

MALPAC HOLDINGS BERHAD (197424-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Unaudited As At 30.06.16 RM'000	Audited As At 31.12.14 RM'000 (Restated)
Non-Current Assets		
Property, plant and equipment	56,128	56,926
Prepaid land lease payments	28,852	31,325
Investment properties	1,139	1,179
Other investment	100	-
Financial assets at fair value through profit or loss (quoted shares)	11,899	14,018
	98,118	103,448
Current Assets		
Cash management fund (unit trusts)	87,767	89,592
Other investment	2,000	-
Financial assets at fair value through profit or loss (quoted shares)	5,894	6,808
Trade and other receivables	683	187
Tax recoverable	17	22
Cash and cash equivalents	452	516
	96,813	97,125
TOTAL ASSETS	<u>194,931</u>	<u>200,573</u>
 EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	75,000	75,000
Reserves	111,583	116,788
TOTAL EQUITY	186,583	191,788
LIABILITIES		
Non current liabilities		
Provisions	295	272
	295	272
Current Liabilities		
Trade and other payables	4,694	4,982
Provisions	3,359	3,531
TOTAL LIABILITIES	<u>8,053</u>	<u>8,513</u>
	8,348	8,785
TOTAL EQUITY AND LIABILITIES	<u>194,931</u>	<u>200,573</u>
Net Assets Per Share (RM)	2.49	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 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Qtr Ended 30.06.16 RM'000	Comparative Qtr Ended 30.06.15 RM'000	18 Months Current Period-To-Date 30.06.16 RM'000	Preceding 18 Months Period-To-Date 30.06.15 RM'000
Revenue	-	-	-	N/A
Other operating income	868	962	6,272	N/A
Administrative expenses	(1,484)	(1,762)	(8,487)	N/A
Other operating expenses	(1,063)	(286)	(3,167)	N/A
Loss before tax	(1,679)	(1,086)	(5,382)	N/A
Tax expense	-	-	177	N/A
Loss for the period	(1,679)	(1,086)	(5,205)	N/A
Attributable to:				
Equity holders of the parent	(1,679)	(1,086)	(5,205)	N/A
Loss per share (sen)				
-Basic	(2.24)	(1.45)	(6.94)	N/A
-Diluted	N/A	N/A	N/A	N/A

Notes:

- (i) Due to change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the previous 18-month financial period ended 30 June 2015
- (ii) 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 JUNE 2016**

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
18 months ended 30 June 2016				
As at 1 January 2015	75,000	24,367	92,421	191,788
Comprehensive income				
Loss for the period	-	-	(5,205)	(5,205)
Total comprehensive loss for the period	-	-	(5,205)	(5,205)
As at 30 June 2016	75,000	24,367	87,216	186,583

**12 months
ended 31 December 2014**

As at 1 January 2014	75,000	24,367	96,923	196,290
Comprehensive income				
Loss for the year	-	-	(4,502)	(4,502)
Total comprehensive loss for the period	-	-	(4,502)	(4,502)
As at 31 December 2014	75,000	24,367	92,421	191,788

(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 JUNE 2016**

	18 months ended 30.06.16 RM'000	18 months ended 30.06.15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(5,382)	N/A
Adjustments for:		
Non-cash items	6,836	N/A
Distribution income from unit trusts	(4,639)	N/A
Dividend income	(656)	N/A
Interest income	(491)	N/A
<i>Operating loss before working capital changes</i>	(4,332)	N/A
Changes in working capital		
Net change in current assets	(495)	N/A
Net change in current liabilities	(288)	N/A
<i>Cash used in operations</i>	(5,115)	N/A
Tax refund	199	N/A
Tax paid	(17)	N/A
Utilisation of provision	(767)	N/A
<i>Net cash used in operating activities</i>	(5,700)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution income from unit trusts	4,639	N/A
Dividend received	656	N/A
Interest received	491	N/A
Proceeds from disposal of:		
Financial assets at fair value through profit or loss(quoted shares)	3,187	N/A
Cash management fund	82,481	N/A
Property, plant and equipment	56	N/A
Purchase of:		
Financial assets at fair value through profit or loss(quoted shares)	(3,132)	N/A
Cash management fund	(80,519)	N/A
Property, plant and equipment	(123)	N/A
Other investments	(2,100)	N/A
<i>Net cash from investing activities</i>	5,636	N/A
Net increase in cash and cash equivalents	(64)	N/A
Cash and cash equivalents at beginning of the period	516	N/A
Cash and cash equivalents at end of the period	452	N/A
Cash and cash equivalents comprise of:-		
Fixed deposits/short term placement	271	N/A
Cash and bank balances	181	N/A
	452	N/A

Notes:

- (i) Due to change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the pervious 18-month financial period ended 30 June 2015
- (ii) 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 June 2016

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 RM24.15 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 the amount reported in the 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 June 2016

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

The Company, its Board of Directors, its Chief Executed Officer and its wholly-owned subsidiary, Malpac Capital Sdn Bhd had been served with a civil suit dated 4 August 2016 by Yong Toi Mee and Cheong Kim Leong, please refer to Note B9(C) for details of the suit.

Saved as disclosed above, 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 significant change in the business combinations or disposal of subsidiaries, long-term investments, restructurings and discontinuing operations during the 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 significant 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 recorded a pre-tax loss of RM1.68 million for the quarter as compared to a pre-tax loss of RM1.09 million in 2Q15. The difference was mainly due to the net effect as follows:

- a) higher fair value loss of RM1.02 million as compared to RM0.24 million in 2Q15;
- b) lower administrative expenses; and
- c) lower distribution income from unit trust investment.

For the current financial period (18 months) ended 30 June 2016, the Group recorded a pre-tax loss of RM5.38 million, the fair value loss on quoted shares held being a major contribution at about of RM3 million and amortization on leased hold land accounted for about RM2.5 million .

Quarterly Report for the Period Ended 30 June 2016

There was no comparative financial information available for the 18-month financial period ended 30 June 2015.

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 RM1.68 million in the current quarter as compared to pre-tax loss of RM0.28 million in the immediate preceding quarter. The reduction was mainly due to the following:-

- a) higher fair value loss from investment in quoted securities;
- b) lower income from unit trust and quoted share investment; and
- c) higher administrative expenses.

B3 Prospects for the Year

In light of the ongoing legal suit involving the plantation land and the mill (please refer Note B9), prospects for the Group are not expected to change significantly in the immediate 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 provision for tax expense of RM241.57 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 June 2016.

B9 Material Litigation

As at 30 August 2016, 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.

Quarterly Report for the Period Ended 30 June 2016

(A)

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)

1. 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.
2. 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 an equivalent amount.
3. MCSB had on 5 April 2002 entered into Conditional Sale and Purchase Agreements ("2002 Agreements") for disposal of, inter alia, 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.
4. On 20 June 2002, the Company obtained its shareholders' approval for the Original Proposed Disposal of RRSB.
5. 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.
6. On 5 August 2003, the two (2) parcels of plantation lands in Teluk Intan were transferred to RRSB (acting as nominee for MCSB) at a transfer price of RM47.398 million (after a revaluation was done at the request of the Securities Commission).
7. On 28 April 2004, an oil palm mill was bought and injected into RRSB (as a nominee of MCSB).
8. On 4 February 2005, the paid up capital of RRSB was raised to RM100,000 through the issuance of 99,998 new shares of RM1.00 each.
9. 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 Agreements.

Quarterly Report for the Period Ended 30 June 2016

10. 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.
11. 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.
12. On 17 January 2012, the Court of Appeal made a unanimous decision in favour of MCSB and RRSB, i.e. the Ipoh High Court's decision allowing for specific performance of the 2002 Agreements was overturned, and at the same time remitting MCSB's counter claim back to the High Court for a decision.
13. No plantation income had been received from the Plaintiffs despite demand from MCSB following the Court of Appeal's decision.
14. 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.
15. On 4 March 2014, the Federal Court dismissed the application of MCSB and RRSB for a judicial review of its earlier decision.
16. 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.
17. 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

Quarterly Report for the Period Ended 30 June 2016

RRSB shares which were not covered by the June 2002 shareholder resolution to comply with the requirements under Section 132C of the Companies Act 1965 and Chapter 10 of the Listing Requirements of Bursa Malaysia Securities Bhd. The Notice of the EGM was sent out on 8 July 2014.

18. 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.
19. Meanwhile 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.
20. 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.
21. 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 as shareholder of RRSB.
22. On 15 September 2015, the Court of Appeal dismissed the appeals of MCSB and RRSB against the Ipoh High Court's decision.
23. Our Solicitors have filed applications to the Federal Court for leave to appeal against the Court of Appeal's decision. At the hearing by the Federal Court on 18 April 2016, the matter was postponed to a later date. The matter is now fixed for hearing on 17 November 2016.
24. We shall keep shareholders and the investing public apprised of further developments in a timely manner.

(B)

Kuala Lumpur High Court Suit No. WA-22NCC-145-04/2016

Malpac Holdings Berhad ("MHB") (Plaintiff) VS

Malpac Capital Sdn Bhd ("MCSB") (1st Defendant)

Yong Toi Mee (2nd Defendant)

Cheang Kim Leong (3rd Defendant)

Radiant Response Sdn Bhd ("RRSB") (4th Defendant)

1. On 15 April 2016, Malpac Holdings Berhad ("MHB") filed a civil suit at KL High Court against the 4 Defendants seeking the following declaration and/or orders:-

Quarterly Report for the Period Ended 30 June 2016

- a) A declaration that the resolution of the Plaintiff's shareholders dated 20.6.2002 for, inter alia, the Proposed Disposal of 2 RRSB shares comprising 2 ordinary shares of RM1.00 each in RRSB held by the 1st Defendant to the 2nd and 3rd Defendants ("Purchasers") and the repayment by the Purchasers of the Shareholders' Loan of RM30.6 million ("the 2002 Plaintiff's Shareholders' Resolution") has lapsed and is of no further legal effect;
 - b) Alternatively, a declaration that the Sale and Purchase Agreement between the 1st, 2nd and 3rd Defendants dated 5.4.2002 and the 2002 Plaintiff's Shareholders' Resolution does not cover or apply to the increase of 99,998 new ordinary shares of RM1.00 each in the 4th Defendant dated 4.02.2005 ("Impugned Shares") and the oil palm mill and plant and machines situated on HS(D) 13127 Lot No. 11644, Mukim Durian Sebatang, Daerah Hilir Perak ("the Mill");
 - c) A declaration that the 1st Defendant has no lawful authority to dispose of or transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants or their nominees;
 - d) A declaration that any transfer of the Impugned Shares and the Mill by MCSB to the 2nd and 3rd Defendants shall be in contravention of section 132C of the Companies Act 1965 and accordingly null and void,
 - e) Alternatively, in the event the 1st Defendant is liable to transfer the Impugned Shares and the Mill to the 2nd and 3rd Defendants notwithstanding section 132C of the Companies Act 1965, a declaration that the Plaintiff and its directors shall be relieved of any liability whatsoever under section 132C of the Companies Act 1965 and/or at law arising or incurred in respect of or attributable to such transfer;
 - f) An order that the 1st Defendant is restrained from transferring and delivering to the 2nd and 3rd Defendants the legal and beneficial ownership of the Impugned Shares and the Mill;
 - g) An order that the 2nd and 3rd Defendants are restrained from receiving the transfer of the legal and beneficial ownership of the Impugned Shares and the Mill;
 - h) A declaration that the appointment of the 2nd and 3rd Defendants as directors of the 4th Defendant is null and void;
 - i) A declaration that all acts purportedly done by the 2nd and 3rd Defendants as directors of the 4th Defendant prior to the date of this Judgment are null and void;
 - j) An order that the 2nd and 3rd Defendants be removed and restrained from acting as directors of the 4th Defendant;
 - k) An order that the Plaintiff shall be at liberty to apply;
 - l) Costs; and
 - m) Such further order and /or relief as this Honourable Court deems fit and proper.
2. The Writ of Summons has been sealed and extracted. The High Court has fixed the matter for full trial on 8th, 9th, 20th, 21st and 30th September 2016.

Quarterly Report for the Period Ended 30 June 2016

3. The 2nd and 3rd Defendants had on 19 August 2016 filed an application to have the above matter tried together with KL High Court Suit No. WA-22NCVC-486-08-2016 (Yong Toi Mee and Another vs Malpac Holdings Sdn Bhd and 9 others).
4. At the case management on 30 August 2016, our solicitors were served with an unsealed Notice of Application pursuant to Order 33 of the Rules of Court 2012, essentially asking the Court to determine the matter based on the issues of *res judicata*, estoppel etc without the need for trial.
5. The High Court Judge has fixed the abovesaid two applications for hearing on the first day of trial, i.e. 8 September 2016.

Background Facts

1. In April 2002, MCSB entered into a conditional shares sales agreement (“SPA”) with 2nd and 3rd Defendants to dispose of two (2) shares representing 100% of RRSB’s paid-up capital (“Proposed Disposal”) at that material time.
2. In June 2002, MHB shareholders’ approval was obtained, among others, for the Proposed Disposal for the said two (2) shares only (“Original Shareholders’ Approval”), with the two (2) plantation lands in Teluk Intan as the only assets to be injected into RRSB for onward sale at that point in time.
3. In April 2004, an oil palm mill was bought and injected into RRSB (as nominee of MCSB).
4. In February 2005, more than two years after the SPA and the Original Shareholders’ Approval, 99,998 new ordinary shares of RM1.00 each were issued by RRSB to the knowledge of 2nd and 3rd Defendants whereby they were formally informed that MCSB did not undertake to dispose of the newly issued shares to them and that the new capitalization “will have to be considered and dealt with in the discussions going forward”(there were ongoing negotiations between MCSB and 2nd/3rd Defendants then).
5. The Proposed Disposal however was not completed within the stipulated time frame. The 2nd and 3rd Defendants subsequently filed a suit against MCSB for specific performance to complete the Proposed Disposal in 2007. For more details of the said suit, please refer to part A of this Note B9.
6. By reason of section 132C(1B) of the Companies Act 1965, the disposal consideration for inter alia the 99,998 shares in RRSB and the Mill amount to a disposal of property of a substantial portion as it exceeds 25% of the net assets of MHB. For completeness, see also Section 10.07 of the Listing Requirements of Bursa Malaysia.
7. By a circular dated 8 July 2014, MHB gave its shareholders notice of an Extraordinary General Meeting (“EGM”) on 31 July 2014 to obtain shareholder approval for, inter alia, the Proposed Disposal of 99,998 shares in RRSB and the Mill by MCSB to the Purchasers (“the Proposed Resolution”).

Quarterly Report for the Period Ended 30 June 2016

8. During the EGM held on 31 July 2014, the Proposed Resolution was not carried. The Proposed Resolution was voted by poll by the shareholders at the EGM and the results of the poll were as follows:-
 - Total number of votes in favour of the Resolution : 7,200 (0.04%)
 - Total number of votes against the Resolution : 19,762,700 (99.96%)
9. Accordingly, no shareholder approval has been given for the disposal of the 99,998 shares in RRSB and the Mill by MCSB to the Purchasers.
10. As a result of the EGM dated 31 July 2014, MHB is now placed in a precarious position whereby:-
 - (i) on the one hand, the Purchasers are seeking to compel MCSB to comply with the judgment of the High Court dated 5 May 2011 and the order of the High Court dated 13 April 2015; but
 - (ii) on the other hand, MHB and MCSB have not been granted shareholders' approval to dispose and transfer the 99,998 shares in RRSB held by MCSB and the Mill to the Purchasers. To dispose of the 99,998 shares and the Mill in such circumstances would amount to a contravention of section 132C of the Companies Act 1965, thereby exposing MHB and/or its directors to potential civil and/or criminal liability.
11. The EGM in which the Proposed Resolution was rejected by the shareholders of MHB was held on 31 July 2014, which was subsequent to the conclusion of the court proceedings between the parties in respect of the validity of the SPA.
12. MHB has been advised by its solicitors that:-
 - (i) MHB is not seeking to challenge or relitigate issues raised in the original civil suit relating to the validity of the SPA and whether specific performance should be ordered;
 - (ii) Even on the basis that the SPA was valid, it is no longer possible to effect the disposal or transfer of the 99,998 shares and the Mill by reason of the EGM held on 31 July 2014, wherein the Proposed Resolution was not carried by the shareholders of MHB.
 - (iii) As there was no shareholder approval for, inter alia, the disposal of the 99,998 shares in RRSB held by MCSB and the Mill to the Purchasers, MCSB has no lawful authority or approval to transfer the 99,998 shares in RRSB held by MCSB and the Mill to the Purchasers, and accordingly the defendants ought to be restrained from giving effect to the Proposed Resolution; and
13. MHB as a public listed company has a duty to comply with all relevant companies and securities legislation and is entitled to ventilate the issue of section 132C of the Companies Act 1965 before the courts as a matter of good corporate governance and in order to protect the interest of its shareholders.
14. In this regard, the Board of MHB has instructed its solicitors to serve the cause papers in this matter upon the relevant regulators in due course, to invite them to consider intervening

Quarterly Report for the Period Ended 30 June 2016

and/or participating in the said Suit in order to assist the court and/or offer their views on the issue of section 132C of the Companies Act 1965.

(C)

Kuala Lumpur High Court Saman No. WA-22NCVC-486-08-2016

Plaintiffs : Yong Toi Mee & Cheang Kim Leong VS

**Defendants : Malpac Holdings Berhad (“MHB”), its Board of Directors,
its Chief Executive Officer and Malpac Capital Sdn Bhd (“MCSB”)**

1. The Plaintiffs filed a civil suit dated 4 August 2016 at KL High Court against the Defendants which was received by MHB and MCSB on 12 August 2016. In the said suit, the Plaintiffs are suing against the Defendants purportedly based on:
 - (i) alleged abuse of process; and
 - (ii) alleged conspiracy to injure the Plaintiffs by lawful and unlawful means.
2. The Plaintiffs are claiming for general damages and/or exemplary and aggravated damages to be assessed, interest at the rate of 5% per annum and cost.
3. Our solicitors are of the opinion that the suit has no foundation.
4. The High Court has fixed the case management on 6 September 2016.
5. The Plaintiffs had on 19 August 2016 filed an application to have the above matter tried together with KL High Court Suit No. WA-22NCC-145-04/2016 (MHB VS Yong Toi Mee, Cheang Kim Leong, MCSB and Radiant Response Sdn Bhd)(refer to B9 (B)).
6. The Plaintiffs have on 30 August 2016 served on our solicitors an unsealed Notice of Application on pursuant to Order 33 of the Rules of Court 2012, essentially asking the Court to determine the matter based on the issues of *res judicata*, estoppel etc without the need for trial.
7. The High Court Judge has fixed the abovesaid two applications for hearing on the first day of trial for High Court Suit No. WA-SSNCC-145-04/2016, i.e. 8 September 2016.

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 2016***B11 Earning/(Loss) Per Share (“EPS/LPS”)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 30/06/16 RM'000	Comparative Qtr Ended 30/06/15 RM'000	18 months Current Period-To-Date 30/06/16 RM'000	18 months Preceding Period-To-Date 30/06/15 RM'000
a) <u>Basic LPS</u>				
<u>Numerator</u> Loss for the financial period attributable to equity holders of the parent	(1,679)	(1,086)	(5,205)	N/A
<u>Denominator</u> Weighted average number of shares in issue.	75,000	75,000	75,000	75,000
Basic: LPS (sen)	(2.24)	(1.45)	(6.94)	N/A
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 2016 (RM'000)	Immediate preceding quarter ended 31 Mar 2016 (RM'000)	As at financial period ended 30 June 2015 (RM'000)
Total retained profits of Malpac Holdings Bhd and its subsidiaries:			
- Realised	86,658	88,090	89,779
- Unrealised	218	324	490
Add : Consolidation adjustment	340	481	481
Total group retained profits as per consolidated accounts	87,216	88,895	90,750

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 2016***B14 Notes to Statement of Comprehensive income**

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

	Quarter ended 30/06/16 RM'000	Quarter ended 30/06/15 RM'000	18 months Period-to- date Ended 30/06/16 RM'000	18 months Period-to- date Ended 30/06/15 RM'000
<u>After crediting</u>				
Interest income	73	131	491	N/A
Dividend income	-	28	656	N/A
Distribution income	743	720	4,639	N/A
Gain on disposal of PPE	56	-	56	N/A
Gain on derecognition of subsidiary	18	-	18	N/A
<u>After debiting</u>				
Amortization on Prepaid Land Lease Payments	(412)	(412)	(2,473)	N/A
Depreciation	(132)	(176)	(945)	N/A
Fair value loss on quoted shares (non-current)	(690)	(9)	(2,031)	N/A
Fair value loss on quoted shares (current)	(396)	(38)	(945)	N/A

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

Date: 30 August 2016