainly due to higher fair value loss on quoted shares held during the quarter.

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B3 Prospects for the Year

In light of the latest decision by the Ipoh High Court and Court of Appeal (please refer Note B9), prospects for the Group are not expected to change significantly in the near future.

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

Notwithstanding, the Company has and will continue to look for good business opportunities.

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.

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 September 2015.

B9 Material Litigation

As at 13 November 2015, 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)

In the Court of Appeal Civil Appeal Nos. A-02(IM)-417-03/2015 & A-02(IM)-418-03/2015

In the Federal Court Civil Application Nos: 08(i)-467-10/2015(A) & 08(i)-469-10/2015(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") filed a writ of summons and statement 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.

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 their favour.

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. 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 the Plaintiffs' 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.

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:-

Quarterly Report for the Period Ended 30 September 2015

- (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.

MCSB and RRSB on 3 July 2014 were 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.

Notwithstanding the failure of the Company to obtain shareholders' approval for the sale of RRSB in the 2014 EGM and the implications of Section 132C of the Companies Act, 1965, the High Court on 17 February 2015 allowed the Plaintiffs' application for supplementary orders and declined and dismissed our cross application inter-alia to secure the plantation income held back by the Plaintiffs amounting to RM36.7 million as at June 2014. The High Court also on 22 April 2015 dismissed our application for a stay of execution.

Based on a search made to Suruhanjaya Syarikat Malaysia on 22 July 2015, we discovered that

- a) A new board of directors and a new company secretary purportedly under the authority of the Order of the High Court dated 17.2.2015 had been appointed to replace the legitimate directors and company secretary of Radiant Response Sdn Bhd.
- b) There is uncertainty as to whether or not MCSB remains a shareholder of the said RRSB.

We are seeking advice from our solicitors on the above matter.

On 15 September 2015, the Court of Appeal dismissed our appeals against the Ipoh High Court's decision.

Quarterly Report for the Period Ended 30 September 2015

Our Solicitors have filed in applications to the Federal Court for leave to appeal against the Court of Appeal's decision and the Federal Court has fixed 7 December 2015 for further case management.

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.

B11 (Loss)/Earning Per Share ("LPS/EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/09/15 RM'000	Comparative Qtr Ended 30/09/14 RM'000	Current Year Year-To-Date 30/09/15 RM'000	Preceding Year Year-To-Date 30/09/14 RM'000
a) Basic LPS/EPS				
<u>Numerator</u> (Loss)/Profit for the financial period attributable to equity holders of the parent	(2,873)	312	(4,544)	993
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic (LPS)/EPS (sen)	(3.83)	0.42	(6.06)	1.32
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.

*Quarterly Report for the Period Ended 30 September 2015***B13 Realised and Unrealised Profit Disclosure**

	Current financial period ended 30 Sept 2015 (RM'000)	Immediate preceding quarter ended 30 June 2015 (RM'000)	As at last financial period ended 30 Sept 2014 (RM'000)
Total retained profits of Malpac Holdings Bhd and its subsidiaries:			
- Realised	87,026	89,779	95,488
- Unrealised	370	490	2,119
Add : Consolidation adjustment	481	481	309
Total group retained profits as per consolidated accounts	<u>87,877</u>	<u>90,750</u>	<u>97,916</u>

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

B14 Notes to Statement of Comprehensive income

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

	Quarter ended 30/09/15 RM'000	Quarter ended 30/09/14 RM'000	Year-to-date Ended 30/09/15 RM'000	Year-to-date Ended 30/09/14 RM'000
<u>After crediting</u>				
Interest income	2	6	211	211
Dividend income	9	40	138	42
Distribution income	654	780	2,183	2,167
Fair value gain on quoted shares (non-current)	-	661	-	2,259
Fair value gain on quoted shares (current)	-	308	-	1,484
<u>After debiting</u>				
Amortisation on Prepaid Land Lease Payments	(412)	(412)	(1,236)	(1,237)
Depreciation	(181)	(176)	(546)	(524)
Fair value loss on quoted shares (non-current)	(1,192)	-	(1,411)	-
Fair value loss on quoted shares (current)	(829)	-	(982)	-

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: 18 November 2015