MALPAC

Malpac Holdings Berhad

(197424-V)

2012 ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Company will be held at Dewan Tuanku Ja'afar, Royal Sungei Ujong Club, 2A, Jalan Dato' Kelana Ma'amor, 70000 Seremban, Negeri Sembilan Darul Khusus on Thursday, 20 June 2013 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements for the year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' Fee of RM60,000.00 for the year ended 31 December 2012. **(Resolution 2)**

3. To re-elect the following Director who retires in accordance with Articles 80 and 82 of the Company's Articles of Association:

   Mr Gan Teck Chong @ Gan Kwan Chong **(Resolution 3)**

4. To consider and if thought fit, pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-

   4.1 "That Mr. Chew Loy Chee, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **(Resolution 4)**

   4.2 "That Mr. Tan Chon Sing @ Tan Kim Tieng, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting." **(Resolution 5)**

5. To appoint Auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 6)**

6. As Special Business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions and Special Resolution:

   6.1 Authority to issue shares pursuant to Section 132(D) of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of the relevant governmental/regulatory authorities (if any shall be required), the Directors be and are hereby empowered to allot and issue shares in the Company, from time to time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company." **(Resolution 7)**

6.2 Proposed renewal of authority to purchase its own shares by the Company.

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by law, to buy-back and/or hold such amount of ordinary shares of RM1.00 each in the Company ("Shares") and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

(i) The aggregate number of Shares bought-back and/or held does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company subject to the restriction that the issued and paid-up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirement;

(ii) The maximum amount to be allocated for the buy-back of the Company's own Shares shall not exceed the retained profits and the share premium account of the Company;

(iii) As prescribed by the act, rules, regulations and orders made pursuant to the act and the requirements of Bursa Securities and any other relevant authority for the time being in force; and

(iv) Upon completion of buy-back by the Company of its own Shares, the Directors of the Company are authorised to deal with the shares so bought-back in any of the following manner:-

(a) cancel the Shares so purchased; or

(b) retain the Shares so purchased as treasury shares and held by the Company; or

(c) retain part of the Shares so purchased as treasury shares and cancel the remainder,

and the treasury shares may be distributed as dividends to the Company's shareholders and /or resold on Securities Exchange and/or subsequently cancelled or any combination of the three and in any other manner.

The approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting after that date is required by law to be held; or the revocation or variation by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever is the earliest; **(Resolution 8)**

6.3 Proposed Amendments to the Articles of Association of the Company – Special Resolution

"THAT the proposed amendments to the Articles of Association of the Company as per Appendix 1 attached be and are hereby approved and THAT the Directors and Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Articles of Association of the Company." **(Resolution 9)**

7. To transact any other ordinary business of which due Notice shall have been received.

By Order Of The Board

NG BEE LIAN
Company Secretary

Seremban
29 May 2013

Notes:

1. A member of the Company who is entitled to attend and vote in the Meeting is entitled to appoint a proxy / proxies to attend and vote in his / her stead. A proxy may but need not be a member of the Company

   The Form of Proxy must be deposited with the Company Secretary at the registered office of the Company at Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the Meeting.

2. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the Seal or under the hand of an officer or attorney duly authorized.

3. Where a member appoints two or more proxies to attend at the same meeting, the appointment shall be invalid unless the holder specified the proportion of his shareholdings to be represented by each proxy.

4. Only members whose names appear in the Record of Depositors as at 12 June 2013 will be entitled to attend and vote at the meeting.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

6. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each resolution. If this proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain from voting at his discretion.

7. Any alteration made in this form must be initialed by the person who signs it.

   Explanatory Notes

   Ordinary Resolution No. 7
   Authority to issue shares not exceeding ten (10) per centum of the Issue Capital of Malpac Holdings Berhad

   The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of share, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 21 June 2012.

Ordinary Resolution No. 8
Proposed Share Buy-Back

If passed, will provide the mandate for the Company to buy-back its own shares up to a limit of 10% of the issued and paid-up share capital of the Company.

Special Resolution No. 9
Proposed Amendments to Articles of Association of Malpac Holdings Berhad

The Proposed Amendments are to comply with the amendments made to Chapter 7 of the Listing Requirements in relation to the appointment of multiple proxies by an exempt authorised nominee and qualification of proxy.

Proposed Amendments to the Articles of Association

Chpt 7 of Bursa Listing Requirements	Existing Articles	Proposed Amendments	Remarks
Article 2 Definitions Para 7.21(2)	Definitions:- Exempt Authorised Nominee: -	Article 2 2.17 Exempt Authorised Nominee: An authorised nominee is defined under the Central Depositories Act which is exempted from compliance with the provisions of sub-section 25A(1) of the Central Depositories Act	Insertion of new definition
Para 7.21A (1) Proxy need not be a member		New Article Article 68A A proxy need not be member. There is no restriction to as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.	Insertion of new Article 68A
Para 7.21 Appoint-Ment of multiple process Para 7.21 (1) Para 7.21A (2)	Article 74 (a) A holder of shares may appoint two or more proxies to attend at the same meeting and the holder shall specify the proportion of his shareholdings to be represented by each proxy. (b) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorize, A proxy may but need not be a Member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. (c) Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	To delete Article 74 in its entirety and to be replaced with a new Article 74 Article 74 A member shall not appoint more than two (2) proxies to attend at the same meeting, where a Member appoints two proxies, the proxies shall not be valid (unless the Member specifies the proportion of his shareholding to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds. Where a Member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak in the meeting.	Alteration of Existing Article 74

1. Details of Director Standing for Re-Election.

Director who is standing for re-election at the 23rd Annual General Meeting is as follows:-

Articles 80 and 82 of the Company's Articles of Association:

- Mr Gan Teck Chong @ Gan Kwan Chong

2. Details of Directors Standing for Re-Appointment.

Directors standing for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 are as follows:-

- Mr Chew Loy Chee
- Mr Tan Chon Sing @ Tan Kim Tieng

The details of the above Directors standing for re-election/re-appointment are set out in their respective profiles which appear on pages 9 to 11 of the Company's 2012 Annual Report.

3. Details of Attendances of Directors at Board Meeting.

A total of five (5) Board of Directors' meetings were held at the Board Room, 4th Floor, Wisma Concorde, No. 2, Jalan Sultan Ismail, 50250 Kuala Lumpur during the financial year. Details of attendances of Directors at the Board Meeting are set out in the Statement on Corporate Governance on pages 17 to 23 of the Annual Report.

CORPORATE INFORMATION

Board Of Directors

Encik Muhayuddin Bin Musa *Chairman*	- Independent Non-Executive Director
Mr Chew Loy Chee *Deputy Chairman*	- Non-Independent Non-Executive Director
Mr Lim Hong Liang	- Non-Independent Executive Director
Mr Kan Ah Chun	- Non-Independent Executive Director
Mr Tan Chon Sing @ Tan Kim Tieng	- Non-Independent Non-Executive Director
Mr Gan Teck Chong @ Gan Kwan Chong	- Non-Independent Non-Executive Director
Encik Johari Low Bin Abdullah	- Senior Independent Non-Executive Director

Chief Executive Officer
Mr Ang Poo Guan

Audit Committee
Chairman : Encik Johari Low Bin Abdullah
Members : Mr Tan Chon Sing @ Tan Kim Tieng
Encik Muhayuddin Bin Musa

Remuneration Committee
Chairman : Mr Lim Hong Liang
Members : Encik Muhayuddin Bin Musa
Encik Johari Low Bin Abdullah

Nomination Committee
Chairman : Encik Johari Low Bin Abdullah
Members : Mr Tan Chon Sing @ Tan Kim Tieng
Encik Muhayuddin Bin Musa

Investment Committee
Chairman : Mr Lim Hong Liang
Members : Mr Tan Chon Sing @ Tan Kim Tieng
Mr Kan Ah Chun
Mr Ang Poo Guan

Risk Management Committee
Chairman : Mr Lim Hong Liang
Members : Encik Muhayuddin Bin Musa
Encik Johari Low Bin Abdullah

Company Secretary
Ms Ng Bee Lian (MAICSA 7041392)

Registered Office
Chamber E, Lian Seng Courts
275 Jalan Haruan 1, Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-7623339
Fax : 06-7629693

Principal Place Of Business
2nd Floor, No. 23, Jalan Kong Sang
70000 Seremban
Negeri Sembilan Darul Khusus
Tel : 06-7653816 & 7653836
Fax : 06-7653815

Auditors
Baker Tilly AC
Chartered Accountants (AF. 001826)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Tax Consultant
Baker Tilly AC Tax Consultants Sdn Bhd
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

Solicitors
Logan Sabapathy & Co

Share Registrar
Sectrars Services Sdn Bhd
No. 28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur
Tel : 03-22746133
Fax : 03-22741016

Principal Bankers
CIMB Bank Berhad
Hong Leong Islamic Bank Berhad
Alliance Bank Malaysia Berhad

Stock Exchange Listing
Bursa Malaysia Securities Berhad Main Market

Website
www.malpac.com.my

ENCIK MUHAYUDDIN BIN MUSA
Chairman

Encik Muhayuddin Bin Musa, Malaysian, aged 50, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 March 2005. He is also a member of the Audit, Remuneration, Nomination and Risk Management Committees of the Company. He graduated with a Bachelor of Commerce (Hons) degree from the Carleton University, Ottawa, Canada.

He started his career as a Financial Officer with Lembaga Letrik Negara ('LLN') (1985 – 1987). Thereafter, he joined the banking industry and has held various positions in both local and foreign banks. Subsequently, in 1993 he joined Federal Furniture Holdings (M) Berhad as Corporate Affairs Manager and Managing Director of a subsidiary of Federal Furniture Holdings (M) Berhad.

En Muhayuddin is currently the Executive Director/Chief Executive Officer of Computer Forms (Malaysia) Berhad, a post he continues to hold till today since 1998.

He was re-designated from Independent & Non-Executive Director to Independent & Non-Executive Chairman of Malpac Holdings Berhad on 14 August 2012.

Encik Muhayuddin attended all of the five (5) Board Meetings held in the financial year 2012.

MR CHEW LOY CHEE
Deputy Chairman

Mr Chew Loy Chee, Singaporean/Malaysian Permanent Resident, aged 76, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board as Deputy Chairman on 31 May 1990.

He was engaged in the commercial banking sector for twenty years prior to being involved in the stockbroking industry and was a member of the KLSE (now known as Bursa Malaysia) from 1976 to 2001. He was a senior partner of Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia) from 1976 to March 1987. The firm was converted into a private limited company known as Seremban Securities Sdn. Bhd. (SSSB) in April 1987. The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr. Chew attended all of the five (5) Board Meetings held in the financial year 2012.

MR TAN CHON SING @ TAN KIM TIENG

Mr Tan Chon Sing @ Tan Kim Tieng, Malaysian, aged 74, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He is a member of the Nomination, Investment and Audit Committees of the Company.

He graduated from Nanyang University in 1963 with a Bachelor of Commerce degree and was a banker for eleven years before joining the stockbroking industry in 1976 as Manager in Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia). He was admitted as a member of KLSE in 1987 (now known as Bursa Malaysia) and appointed as a Director of Seremban Securities Sdn. Bhd. (SSSB). The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

His directorship in other public listed company is in Three-A Resources Bhd. He also sits on the Board of several other companies within the Malpac Group as well as a few other private limited companies. He currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr Tan attended all of the five (5) Board Meetings held in the financial year 2012.

MR GAN TECK CHONG @ GAN KWAN CHONG

Mr Gan Teck Chong @ Gan Kwan Chong, Malaysian, aged 66, is a Non-Independent and Non-Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 15 May 1990. He has been in the stockbroking business for more than twenty years. He commenced his career as a remisier with Chua & Co., Melaka, and joined Chew & Teo, a former member firm of the KLSE (now known as Bursa Malaysia), in 1976 as Assistant Manager. He was admitted as a member of the KLSE (now known as Bursa Malaysia) and a partner of Chew & Teo in 1979. The firm was converted into a private limited company known as Seremban Securities Sdn. Bhd. (SSSB) in April 1987. The name of SSSB was changed to Malpac Securities Sdn. Bhd. in July 1996 and to Malpac Management Sdn. Bhd. in November 2001. He has been a director of the Company from 1987 till now.

He also sits on the Board of several other companies within the Malpac Group and currently holds a dealer's representative licence under the Securities Industry Act, 1983.

Mr Gan attended all of the five (5) Board Meetings held in the financial year 2012.

MR LIM HONG LIANG

Mr Lim Hong Liang, Malaysian, aged 54, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 16 October 1990. He is the Chairman of the Remuneration, Investment and Risk Management Committees of the Company.

He holds a Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Sydney. Before joining Malpac, he was employed in the commercial banking sector for six years.

He is a director of two other public listed companies, Kumpulan Powernet Berhad and APB Resources Berhad, and also sits on the Board of two other companies within the Malpac Group as well as several other private limited companies.

Mr Lim attended all of the five (5) Board Meetings held in the financial year 2012.

MR KAN AH CHUN

Mr Kan Ah Chun, Malaysian, aged 59, is a Non-Independent and Executive Director of Malpac Holdings Berhad. He was appointed to the Board on 10 September 1996. He is a member of the Investment Committee of the Company.

After graduating from University of Malaya with a Bachelor of Science (Hons) Degree in 1977, he was attached to the teaching profession from 1978 to 1982. He then joined a commercial bank until 1996 when he joined Malpac Securities Sdn. Bhd.

He also sits on the Board of a company within the Malpac Group as well as several other private limited companies.

Mr Kan attended all of the five (5) Board Meetings held in the financial year 2012.

ENCIK JOHARI LOW BIN ABDULLAH

Encik Johari Low Bin Abdullah, Malaysian, aged 63, was appointed to the Board of Malpac Holdings Berhad as an Independent and Non-Executive Director on 9 May 2007. He is also the Chairman of the Audit and Nomination Committees and a member of the Remuneration and Risk Management Committees of the Company.

Encik Johari is a Fellow Member of The Institute of Chartered Accountants (England & Wales), the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also a member of Mensa International.

He was previously an auditor with Coopers Lybrand London and Deloittes Kuala Lumpur, Executive Director of Ambank Group, Group Managing Director of Berjaya Group Berhad, CEO of KFC Holdings (M) Berhad and Deputy Chairman of Anglo Eastern Plantations PLC. He is currently the Chairman of the Rockwills International Group, a leading estate planning group in Malaysia. He is also a director of Amcorp Group Berhad. He resigned as a director of Pusat Perubatan Naluri Sdn Bhd on 5 September 2012 and as a director of Kumpulan Powernet Berhad on 7 March 2013.

Encik Johari attended all of the five (5) Board Meetings held in the financial year 2012.

NONE OF THE DIRECTORS HAS:

- Any family relationship with any other Director and/or major shareholder of Malpac Holdings Berhad.
- Any conflict of interest with Malpac Holdings Berhad.
- Any conviction for offences within the past 10 years other than traffic offences.

MR ANG POO GUAN
Chief Executive Officer

Mr Ang Poo Guan, Malaysian, aged 64, was appointed as Chief Executive Officer of Malpac Holdings Berhad on 1 March 2002. He also holds directorships in a few subsidiary companies of the Group. He is a member of the Investment Committee of the Company.

He graduated from the University of Malaya in 1972 with a Bachelor of Agric. Sc. (Hon.) degree. He joined a plantation management company for a short stint before joining an agricultural development bank in 1973. In 1980 he joined a foreign commercial bank where he rose to the position of Senior Vice President. In 1996, he left the banking sector to join Malpac Management Sdn. Bhd., a subsidiary of Malpac Holdings Berhad, where he was appointed Chief Executive Officer cum Director. He is also a director of a public company, Kai Peng Berhad, and several private limited companies.

Mr Ang attended all of the five (5) Board Meetings held in the financial year 2012.

Mr Ang does not have any family relationship with any director and/or major shareholder of Malpac Holdings Berhad, nor has he any conflict of interest with the Company. He has no convictions for any offences within the past ten years.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you our Annual Report & Audited Financial statement for the financial year ended 31 Dec 2012 (FY2012).

ECONOMIC REVIEW

World economic outlook remains bleak underpinned by the high debt and stagnation problem in Japan, the struggling US economy and the still-ongoing Eurozone crisis. Low growth and uncertainty in advanced economies had driven the flow of hot money into the emerging economies in Asia, resulting in higher equity and property prices.

Whilst facing myriad challenges in the global scale, the Malaysian economy grew robustly in year 2012, driven by the strong fundamentals and concerted government efforts. In year 2012, the country had recorded a creditable GDP growth rate of 5.6% p.a.

OVERVIEW OF BUSINESS AND OPERATIONS

Malpac Holdings Berhad ("Malpac") is an investment holding company and, through its subsidiaries, is principally engaged in the operation of oil palm plantation and palm oil milling. In addition to the oil palm plantation business, Malpac is also actively exploring and reviewing investment opportunities both locally and globally.

REVIEW OF FINANCIAL PERFORMANCE

- The Group is currently involved in a legal suit with the operator of our plantation ("The Plaintiffs") pertaining to a lapsed sales and purchase agreement. Since the Ipoh High Court decision, the Plaintiffs have withheld all plantation income due to the Group.
- To be prudent, the management decided not to recognize any of the revenue until the plantation income is received.
- Due to the non recognition of the revenue, the Group recorded a net loss of RM 4.29 million or net loss of 5.7 sen per share.

Since July 2011 through to December 2012, the revenue withheld by the Plaintiffs has accumulated to approximately RM 20 million. Despite the Group having demanded payment of the outstanding plantation income from the Plaintiffs after the Court of Appeal ruled unanimously in January 2012 in our favor, no payment has been made by the Plaintiffs. The legal suit has been heard by the Federal Court recently and a decision is expected soon.

Other investments which principally comprised of short term and long term securities investment and fixed deposits generated approximately RM 3.28 million for the Group, whereby the return is slightly lower than the year 2011 performance by approximately 10.68%.

PROSPECTS

The Group will continue to focus on our core oil palm production business and expansion of oil palm estates should opportunities arise. The Group's near term performance would be highly affected by the Federal Court's ultimate decision as well as the CPO prices. We envisage that the mid to long term CPO price trend will remain bullish as the price of the crop is correlated to crude oil prices, weather changes as well as the inflation of fertilizer costs.

The Group is actively reviewing several development and investment proposals locally and abroad and we are in preliminary talks with several interested parties to unlock the values of the Group's existing assets and/or acquire investment properties that will further add value to the Group. The Group will continue to do our best to assure shareholders that shareholder value will be the highest priority for any future investments and/or corporate actions.

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, we regard our social responsibility by complying with environmental and pollution standards. We have been managing our plantation in a manner consistent with internationally accepted standards and practices.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the year under review.

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to all the directors, management and staff for their strong commitment and contribution towards the continued success of the Group. My appreciation also goes to our valued shareholders, bankers and business partners for their continued support and confidence in the Group.

Encik Muhayuddin Bin Musa
Chairman

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The Audit Committee comprises the following members and details of attendance of meetings held during the financial year ended 31 December 2012 are as follows:-

Name of Committee Member	No. of meetings attended
Johari Low Bin Abdullah - *Chairman* [*Senior Independent Non-Executive Director*]	5/5
Muhayuddin Bin Musa [*Independent Non-Executive Director*]	5/5
Tan Chon Sing @ Tan Kim Tieng [*Non-Independent Non-Executive Director*]	5/5

TERMS OF REFERENCE

Composition

- The Audit Committee shall be appointed by the Board from among the Directors and shall compose of no fewer than three (3) members, all must be non-executive directors with majority of them being independent directors.
- At least one (1) member of the committee must be:
  - i) a member of Malaysian Institute of Accountants (MIA); or
  - ii) if non-MIA member, a person who must have at least three (3) years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule; or
  - iii) a person who holds a degree/master/doctorate in accounting/finance with three (3) years' post qualification experience; or
  - iv) a person with at least seven (7) years experience being Chief Financial Officer.
  - v) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- No alternate director shall be appointed as a member of the Audit Committee.
- The members of the Audit Committee shall elect a chairman from among their member who shall be an independent director.
- In the event of any vacancy in the Audit Committee which results in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad, the vacancy must be filled within three (3) months.

Objectives

The objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities especially on the following:

- To oversee and appraise the quality of the audits conducted by the Company's internal and external auditors.
- To determine the adequacy of the Company's administrative, operating and accounting controls.
- To maintain open lines of communications among the Board, the Company's employees and external auditors and to exchange views and information.
- Ensure the independence of the external and internal audit functions.

Duties & Responsibilities

The duties and responsibilities of the Committee shall be:

- To review with the internal auditors, the scope, functions, competency and adequacy of resources, authority, internal audit programme and results, processes or investigation undertaken and the action taken on their recommendations.
- To review the quarterly financial results and annual financial statements before submission to the Board for approval.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of other directors and management where necessary).
- To review the effectiveness of internal audit function.
- To identify and direct any special projects of investigations deemed necessary.
- To consider any related party transactions that may arise within the Group.
- To review the suitability of the external auditors for recommendation to the Board for re-appointment and the audit fee thereof.
- To review any resignation from external and internal auditors and to nominate external and internal auditors for the Group.

Authority

The Audit Committee is empowered to, in accordance with the procedures determined by the Board of Directors and at the cost of the Company:-

- Investigate any matters within its term of reference.
- Have full access to all information in relation to the Company and its subsidiaries.
- Have direct communication channels with the external auditors and internal auditors.
- To convene meetings with the internal auditors without the presence of Executive Directors and employees of the Company, whenever deemed necessary.
- To convene meetings with the external auditors at least twice a year without the presence of the Executive Directors and management staff.
- Obtain independent professional or other advice as necessary.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matter considered and its recommendations thereon, pertaining to the Group.

Meetings

The Committee will meet at least four times in a year. The quorum for the meeting shall consist of two members of which majority of members present must be Independent directors. The Directors, employees, auditors or others may attend meetings upon the invitation of the Audit Committee.

The Company Secretary shall be the Secretary to the Audit Committee.

Minutes

The Secretary shall maintain minutes of the proceedings of the meeting and circulate such minutes to all members of the Audit Committee. The Chairman of the Committee shall report on each meeting to the Board of Directors.

SUMMARY OF ACTIVITIES

The following activities were carried out by members of the Audit Committee for the financial year under review:-

- Reviewed the quarterly financial results and the annual financial statements of the Company and made recommendations to the Board of Directors for approval prior to the release of the results to Bursa.
- Reviewed with the external auditors, the audit plan and the nature and scope of audit.
- Reviewed the major findings of internal audit reports and their recommendations relating thereto as well as the management response.
- Reviewed the internal and external audit reports to ensure that appropriate and adequate remedial actions were taken by the Management on significant lapses in controls and procedures that were identified if any.
- Meeting with the external auditors in the absence of the Executive Directors.
- Assessed the performance of the auditors and make recommendations to the Board of Directors for their re-appointment.
- Reviewed the Audit Committee Report and Statement on Risks Management and Internal Control prior to its inclusion in the Annual Report.
- Evaluated the audit fees payable to the internal auditors and external auditors.

INTERNAL AUDIT FUNCTION

For Financial Year Ended 31 December 2012, the Group has outsourced its internal audit functions to an independent consulting firm. The principal role of the internal audit function is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continued to operate satisfactorily and effectively. The internal audit function reports directly to the Audit Committee and it is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports for their review and subsequently recommending to the Board for strengthening the internal controls and corporate governance of the Group.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control on pages 24 to 25 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the Board) of Malpac Holdings Berhad is committed to ensure the standards of corporate governance is used as a fundamental basis of the Board in discharging their fiduciary duties and responsibilities to protect and enhance shareholder values and the interests of other stakeholders.

The Board views corporate governance as an integral part of our business and the Board has committed in cultivating the culture of conformity, integrity, accountability and transparency within the Group to deliver long term strategic success for our shareholders. The Board and Management have also been constantly improving our risk management and internal control practices, reviewing auditors' quality and new relevant codes and laws mandated to ensure that the principles set out comply with the updated recommendations.

The latest Malaysian Code on Corporate Governance 2012 ("the Code") sets out principles, requirements and best practices on structures and processes that all corporate citizens should adopt in their operations towards achieving the optimal governance framework.

In line with the Code, the Board presents herewith the report on how the Group has applied the principles set out in the Code to its particular circumstances, having regard to the recommendations stated under each principle.

I. THE BOARD OF DIRECTORS

1. Board Responsibilities

The Board assumes full responsibilities for the overall performance of the Group by adopting a strategic plan and overseeing the conduct of the business in order to ensure that the business is being properly managed. The Board focuses on its financial performance and crucial business decisions, like identifying principal risks and their management, succession planning for senior management, developing and implementing shareholder communications policy, system for internal control and compliance with laws and regulations.

2. Board Charter

The Board has established a Board Charter whereby it provides guidance for the existing and prospective Board members and its Committees on their fiduciary duties and responsibilities. The Charter will be reviewed and updated periodically to ensure consistency with the Board's strategic plan. The Charter is made available at the Company's website at www.malpac.com.my.

3. Board Composition and Balance

There is a balance of power and authority in the Board with two executive non-independent directors, three non-executive non-independent directors and two non-executive independent directors. The Company is in compliance with the Listing Requirements of Bursa Malaysia which requires one-third of the Board members as independent non-executive directors.

All board members have extensive professional and business experience. Essentially, this meets the prerequisites of an effective board where the intimate business knowledge of the executive directors is combined with the broader views and objectivity that non-executive directors bring into the Board's deliberation and decision-making process.

During the financial year, Encik Muhayuddin Bin Musa was appointed Chairman of the Board. The role of the Chairman and the Executive Directors are segregated. The Chairman is primarily responsible for the Board effectiveness and conduct, whilst the Executive Director together with the Chief Executive Officer are responsible for day to day running of business and implementation of Board policies and decisions. The Executive and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders are taken into account.

I. THE BOARD OF DIRECTORS (CONT'D)

3. Board Composition and Balance (cont'd)

The Board has conducted an assessment on the Independent Directors and none of them have served the Company exceeding a cumulative term of nine (9) years.

The Board supports the initiative to include woman representation on the Board to achieve a more gender diversified Board. Candidates that are competent, possess leadership qualities and suitable qualification with specialized knowledge that meet the Group's needs will be considered for appointment to the Board in the future.

4. Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

During the financial year, the Board met five (5) times. The numbers of meetings attended by each director are as follows:-

Name of Directors	No. of Meetings Attended
Muhayuddin Bin Musa	5/5
Chew Loy Chee	5/5
Lim Hong Liang	5/5
Tan Chon Sing @ Tan Kim Tieng	5/5
Gan Teck Chong @ Gan Kwan Chong	5/5
Kan Ah Chun	5/5
Johari Low Bin Abdullah	5/5

5. Board Committees

a. Audit Committee

The Group's financial reporting and internal control system is overseen by the Audit Committee, which comprises of two (2) independent non-executive Directors and one (1) non-independent and non-executive Director. The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

The Audit Committee meets quarterly. Additional meetings are held as and when required. For financial year ended 31 December 2012, five meetings were held.

The Audit Committee's meetings are always held before the Board's meetings. This is to ensure that all critical issues highlighted can be brought to the Board on a timely basis.

b. Nomination Committee

The Committee consists entirely of Non-Executive Directors, with majority being Independent Directors. The members of the Nomination Committee are:

(i) Johari Low Bin Abdullah - Chairman
(ii) Tan Chon Sing @ Tan Kim Tieng
(iii) Muhayuddin Bin Musa

I. THE BOARD OF DIRECTORS (CONT'D)

5. Board Committees (cont'd)

b. Nomination Committee (cont'd)

During the financial year, Encik Johari Low Bin Abdullah, a Senior Non-Executive and Independent director had been appointed Chairman of the Committee.

The Nomination Committee is to assist the Board in assessing the effectiveness of the Board as a whole and Board Committees, and assessing the contributions of each individual Director including Chief Executive Officer ("CEO") on an annual basis.

The Nomination Committee is also responsible for nominating the right candidates with the required skills, experience and attributes for recommendation to and appointment by the Board wherever the need arises.

The Nomination Committee meets as and when required or at least once a year.

c. Remuneration Committee

The Committee consists mainly of Non-Executive Directors with majority being Independent Directors. The members of the Remuneration Committee are:-

(i) Lim Hong Liang - Chairman

(ii) Johari Low Bin Abdullah

(iii) Muhayuddin Bin Musa

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. Individual Directors do not participate in discussions or decisions concerning their own remuneration packages.

d. Investment Committee

The Committee consists of two Executive Directors, a Non-Executive Director and the Group CEO.

The members of the committee are as follows:-

(i) Lim Hong Liang - Chairman

(ii) Tan Chon Sing @ Tan Kim Tieng

(iii) Kan Ah Chun

(iv) Ang Poo Guan

The role of the Investment Committee is to assist the Board in assessing and approving all significant investment matters which include the capital budget, investment transactions and proposals on new investment capital. The significant issues and actions deliberated and decided in the Committee are tabled in the Board for review and approval.

The Investment Committee shall meet as and when required and shall report to the board on its proceeding on all matters within its duties and responsibilities.

There were five meetings held during the financial year.

I. THE BOARD OF DIRECTORS (CONT'D)

5. Board Committees (cont'd)

e. Risk Management Committee

The Committee consists mainly of Non-Executive Directors with majority being Independent Directors. The members of the Risk Management Committee are:-

(i) Lim Hong Liang - Chairman
(ii) Johari Low Bin Abdullah
(iii) Muhayuddin Bin Musa

The role of the Risk Management Committee is to identify, evaluate and manage various risks and monitor these risks constantly to ensure that risks are actively updated and effectively managed.

The Risk Management Committee meets as and when required or at least once a year.

6. Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors including the Managing Director (if any) shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

7. Supply of Information

Board members are provided with all relevant papers and reports in advance of each Board and Committee Meeting in accordance to the agenda for discussion. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings and expedites the decision making process. Senior management staff are invited to attend Board or Committee Meetings to present the financial performance, reports or other proposals affecting the business areas as at when and where necessary.

The Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and the regulatory requirements are met.

The Directors are also given access to seek independent professional advice when necessary at the Company's expense.

8. Directors' Training

All the Directors have completed the Mandatory Accreditation Programme and attended various training programmes under the Continuing Education Programmes pursuant to the requirements of Bursa Securities Listing Requirements. All Directors have attended at least one training course each that the Board considered relevant to the discharge of their duties as director. The Board encourages its Directors to attend talks, workshops, seminars and conferences to update and enhance their skills and knowledge to keep abreast with the changing business developments relevant to the industry within which the Group operates.

I. THE BOARD OF DIRECTORS (CONT'D)

8. Directors' Training (cont'd)

During the financial year ended 31 December 2012, the board members attended the following programmes:-

Training Programmes Attended	Date
• Risk of liquidity driven growth in 2012	21.04.2012
• Should ASEAN and GCC countries head for currency union?	22.04.2012
• Governance, Risk Management and Compliance: What Directors should know	08.08.2012
• 2012 PLC Directors' Training	09.08.2012
- Business Succession Planning	
- Protecting Your Business and Family (Tax Issue and Implications)	
• Tax in Trust Planning	09.08.2012
• International Corporate Service Practitioners Course	28/29.08.2012
• Labuan Foundation Talk	22.10.2012
• Tax Talk	20.11.2012

II. DIRECTORS' REMUNERATION

The remuneration policy of the Company for Executive Directors is structured to link rewards to corporate and individual performance. As for Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned. Details of remuneration received/receivable by Directors from the Group for the financial year ended 31 December 2012 is as follows:-

	Fee (RM)	Salaries & Allowance (RM)	Other Emoluments & Benefits (RM)	Total (RM)
Executive Directors	24,000	187,840	433,597	645,437
Non-Executive Directors	36,000	346,160	976,574	1,358,734

The number of Directors whose remuneration falls into the respective bands is as follows:-

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
0 – 50,000	-	1
50,001 – 100,000	-	1
100,001 – 150,000	1	-
250,001 – 300,000	-	1
300,001 – 350,000	-	1
450,001 – 500,000	1	-
650,001 – 700,000	-	1

The Board suggests Directors' fee of RM24,000 for Executive Directors and RM36,000 for Non-Executive Directors to be payable for financial year 2012 subject to shareholders' approval at the forthcoming AGM.

III. INVESTORS RELATIONS & SHAREHOLDERS COMMUNICATION

1. Shareholders

The Group recognises the importance of accountability to its shareholders and investors through timely and proper communications. Press release and announcements for public dissemination are made as and when there are significant corporate events. The Board ensures timely release of financial results and its quarterly financial results, annual report and all its announcements can be accessed from the Company's corporate website at www.malpac.com.my or Bursa's website at www.bursamalaysia.com.

2. Annual General Meeting ("AGM")

Notice of the AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. The AGM serves as a principal forum for dialogue and interaction with all shareholders who are encouraged to participate in a question and answer session. The Chairman of the meeting or the CEO will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries.

IV. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Directors' Responsibility statement is set out on page 26 of the Annual Report.

2. Risk Management and Internal Control

The Board has established a Risk Management Committee to assess the various types of risks which might have an impact on the profitable operation of the Group's interest. This includes market price, counter party, credit and interest rate risks.

The Board also has overall responsibilities for corporate governance and the development of sound internal control system for the Group to achieve its objectives within the acceptable risk profile as well as safeguarding shareholders' interest and the Group's assets.

The Statement on Risk Management and Internal Control is set out on pages 24 to 25. It provides an overview of the state of risk management and internal control within the Group.

3. Audit Committee

The Board is assisted by the Audit Committee, whose composition, duties and responsibilities and summary of its activities during the financial year are set out in the Audit Committee Report on pages 14 to 16 of the Annual Report.

4. Relationship with the Auditors

The Company has established transparent and appropriate relationship with the Company's internal and external auditors. The Audit Committee has the right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary. During the financial year the Audit Committee had conducted a meeting with the External Auditors without the presence of the Executive Directors, CEO and the management.

V. COMPLIANCE WITH THE CODE

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following that in the opinion of the Directors, adequately suit the circumstances.

For the non-disclosure of detailed remuneration of each director, the Board is of the view that the transparency of directors' remuneration has been sufficiently dealt with by 'band disclosure' presented in this statement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Board Responsibility

The Board affirms their responsibilities for a sound system of internal control, quality risk management practices and for reviewing the Group's adequacy and integrity in these systems. The principal function of internal control system is intended to identify and to manage significant risks faced by the Group's business operations, which may impede the achievement of the Group's objective. The Board ensures that the effectiveness and integrity of the risk management and internal control system are reviewed on an ongoing basis and is of the view that the system in place is sound and sufficient to safeguard the Group's assets.

The Board also acknowledges that these systems are designed to ensure that risks are identified and managed at acceptable levels rather than to eliminate such risks. Hence, systems can only provide reasonable but not absolute assurance against financial losses or uncertainties.

Risk Management

The Board regards risk management as an integral part of the Group's business operations and has established a Risk Management Committee that comprises the Executive Non-Independent Director and Non-Executive Independent Directors. The Risk Management Committee is entrusted with the responsibilities of identifying, evaluating and managing various types of risks which might have an impact on the profitable operation of the Group's business. These include market price risk, counter party, credit, legal and interest rate risks. The Risk Management Committee will monitor these risks constantly to ensure that risks are actively updated and effectively managed.

The development and documentation of the risk management process is in progress and the Board will report on the status in due course.

Internal Control

The outsourced internal auditors have on a semi-annual basis assessed the adequacy and effectiveness of the Group's system of internal control and compliance frameworks, and have subsequently reported their findings to the Audit Committee. The Audit Committee reviewed the internal audit reports and informed the Board on the adequacy and effectiveness of the Group's system of internal control.

For the financial year under review, the Board is satisfied with the adequacy of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified nor would require separate disclosure.

The key elements of the Group's internal control system are:-

- Organization structure with clearly defined lines of authority and the appropriate levels of delegation.
- Policies and procedures are clearly communicated to all staff members.
- The Chief Executive Officer (CEO) and the senior management would discuss the possible risk areas on the Group's operational and management issues as and when necessary.
- The CEO oversees the Group's operations and internal controls and reports to the Board on the key risks.
- The Audit Committee meets on a quarterly basis or as and when required to discuss on internal control and any other matter raised by the CEO.
- All major decisions are subject to detailed appraisal and review. The Board receives comprehensive information covering all decisions within the group on a quarterly basic.

The Board, together with the management will, when necessary put in place appropriate action plans to further enhance the Group's risks management and internal control system.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board has received assurance from the Chief Executive Officer and Finance Manager that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory and no material internal control failures resulted in material losses or contingencies during the financial year under review.

Review of the Statement by External Auditors

In accordance with paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2012 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board adopted in the review of adequacy and integrity of internal controls of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITY

This statement is made pursuant to paragraph 15.26(a) of Listing Requirements of Bursa Malaysia.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

1. **Material contracts**
   There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interests, either still subsisting at the end of the financial year 2012 or which were entered into since the end of the previous financial year.

2. **Options, warrants or convertible securities**
   The Company has not issued any options, warrants or convertible securities during the financial year 2012.

3. **Imposition of sanctions/penalties**
   There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year 2012.

4. **Non-audit fees**
   There were no non-audit fees paid to the external auditors for the financial year ended 31 December 2012.

5. **Variation in results**
   There were no variances of 10% or more between the results for the financial year 2012 and unaudited results previously announced.

6. **Profit guarantees**
   During the financial year 2012, there was no profit guarantee given by the Company.

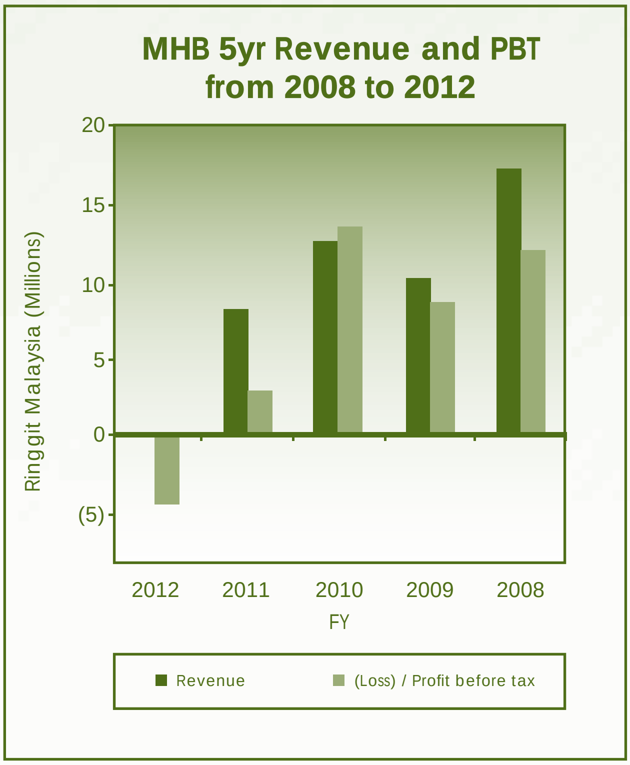
7. **American Depository Receipt ('ADR') or Global Depository Receipt ('GDR') Programme**
   During the financial year 2012, the Company did not sponsor any ADR or GDR programme.

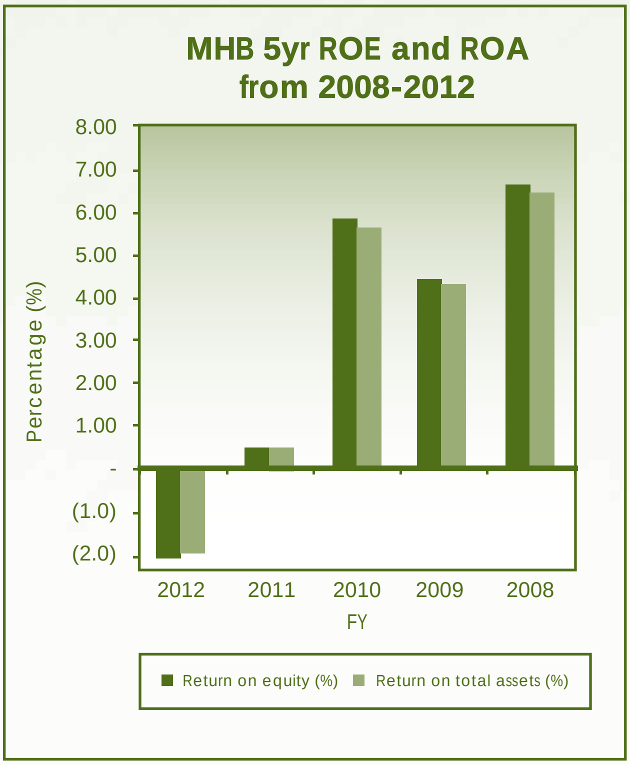
8. **Recurrent related party transactions of revenue nature**
   There were no recurrent related party transactions of revenue nature during the financial year 2012.

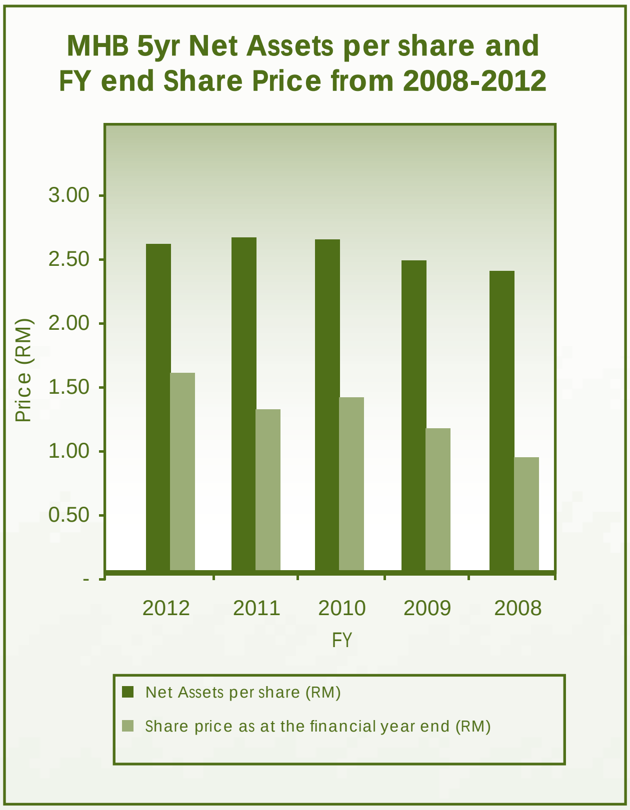
9. **Utilisation of proceeds raised from corporate proposal**
   There was no corporate proposal involving the raising of funds during the financial year 2012.

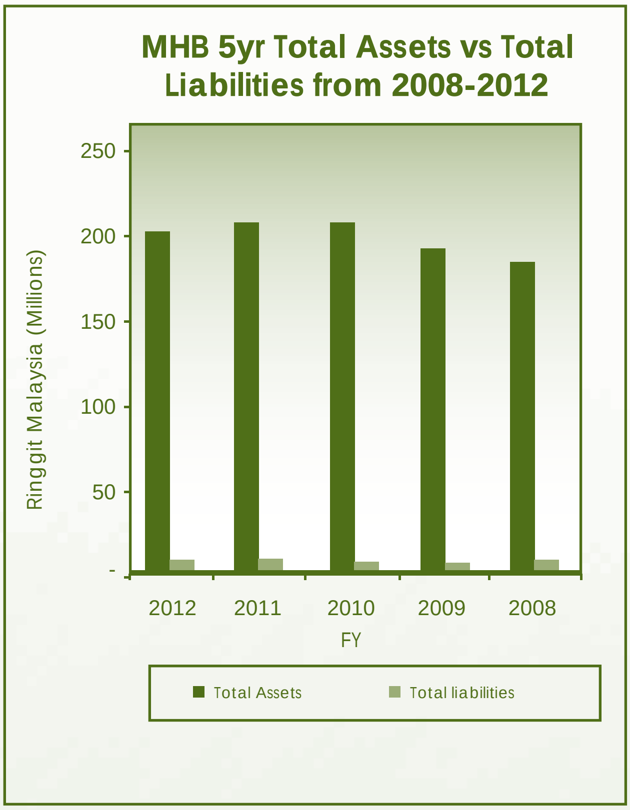
10. **Share buy back**
    The Company did not enter into any share buy-back transactions during the financial year.

5-YEAR FINANCIAL HIGHLIGHTS









		2012 RM	2011 RM	2010 RM	2009 RM	2008 RM
A	**STATEMENT OF COMPREHENSIVE INCOME**					
1	Revenue	-	8,114,757	12,617,775	10,247,273	17,163,036
2	EBITDA	(1,913,483)	5,047,916	15,765,810	10,943,087	13,884,392
3	(Loss)/Profit before tax	(4,281,931)	2,804,900	13,509,305	8,709,477	11,844,277
4	(Loss)/Profit after tax	(4,285,254)	760,832	11,554,699	8,205,179	11,822,851
5	Net (loss)/profit attributable to equity holders	(4,285,254)	760,832	11,554,699	8,205,179	11,822,851
B	**STATEMENT OF FINANCIAL POSITION**					
1	Total assets	201,821,666	206,523,671	206,038,424	192,554,647	184,046,129
2	Total liabilities	6,992,485	7,589,966	7,842,856	6,510,105	6,206,766
3	Shareholders' equity	194,829,181	198,933,705	198,195,568	186,044,542	177,839,363
C	**FINANCIAL INDICATORS**					
1	Return on equity (%)	(2.20)	0.38	5.83	4.41	6.65
2	Return on total assets (%)	(2.12)	0.37	5.61	4.26	6.42
3	(Loss)/Earnings per share (sen)	(5.70)	1.00	15.40	10.90	15.80
4	Net assets per share (RM)	2.60	2.65	2.64	2.48	2.37
5	Price earning (PE) ratio (times)	(28.07)	130.00	9.09	10.64	5.89
6	Share price as at the financial year end (RM)	1.60	1.30	1.40	1.16	0.93

FINANCIAL STATEMENTS

The directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year, attributable to owners of the parent	4,285,254	4,441,541

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the impact from the material litigation as disclosed in Note 29 to the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, no new issuance of shares was made by the Company.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:

CHEW LOY CHEE

TAN CHON SING @ TAN KIM TIENG

GAN TECK CHONG @ GAN KWAN CHONG

LIM HONG LIANG

KAN AH CHUN

MUHAYUDDIN BIN MUSA

JOHARI LOW BIN ABDULLAH

DIRECTORS' INTERESTS

The interests of the directors in office at the end of the financial year in the shares of the Company and its related corporations during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965, are as follow:

	Number of Ordinary Shares of RM1 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Direct Interest				
Chew Loy Chee	3,152,188	-	-	3,152,188
Tan Chon Sing @ Tan Kim Tieng	10,315,393	-	-	10,315,393
Gan Teck Chong @ Gan Kwan Chong	3,917,303	-	-	3,917,303
Lim Hong Liang	13,242,008	-	-	13,242,008
Kan Ah Chun	2,180,260	-	-	2,180,260
Deemed Interest				
Chew Loy Chee *	230,000	-	-	230,000
Tan Chon Sing @ Tan Kim Tieng *	2,209,300	-	-	2,209,300
Gan Teck Chong @ Gan Kwan Chong *	2,655,800	284,500	-	2,940,300
Lim Hong Liang **	3,691,900	-	-	3,691,900

* Deemed interested through spouse
** Deemed interested through a corporation in which the director has substantial financial interest

By virtue of their interests in the shares of the Company, the abovementioned directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT

Details of significant event during the financial year are disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly AC, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2013.

TAN CHON SING @ TAN KIM TIENG **GAN TECK CHONG @ GAN KWAN CHONG**

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of Malpac Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 37 to 84, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 85 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 April 2013.

TAN CHON SING @ TAN KIM TIENG **GAN TECK CHONG @ GAN KWAN CHONG**

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Chon Sing @ Tan Kim Tieng, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 37 to 84 and the supplementary information as set out on page 85, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at
Kuala Lumpur in the Federal Territory
on 17 April 2013

TAN CHON SING @ TAN KIM TIENG

Before me

TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W 533)
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of Malpac Holdings Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 84.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

As stated in Note 2 to the financial statements, Malpac Holdings Berhad adopted the Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and its related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as at 31 December 2012 and the financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

BAKER TILLY AC
AF 001826
Chartered Accountants

DATO' CHONG KWONG CHIN, DIMP., JP
707/04/14 (J/PH)
Chartered Accountant

Kuala Lumpur
17 April 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
Revenue	4	-	8,114,757
Other income		3,282,420	3,674,908
Administrative expenses		(6,386,665)	(5,947,020)
Other operating expenses		(1,177,686)	(3,037,745)
(Loss)/Profit before tax	5	(4,281,931)	2,804,900
Tax expense	8	(3,323)	(2,044,068)
(Loss)/Profit for the financial year, attributable to owners of the parent		(4,285,254)	760,832
Other comprehensive income:			
Net fair value gain/(loss) on available-for-sale financial assets		180,730	(22,695)
Total comprehensive income for the financial year, attributable to owners of the parent		(4,104,524)	738,137
Earnings per share attributable to owners of the parent:			
Basic (loss)/earnings per share (sen)	9	(5.7)	1.0

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	10	59,339,945	59,361,252	59,835,850
Prepaid land lease payments	11	34,622,716	36,271,417	37,920,118
Investment securities	13	12,648,817	8,414,584	5,183,167
		106,611,478	104,047,253	102,939,135
Current assets				
Receivables and deposits	14	106,292	254,963	2,865,549
Tax recoverable		169,161	63,736	28,874
Investment securities	13	94,618,766	91,605,801	54,359,881
Cash and bank balances	15	315,969	10,551,918	45,844,985
		95,210,188	102,476,418	103,099,289
Total Assets		201,821,666	206,523,671	206,038,424
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	16	75,000,000	75,000,000	75,000,000
Reserves	17	119,829,181	123,933,705	123,195,568
Total Equity		194,829,181	198,933,705	198,195,568
Liabilities				
Non-current liabilities				
Deferred tax liabilities	18	-	-	6,206
Current liabilities				
Payables and accruals	19	4,406,199	5,090,300	5,399,644
Provisions	20	2,586,260	2,470,578	1,914,184
Tax payable		26	29,088	522,822
		6,992,485	7,589,966	7,836,650
Total Liabilities		6,992,485	7,589,966	7,842,856
Total Equity and Liabilities		201,821,666	206,523,671	206,038,424

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2012

	← Non-distributable		→	Distributable	
	Share Capital RM	Share Premium RM	Fair Value Adjustment Reserves RM	Retained Earnings RM	Total Equity RM
At 1 January 2011	75,000,000	24,366,593	4,951	98,824,024	198,195,568
Comprehensive income					
Profit for the financial year	-	-	-	760,832	760,832
Other comprehensive income					
Net fair value loss on available-for-sale financial assets	-	-	(22,695)	-	(22,695)
Total other comprehensive income	-	-	(22,695)	-	(22,695)
Total comprehensive income for the financial year	-	-	(22,695)	760,832	738,137
At 31 December 2011	75,000,000	24,366,593	(17,744)	99,584,856	198,933,705
Comprehensive income					
Loss for the financial year	-	-	-	(4,285,254)	(4,285,254)
Other comprehensive income					
Net fair value gain on available-for-sale financial assets	-	-	180,730	-	180,730
Total other comprehensive income	-	-	180,730	-	180,730
Total comprehensive income for the financial year	-	-	180,730	(4,285,254)	(4,104,524)
At 31 December 2012	75,000,000	24,366,593	162,986	95,299,602	194,829,181

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Cash Flows from Operating Activities			
(Loss)/Profit before tax		(4,281,931)	2,804,900
Adjustments for:-			
Amortisation of prepaid land lease payments	11	1,648,701	1,648,701
Bad debts recovered		-	(20,045)
Depreciation of property, plant and equiment	10	719,747	594,316
Distribution income from available-for-sale financial assets		(2,206,623)	(1,625,823)
Dividend income		(292,719)	(261,751)
Interest income		(409,873)	(1,487,126)
Net fair value loss on financial instruments:			
- Financial assets at fair value through profit or loss		1,135,075	2,623,752
Net gain on disposal of:			
- Available-for-sale financial assets		(64,801)	(26,415)
- Financial assets at fair value through profit or loss		(169,019)	(175,605)
- Property, plant and equipment		(35,781)	-
Property, plant and equipment written off		891	-
Provisions		642,494	1,123,331
Operating (loss)/profit before working capital changes		(3,313,839)	5,198,235
Decrease in receivables		148,671	2,630,631
Decrease in payables		(1,210,913)	(876,281)
Cash (used in)/generated from operations		(4,376,081)	6,952,585
Tax refunded		-	10,744
Tax paid		(118,387)	(2,534,539)
Net cash (used in)/from operating activities		(4,494,468)	4,428,790
Cash Flows from Investing Activities			
Distribution income received		2,206,623	1,625,823
Dividends received		273,297	206,676
Interest received		409,873	1,487,126
Proceeds from disposal of:			
- Available-for-sale financial assets		15,380,000	18,460,001
- Financial assets at fair value through profit or loss		4,083,226	3,163,176
- Held-to-maturity investments		10,009,203	45,008,228
- Property, plant and equipment		543,633	-
Purchase of:			
- Available-for-sale financial assets		(27,685,560)	(91,632,593)
- Financial assets at fair value through profit or loss		(9,754,593)	(7,980,187)
- Held-to-maturity investments		-	(9,940,389)
- Property, plant and equipment		(1,207,183)	(119,718)
Net cash used in investing activities		(5,741,481)	(39,721,857)
Net decrease in cash and cash equivalents		(10,235,949)	(35,293,067)
Cash and cash equivalents at beginning of the financial year		10,551,918	45,844,985
Cash and cash equivalents at end of the financial year	15	315,969	10,551,918

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Revenue	4	-	150,000
Other income		1,224,693	3,067,069
Administrative expenses		(1,646,965)	(1,914,127)
Other operating expenses		(4,020,367)	(136,685)
(Loss)/Profit before tax	5	(4,442,639)	1,166,257
Tax credit/(expense)	8	1,098	(108,980)
(Loss)/Profit for the financial year, attributable to owners of the parent		(4,441,541)	1,057,277
Other comprehensive income:			
Net fair value gain/(loss) on available-for-sale financial assets		108,535	(25,531)
Total comprehensive income for the financial year, attributable to owners of the parent		(4,333,006)	1,031,746

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
ASSETS				
Non-current assets				
Property, plant and equipment	10	66,068	73,427	87,187
Investment in subsidiaries	12	152,966,351	156,974,383	155,404,992
		153,032,419	157,047,810	155,492,179
Current assets				
Receivables and deposits	14	364,851	312,222	1,160,020
Tax recoverable		50,178	49,080	-
Investment securities	13	42,699,517	43,220,290	35,563,626
Cash and bank balances	15	103,984	104,014	7,331,850
		43,218,530	43,685,606	44,055,496
Total Assets		196,250,949	200,733,416	199,547,675
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	16	75,000,000	75,000,000	75,000,000
Reserves	17	119,789,613	124,122,619	123,090,873
Total Equity		194,789,613	199,122,619	198,090,873
Liabilities				
Non-current liabilities				
Deferred tax liabilities	18	-	-	6,206
Current liabilities				
Payables and accruals	19	120,001	364,701	458,301
Provisions	20	1,341,335	1,246,096	966,475
Tax payable		-	-	25,820
		1,461,336	1,610,797	1,450,596
Total Liabilities		1,461,336	1,610,797	1,456,802
Total Equity and Liabilities		196,250,949	200,733,416	199,547,675

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	← Non-distributable		→	Distributable	
	Share Capital RM	Share Premium RM	Fair Value Adjustment Reserves RM	Retained Earnings RM	Total Equity RM
At 1 January 2011	75,000,000	24,366,593	1,262	98,723,018	198,090,873
Comprehensive income					
Profit for the financial year	-	-	-	1,057,277	1,057,277
Other comprehensive income					
Net fair value loss on available-for-sale financial assets	-	-	(25,531)	-	(25,531)
Total other comprehensive income	-	-	(25,531)	-	(25,531)
Total comprehensive income for the financial year	-	-	(25,531)	1,057,277	1,031,746
At 31 December 2011	75,000,000	24,366,593	(24,269)	99,780,295	199,122,619
Comprehensive income					
Loss for the financial year	-	-	-	(4,441,541)	(4,441,541)
Other comprehensive income					
Net fair value gain on available-for-sale financial assets	-	-	108,535	-	108,535
Total other comprehensive income	-	-	108,535	-	108,535
Total comprehensive income for the financial year	-	-	108,535	(4,441,541)	(4,333,006)
At 31 December 2012	75,000,000	24,366,593	84,266	95,338,754	194,789,613

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

	Note	2012 RM	2011 RM
Cash Flows from Operating Activities			
(Loss)/Profit before tax		(4,442,639)	1,166,257
Adjustments for:-			
Depreciation of property, plant and equiment	10	13,502	14,240
Distribution income from available-for-sale financial assets		(1,083,830)	(782,981)
Dividend income		-	(150,000)
Impairment losses on investment in subsidiaries		4,008,032	79,640
Impairment losses on amounts due from from subsidiaries	14	11,444	57,045
Interest income		(108,168)	(619,987)
Net gain on disposal of available-for-sale financial assets		(8,017)	(1,990)
Property, plant and equipment written off		891	-
Provisions		119,695	299,755
Reversal of impairment losses on investment in subsidiaries		-	(1,649,000)
Operating loss before working capital changes		(1,489,090)	(1,587,021)
(Increase)/Decrease in receivables		(64,073)	790,753
Decrease in payables		(269,156)	(113,734)
Cash used in operations		(1,822,319)	(910,002)
Tax paid		-	(152,586)
Net cash used in operating activities		(1,822,319)	(1,062,588)
Cash Flows from Investing Activities			
Acquisition of subsidiary, net of cash acquired	12	-	(31)
Distribution income received		1,083,830	782,981
Dividends received		-	112,500
Interest received		108,168	619,987
Proceeds from disposal of:			
- Available-for-sale financial assets		1,940,000	1,600,000
- Held-to-maturity investments		10,009,203	35,000,000
Purchase of:			
- Available-for-sale financial assets		(11,311,878)	(34,339,816)
- Held-to-maturity investments		-	(9,940,389)
- Property, plant and equipment		(7,034)	(480)
Net cash from/(used in) investing activities		1,822,289	(6,165,248)
Net decrease in cash and cash equivalents		(30)	(7,227,836)
Cash and cash equivalents at beginning of the financial year		104,014	7,331,850
Cash and cash equivalents at end of the financial year	15	103,984	104,014

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus. The principal place of business of the Company is located at 2nd Floor, 23 Jalan Kong Sang, 70000 Seremban, Negeri Sembilan Darul Khusus.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a Board of Directors' resolution dated 17 April 2013.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and of the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretation ("IC Int")

(i) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with IFRSs as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 December 2012.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

2. BASIS OF PREPARATION (CONT'D)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(i) Explanation of Transition to MFRSs (cont'd)

As at 31 December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group and the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSs.

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

2. BASIS OF PREPARATION (CONT'D)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

A brief discussion on the above significant new and revised MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int that are relevant to the Group and the Company are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

2. BASIS OF PREPARATION (CONT'D)

(b) New, Revised and Amendments/Improvements to Accounting Standards and IC Int (cont'd)

(ii) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

(c) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in the significant accounting policies in Note 3.

(d) Functional and presentation currency

The financial statements of the Group and the Company are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(e) Significant accounting estimates and judgements

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses at the reporting date. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

The significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amounts recognised in the financial statements are described as follows:

(i) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its prepaid land lease payment and plant and machinery. The Group has evaluated and determined that it retains all the significant risks and rewards of ownership of the prepaid land lease payment and plant and machinery which are leased out on operating leases, and thus account for the arrangements as operating lease.

2. BASIS OF PREPARATION (CONT'D)

(e) Significant accounting estimates and judgements (cont'd)

(ii) Revenue recognition

The Group had suspended the recognition of income from the oil palm plantation and the lease rental from oil mill with effect from 1 July 2011 following the Ipoh High Court judgements as mentioned in Note 29. The Group has determined that there is a significant uncertainty as to the probability that the economic benefits associated with the plantation and oil mill flow to the Group.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of property, plant and equipment (Note 10) - The cost of property, plant and equipment depreciated on a straight line method over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years based on past experience with similar assets. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment loss on receivables (Note 14) – The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iii) Provision for legal fee (Note 20) – The provision is made for legal services in respect of the Group's litigation case as mentioned in Note 29. The amount of provision is estimated based on legal costs incurred in previous years on the same case. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the provision made.

(iv) Provision for retirement gratuity (Note 20) – The provision is determined based on the number of years of service of the employees and directors at the reporting date and their salaries over the past years. The retirement gratuity payable is vested upon the employees and directors reaching their retirement age.

(v) Provision for unutilised leave (Note 20) – The provision is made based on the employees' salaries over the past years and the unutilised leave at the end of the year and will be reversed once the leave is utilised.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiary companies which are disclosed in Note 12 made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

Subsidiary companies are consolidated using the acquisition method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. Adjustments to those fair values relating to previously held interests are treated as revaluation and recognised in other comprehensive income. The assets, liabilities and contingent liabilities assumed from a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised MFRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

(b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of consideration due.

(i) Interest income

Interest income is recognised using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Revenue (cont'd)

(ii) Dividend income and distribution income

Dividend income and distribution income are recognised when the Group's right to receive payment is established.

(iii) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of lease income over the lease term on a straight-line basis.

(iv) Oil palm plantation

Revenue from oil palm plantation is recognised on an accrual basis.

(c) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Retirement gratuity scheme

The Company established a retirement gratuity scheme in 2010 for employees and directors of the Group. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the services rendered up to the date of retirement. The retirement gratuity is calculated based on the basic salary over the tenure of employment to date. The retirement gratuity payable is vested upon the employees and directors reaching their retirement age and is classified as current liabilities.

(d) Leases

(i) Operating Lease – The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(ii) Operating Lease – The Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior financial years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	2%
Plant and machinery	10%
Office equipment	10% - 12%
Computer equipment	20%
Motor vehicles	20%

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment and depreciation (cont'd)

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(g) Subsidiaries

A subsidiary is an entity in which the Company has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

In the Company's separate financial statements, investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(h) Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised in profit or loss.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group classified its investments in quoted equity instruments as financial assets at FVTPL.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

The Group and the Company classified the following financial assets as loans and receivables:
- cash and cash equivalents; and
- trade and other receivables, including amount due from subsidiaries.

(iii) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

(iii) Held-to-maturity (cont'd)

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group classified its investments in unquoted fixed income bonds as held-to-maturity financial assets.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group classified its investments in unit trusts as available-for-sale financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

(j) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of financial assets (cont'd)

(i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and demand deposits with licensed banks that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Financial liabilities (cont'd)

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include other payables.

Other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Provisions

Provision for liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(o) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Dividend income from a subsidiary	-	-	-	150,000
Income from oil palm plantation	-	7,964,757	-	-
Lease rental from oil mill	-	150,000	-	-
	-	8,114,757	-	150,000

5. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):-

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Auditors' remuneration				
- Statutory audit	37,000	34,000	20,000	18,000
- Other services	18,000	9,390	18,000	9,390
Amortisation of prepaid land lease payments (Note 11)	1,648,701	1,648,701	-	-
Depreciation of property, plant and equipment (Note 10)	719,747	594,316	13,502	14,240
Employee benefits expense (Note 6)	1,213,623	1,174,823	702,833	828,619
Non-executive directors' remuneration (Note 7)	1,107,075	642,060	400,160	552,060
Impairment losses on amounts due from subsidiaries (Note 14)	-	-	11,444	57,045
Impairment losses on investment in subsidiaries	-	-	4,008,032	79,640
Net fair value loss on financial instruments:				
- Financial assets at fair value through profit or loss	1,135,075	2,623,752	-	-
Property, plant and equipment written off	891	-	891	-
Provision for legal fee	500,000	800,000	-	-
Rental of premises	212,880	212,880	193,680	193,680
Reversal of provision for legal fee	-	-	-	-
Bad debts recovered	-	(20,045)	-	-
Dividend income	(292,719)	(261,751)	-	(150,000)
Distribution income from available-for-sale financial assets	(2,206,623)	(1,625,142)	(1,083,830)	(782,981)
Interest income from:				
- Available-for-sale financial assets	(907)	-	(643)	(6)
- Financial assets at fair value through profit or loss	(144,817)	(69,611)	-	-
- Held-to-maturity investments	(106,949)	(548,665)	(106,949)	(535,195)
- Short term deposits	(153,478)	(865,674)	(163)	(82,283)
- Others	(3,722)	(3,176)	(413)	(2,509)
Net gain on disposal of:				
- Available-for-sale financial assets	(64,801)	(26,415)	(8,017)	(1,990)
- Financial assets at fair value through profit or loss	(169,019)	(175,605)	-	-
- Property, plant and equipment	(35,781)	-	-	-
Rental income	(55,000)	(59,300)	-	-
Reversal of impairment losses on investment in subsidiaries	-	-	-	(1,649,000)

6. EMPLOYEE BENEFITS EXPENSE

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Salaries and other emoluments	1,097,540	888,348	620,194	608,078
Employees Provident Fund	155,752	122,243	118,272	89,073
Other employee benefits				
- Current financial year	140,331	164,232	106,867	131,468
- Over provision in prior financial year	(180,000)	-	(142,500)	-
	1,213,623	1,174,823	702,833	828,619

Included in employee benefits expense of the Group and of the Company are the following:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive directors' remuneration (excluding benefit in kind) (Note 7)	625,626	263,040	323,840	203,040
Provision for retirement gratuity *	78,775	78,835	64,145	64,205
Provision for unutilised leave	45,719	46,496	37,550	37,550

* Included in provision for retirement gratuity of the Group and of the Company is a provision for executive directors of the Company amounting to RM12,000 (2011: RM12,000) and RM12,000 (2011: RM12,000) respectively.

7. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by directors of the Company during the financial year are as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Executive Directors:				
Salaries and other emoluments	589,626	227,040	287,840	167,040
Fees	24,000	24,000	24,000	24,000
Retirement gratuity benefits	12,000	12,000	12,000	12,000
Total executive directors' remuneration (excluding benefit in kind) (Note 6)	625,626	263,040	323,840	203,040
Estimated monetary value of benefit in kind	19,811	8,800	-	-
Total executive directors' remuneration (including benefit in kind)	645,437	271,840	323,840	203,040

7. DIRECTORS' REMUNERATION (CONT'D)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-executive Directors:				
Allowance and other emoluments	1,053,075	408,060	346,160	318,060
Fees	36,000	36,000	36,000	36,000
Retirement gratuity benefits	18,000	198,000	18,000	198,000
Total non-executive directors' remuneration (excluding benefit in kind) (Note 6)	1,107,075	642,060	400,160	552,060
Estimated monetary value of benefit in kind	251,659	29,500	-	-
Total non-executive directors' remuneration (including benefit in kind)	1,358,734	671,560	400,160	552,060
Total directors' remuneration	2,004,171	943,400	724,000	755,100

8. TAX EXPENSE/(CREDIT)

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Current tax expense:				
Malaysian income tax:				
- current financial year	946	1,934,212	-	21,400
- under/(over) provision in prior financial year	2,377	116,062	(1,098)	93,786
	3,323	2,050,274	(1,098)	115,186
Deferred tax expense:				
Overprovision in prior financial year	-	(6,206)	-	(6,206)
Tax expense/(credit) recognised in profit or loss	3,323	2,044,068	(1,098)	108,980

8. TAX EXPENSE/(CREDIT) (CONT'D)

The reconciliation of the tax amount at statutory income tax rate of the Group's and the Company's tax expenses are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(Loss)/Profit before tax	(4,281,931)	2,804,900	(4,442,639)	1,166,257
Tax at the Malaysian statutory income tax rate of 25%	(1,070,631)	701,200	(1,110,700)	291,600
Tax effect arising from:				
- Income not subject to taxation	(628,900)	(426,800)	(273,000)	(608,500)
Non-deductible expenses	1,100,077	864,912	1,424,100	267,000

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deferred tax assets not recognised during the financial year	640,800	794,900	-	71,300
Recognition of deferred tax assets previously not recognised	(40,400)	-	(40,400)	-
Overprovision of deferred tax expense in prior financial year	-	(6,206)	-	(6,206)
Under/(Over) provision of income tax expense in prior financial year	2,377	116,062	(1,098)	93,786
Tax expense/(credit) recognised in profit or loss	3,323	2,044,068	(1,098)	108,980

The Group has:

(i) an estimated unutilised tax losses of RM2,406,000 (2011: RM1,097,500) available for set off against future taxable profits.

(ii) an estimated unabsorbed capital allowance of RM217,500 (2011: RM40,600) available for set off against future taxable profits.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing (loss)/profit for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares of RM1 each in issue during the financial year.

	Group 2012 RM	2011 RM
(Loss)/Profit for the financial year, attributable to owners of the parent	(4,285,254)	760,832
Number of ordinary shares in issue	75,000,000	75,000,000
Basic (loss)/earnings per share (sen)	(5.7)	1.0

(b) Diluted

The diluted earnings per share is not applicable to the Company as the Company does not have any dilutive potential ordinary shares.

There have been no other transactions involving ordinary shares between reporting date and the date of completion of these financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicle RM	Computer equipment RM	Plant and machinery RM	Others * RM	Total RM
Cost							
At 1 January 2012	53,785,402	3,566,000	857,808	36,596	3,656,887	239,028	62,141,721
Additions	-	-	1,117,886	3,830	-	85,467	1,207,183
Disposals	(418,170)	-	(448,409)	-	-	-	(866,579)
Written off	-	-	-	-	-	(1,130)	(1,130)
At 31 December 2012	53,367,232	3,566,000	1,527,285	40,426	3,656,887	323,365	62,481,195
Accumulated depreciation							
At 1 January 2012	-	171,148	636,428	30,022	1,887,380	55,491	2,780,469
Depreciation charge for the financial year	-	71,320	250,587	4,905	365,689	27,246	719,747
Disposals	-	-	(358,727)	-	-	-	(358,727)
Written off	-	-	-	-	-	(239)	(239)
At 31 December 2012	-	242,468	528,288	34,927	2,253,069	82,498	3,141,250
Net carrying amount							
At 31 December 2012	53,367,232	3,323,532	998,997	5,499	1,403,818	240,867	59,339,945

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Buildings RM	Motor vehicle RM	Computer equipment RM	Plant and machinery RM	Others * RM	Total RM
Cost							
At 1 January 2011	53,785,402	3,566,000	857,808	36,596	3,656,887	119,310	62,022,003
Additions	-	-	-	-	-	119,718	119,718
At 31 December 2011	53,785,402	3,566,000	857,808	36,596	3,656,887	239,028	62,141,721
Accumulated depreciation							
At 1 January 2011	-	99,828	500,595	24,976	1,521,691	39,063	2,186,153
Depreciation charge for the financial year	-	71,320	135,833	5,046	365,689	16,428	594,316
At 31 December 2011	-	171,148	636,428	30,022	1,887,380	55,491	2,780,469
Net carrying amount							
At 31 December 2011	53,785,402	3,394,852	221,380	6,574	1,769,507	183,537	59,361,252
At 1 January 2011	53,785,402	3,466,172	357,213	11,620	2,135,196	80,247	59,835,850

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Motor vehicle RM	Computer equipment RM	Others * RM	Total RM
Cost				
At 1 January 2012	3,700	20,251	109,911	133,862
Additions	4,951	-	2,083	7,034
Written off	-	-	(1,130)	(1,130)
At 31 December 2012	8,651	20,251	110,864	139,766
Accumulated depreciation				
At 1 January 2012	1,912	17,475	41,048	60,435
Depreciation charge for the financial year	988	1,837	10,677	13,502
Written off	-	-	(239)	(239)
At 31 December 2012	2,900	19,312	51,486	73,698
Net carrying amount				
At 31 December 2012	5,751	939	59,378	66,068
Cost				
At 1 January 2011	3,700	20,251	109,431	133,382
Additions	-	-	480	480
At 31 December 2011	3,700	20,251	109,911	133,862
Accumulated depreciation				
At 1 January 2011	1,172	14,908	30,115	46,195
Depreciation charge for the financial year	740	2,567	10,933	14,240
At 31 December 2011	1,912	17,475	41,048	60,435
Net carrying amount				
At 31 December 2011	1,788	2,776	68,863	73,427
At 1 January 2011	2,528	5,343	79,316	87,187

* Others comprise of renovation, electrical installation, office equipment and furniture and fittings.

Certain buildings of the Group with a net carrying amount of RM1,233,000 (31.12.2011: RM1,678,170; 1.1.2011: RM1,705,170) are registered under the name of a third party. The company is holding the assets in trust for the Group.

11. PREPAID LAND LEASE PAYMENTS

	Group 2012 RM	Group 2011 RM
Cost		
At 1 January/31 December	46,163,622	46,163,622
Accumulated amortisation		
At 1 January	9,892,205	8,243,504
Amortisation for the financial year	1,648,701	1,648,701
At 31 December	11,540,906	9,892,205
Net carrying amount	34,622,716	36,271,417
Amounts to be amortised:		
- Not later than one year	1,648,701	1,648,701
- Later than one year but not later than five years	6,594,804	6,594,804
- Later than five years	26,379,211	28,027,912

The prepaid land lease payments have a remaining tenure of 21 years (31.12.2011: 22 years; 1.1.2011: 23 years).

12. INVESTMENT IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted shares, at costs		
At 1 January	167,215,233	167,215,202
Additions	-	31
At 31 December	167,215,233	167,215,233
Less: Accumulated impairment losses		
At 1 January	10,240,850	11,810,210
Additions	4,008,032	79,640
Reversal	-	(1,649,000)
At 31 December	14,248,882	10,240,850
	152,966,351	156,974,383

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest 31.12.2012	31.12.2011	1.1.2011
Held by the Company:					
Malpac Capital Sdn. Bhd.	Malaysia	Cultivation of oil palm	100%	100%	100%
Malpac Management Sdn. Bhd.	Malaysia	Dormant	100%	100%	100%
Malpac Assets Management Sdn. Bhd.	Malaysia	Dormant	100%	100%	100%
Malpac Land Sdn. Bhd.	Malaysia	Dormant	100%	100%	100%
Discovery Assets Sdn. Bhd.	Malaysia	Dormant	100%	100%	100%
Precious Way International Limited #	British Virgin Islands	Dormant	100%	100%	-
Held through Malpac Capital Sdn. Bhd.:					
Radiant Response Sdn. Bhd.	Malaysia	Dormant	100%	100%	100%

All subsidiaries are audited by Baker Tilly AC.

Unaudited and was consolidated using management financial statements.

Acquisition of subsidiary

On 2 November 2011, the Company acquired 100% equity interest in Precious Way International Limited ("PWIL") for a total cash consideration of RM31. Upon the acquisition, PWIL became a subsidiary of the Group.

The fair value of the identifiable assets and liabilities of PWIL as at the date of acquisition were:

	Fair value RM	Carrying amount RM
Cash and cash equivalents	31	31
Net identifiable assets	31	31

Total cost of business combination

The total cost of business combination is as follow:

	RM
Cash paid	31

The effect of the acquisition on cash flows is as follows:

	RM
Total cost of the business combination, representing consideration settled in cash	31
Less: Cash and cash equivalents of subsidiary acquired	(31)
Net cash outflows on acquisition	-

13. INVESTMENT SECURITIES

	31.12.2012		31.12.2011		1.1.2011	
	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM	Carrying amount RM	Market value of quoted investments RM
Group						
Current						
Financial assets at fair value through profit or loss						
- Equity instruments (quoted in Malaysia)	6,955,547	6,955,547	6,484,470	6,484,470	7,347,023	7,347,023
Held-to-maturity investments						
- Unquoted fixed income bonds	-	-	10,009,203	10,019,000	45,077,042	45,216,000
Available-for-sale financial assets						
- Unit trust (quoted in Malaysia)	87,663,219	87,663,219	75,112,128	75,112,128	1,935,816	1,935,816
Total current investment securities	94,618,766		91,605,801		54,359,881	
Non-current						
Financial assets at fair value through profit or loss						
- Equity instruments (quoted in Malaysia)	12,648,817	12,648,817	8,414,584	8,414,584	5,183,167	5,183,167
Represented by:						
- Financial assets at fair value through profit or loss	19,604,364	19,604,364	14,899,054	14,899,054	12,530,190	12,530,190
- Held-to-maturity investments	-	-	10,009,203	10,019,000	45,077,042	45,216,000
- Available-for-sale financial assets	87,663,219	87,663,219	75,112,128	75,112,128	1,935,816	1,935,816
Total investment securities	107,267,583		100,020,385		59,543,048	

13. INVESTMENT SECURITIES (CONT'D)

	31.12.2012 Carrying amount RM	31.12.2012 Market value of quoted investments RM	31.12.2011 Carrying amount RM	31.12.2011 Market value of quoted investments RM	1.1.2011 Carrying amount RM	1.1.2011 Market value of quoted investments RM
Company						
Current						
Held-to-maturity investments						
- Unquoted fixed income bonds	-	-	10,009,203	10,019,000	35,068,814	35,157,500
Available-for-sale financial assets						
- Unit trust (quoted in Malaysia)	42,699,517	42,699,517	33,211,087	33,211,087	494,812	494,812
Total investment securities	42,699,517		43,220,290		35,563,626	

14. RECEIVABLES AND DEPOSITS

		31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Group				
Trade receivables				
Third parties		-	-	1,324,060
Loan receivable		2,291,047	2,291,047	2,291,047
Amounts owing by clients		23,292,663	23,292,663	23,292,663
		25,583,710	25,583,710	26,907,770
Less: Allowance for impairment				
Loan receivable		(2,291,047)	(2,291,047)	(2,291,047)
Amounts owing by clients		(23,292,663)	(23,292,663)	(23,292,663)
		(25,583,710)	(25,583,710)	(25,583,710)
Trade receivables, net	(a)	-	-	1,324,060
Other receivables				
Advances to clients		8,508,045	8,508,045	8,508,045
Other receivables		31,522	180,193	1,466,219
Deposits		74,770	74,770	75,270
		8,614,337	8,763,008	10,049,534
Less: Allowance for impairment				
Advances to clients		(8,508,045)	(8,508,045)	(8,508,045)
Other receivables, net		106,292	254,963	1,541,489
Total trade and other receivables		106,292	254,963	2,865,549
Company				
Other receivables				
Amounts due from subsidiaries	(b)	381,770	231,122	102,446
Other receivables		-	86,575	1,006,004
Deposits		51,570	51,570	51,570
		433,340	369,267	1,160,020
Less: Allowance for impairment				
Amounts due from subsidiaries		(68,489)	(57,045)	-
Total other receivables		364,851	312,222	1,160,020

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days (31.12.2011: 30 days; 1.1.2011: 30 days) credit term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

14. RECEIVABLES AND DEPOSITS (CONT'D)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

Trade ageing analysis of the Group's trade receivables are as follows:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Group			
Neither past due nor impaired	-	-	1,324,060
Impaired	25,583,710	25,583,710	25,583,710
	25,583,710	25,583,710	26,907,770

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired is mainly arising from a receivable, Sri Ganda Oil Mill Sdn. Bhd. which is a creditworthy debtor with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired
Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group has total allowance for impairment of receivables of RM25,583,710 (31.12.2011: RM25,583,710; 1.1.2011: RM25,583,710). There is no movement in the allowance for impairment during the financial year.

(b) Other receivables

Amounts due from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand by cash.

The movement of allowance account used to record the impairment of other receivables is as follows:

	2012 RM	2011 RM
Group		
At 1 January/At 31 December	8,508,045	8,508,045
Company		
At 1 January	57,045	-
Provision for the financial year	11,444	57,045
At 31 December	68,489	57,045

15. CASH AND BANK BALANCES

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Group			
Short term deposits with licensed banks	131,995	10,327,368	45,611,313
Cash at banks and on hand	183,974	224,550	233,672
Cash and bank balances	315,969	10,551,918	45,844,985
Company			
Short term deposits with licensed banks	-	-	7,216,895
Cash at banks and on hand	103,984	104,014	114,955
Cash and bank balances	103,984	104,014	7,331,850

The short-term deposits of the Group and the Company bear effective interest at a rate of 3.15% (31.12.2011: 3.85%; 1.1.2011: 2.00% to 3.45%) and nil (31.12.2011: nil; 1.1.2011: 2.00% to 3.40%) per annum with maturity period of 90 to 92 days (31.12.2011: 365 days; 1.1.2011: 1 day to 365 days) and nil (31.12.2011: nil; 1.1.2011: 1 day to 365 days), respectively.

16. SHARE CAPITAL

	Group/Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Authorised:			
200,000,000 ordinary shares of RM1 each	200,000,000	200,000,000	200,000,000
Issued and fully paid:			
75,000,000 ordinary shares of RM1 each	75,000,000	75,000,000	75,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual interests.

17. RESERVES

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Group			
Non-distributable			
Share premium	24,366,593	24,366,593	24,366,593
Fair value adjustment reserve	162,986	(17,744)	4,951
Distributable			
Retained earnings	95,299,602	99,584,856	98,824,024
	119,829,181	123,933,705	123,195,568

17. RESERVES (CONT'D)

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Company			
Non-distributable			
Share premium	24,366,593	24,366,593	24,366,593
Fair value adjustment reserve	84,266	(24,269)	1,262
Distributable			
Retained earnings	95,338,754	99,780,295	98,723,018
	119,789,613	124,122,619	123,090,873

(a) Share premium

This reserve comprises premium paid on subscription of shares of the Company above par value of the shares.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(c) Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2012, 31 December 2011 and 31 December 2010 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007. As at 31 December 2012, 31 December 2011 and 31 December 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2012, the Company has tax exempt profits available for distribution of approximately RM708,300 (31.12.2011: RM708,300; 1.1.2011: RM708,300), subject to the agreement of the Inland Revenue Board.

18. DEFERRED TAX LIABILITIES

	2012 RM	2011 RM
Group		
At 1 January	-	6,206
Recognised in profit or loss	-	(6,206)
At 31 December	-	-

18. DEFERRED TAX LIABILITIES (CONT'D)

	2012 RM	2011 RM
Company		
At 1 January	-	6,206
Recognised in profit or loss	-	(6,206)
At 31 December	-	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group and of the Company:

	Group Property, plant and equipment RM	Company Property, plant and equipment RM
At 1 January 2012	-	-
Recognised in income statement	-	-
At 31 December 2012	-	-
At 1 January 2011	6,206	6,206
Recognised in income statement	(6,206)	(6,206)
At 31 December 2011	-	-

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Group			
Unabsorbed capital allowance	217,500	40,600	-
Unutilised tax losses	2,406,000	1,097,500	1,115,300
Fair value adjustment in respect of investment securities	5,036,000	3,900,900	1,277,100
Deductible temporary differences arising from expenses	2,072,400	2,289,600	1,605,400
	9,731,900	7,328,600	3,997,800
Company			
Deductible temporary differences arising from expenses	1,341,300	1,502,800	1,075,300

Deferred tax assets have not been recognised in respect of the above items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

19. PAYABLES AND ACCRUALS

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Group			
Other payables	4,261,388	4,463,580	4,681,604
Accruals	144,811	626,720	718,040
	4,406,199	5,090,300	5,399,644
Company			
Other payables	1	1	1
Accruals	120,000	364,700	458,300
	120,001	364,701	458,301

Included in other payables of the Group is deposit received from a third party amounting to RM4,100,000 (31.12.2011: RM4,100,000; 1.1.2011: RM4,100,000) for the disposal of a subsidiary, Radiant Response Sdn. Bhd. and the leasehold plantation land. The proposed disposal is currently under litigation as disclosed in Note 29.

20. PROVISIONS

	Retirement gratuity RM	Unutilised leave RM	Legal fee RM	Total RM
Group				
At 1 January 2012	1,191,315	219,185	1,060,078	2,470,578
Additional provision	96,775	45,719	500,000	642,494
Utilisation of provision	-	(34,812)	(492,000)	(526,812)
At 31 December 2012	1,288,090	230,092	1,068,078	2,586,260
At 1 January 2011	914,480	199,704	800,000	1,914,184
Additional provision	276,835	46,496	800,000	1,123,331
Utilisation of provision	-	(27,015)	(539,922)	(566,937)
At 31 December 2011	1,191,315	219,185	1,060,078	2,470,578

	Retirement gratuity RM	Unutilised leave RM	Total RM
Company			
At 1 January 2012	1,053,905	192,191	1,246,096
Additional provision	82,145	37,550	119,695
Utilisation of provision	-	(24,456)	(24,456)
At 31 December 2012	1,136,050	205,285	1,341,335
At 1 January 2011	791,700	174,775	966,475
Additional provision	262,205	37,550	299,755
Utilisation of provision	-	(20,134)	(20,134)
At 31 December 2011	1,053,905	192,191	1,246,096

20. PROVISIONS (CONT'D)

(a) Retirement gratuity

Provision for retirement gratuity are for employees and directors. The details of the retirement gratuity scheme is disclosed in Note 2 (d)(iv).

(b) Unutilised leave

The provision for unutilised leave is made based on the employees' salaries over the past years and the unutilised leave at the end of the financial year and will be reversed once the leave is utilised.

(c) Legal fee

The provision is made for legal services in respect of the Group's litigation case as mentioned in Note 29. The amount of provision is estimated based on legal costs incurred in previous financial years on the same case.

21. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with its subsidiaries, director related companies and key management personnel. Director related companies refer to companies in which directors of the Company have substantial financial interests.

(b) Related party transactions

	Group	
	2012 RM	2011 RM
Net carrying amount of motor vehicles disposed to directors of the Company	89,682	-

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, either directly or indirectly, including any directors of the Group.

21. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

The remuneration of the key management personnel are as follows:-

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Salaries and other emoluments	1,863,201	855,600	854,500	705,600
Directors' fees	60,000	60,000	60,000	60,000
Retirement gratuity benefits	69,375	249,375	69,375	249,375
Estimated monetary value of benefits-in-kind	276,770	43,600	-	-
	2,269,346	1,208,575	983,875	1,014,975

Included in compensation of key management personnel of the Group and of the Company are directors' remuneration as disclosed in Note 7.

Information regarding outstanding balances arising from related party transactions as at 31 December 2012 is disclosed in Note 14.

22. COMMITMENTS

(a) Operating lease commitments – as lessee

In addition to the prepaid lease payments disclosed in Note 11, the Group have entered into non-cancellable operating lease arrangements for the use of buildings. These leases have an average tenure of between 1 and 3 years with option of renewal included in the contracts. There are no restrictions placed upon the Group and the Company by entering into these leases.

Minimum lease payments, including amortisation of prepaid lease payments recognised in profit or loss for the financial year ended 31 December 2012 for the Group and the Company amounted to RM1,861,581 (31.12.2011: RM2,005,901) and RM193,680 (31.12.2011: RM322,800) respectively.

Future minimum rentals payable under non-cancellable operating leases (excluding prepaid lease payments) at the reporting date are as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Not later than 1 year	144,320	212,880	129,120	193,680
Later than 1 year and not later than 5 years	-	144,320	-	129,120
	144,320	357,200	129,120	322,800

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

(a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

(b) Quoted equity instruments and quoted unit trust

The fair value of these financial assets is determined by reference to the quoted closing bid price at the reporting date.

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values except for the following:

		Group		Company	
	Note	Carrying Amount RM	Fair value RM	Carrying Amount RM	Fair value RM
31 December 2011					
Held-to-maturity investments - unquoted fixed income bonds	13	10,009,203	10,019,000	10,009,203	10,019,000
1 January 2011					
Held-to-maturity investments - unquoted fixed income bonds	13	45,077,042	45,216,000	35,068,814	35,157,500

24. FAIR VALUE HEIRARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, within the fair value hierarchy, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24. FAIR VALUE HEIRARCHY (CONT'D)

As at 31 December 2012, 31 December 2011 and 1 January 2011, the Group only held level 1 financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

	Carrying Amount RM	Level 1 Fair value RM
Group		
31 December 2012		
Available-for-sale financial assets		
- Unit trust	87,663,219	87,663,219
Financial assets at fair value through profit or loss		
- Quoted equity instruments	19,604,364	19,604,364
	107,267,583	107,267,583
31 December 2011		
Available-for-sale financial assets		
- Unit trust	75,112,128	75,112,128
Financial assets at fair value through profit or loss		
- Quoted equity instruments	14,899,054	14,899,054
	90,011,182	90,011,182
1 January 2011		
Available-for-sale financial assets		
- Unit trust	1,935,816	1,935,816
Financial assets at fair value through profit or loss		
- Quoted equity instruments	12,530,190	12,530,190
	14,466,006	14,466,006
Company		
31 December 2012		
Available-for-sale financial assets		
- Unit trust	42,699,517	42,699,517
31 December 2011		
Available-for-sale financial assets		
- Unit trust	33,211,087	33,211,087
1 January 2011		
Available-for-sale financial assets		
- Unit trust	494,812	494,812

During the financial years ended 31 December 2012 and 2011, there was no transfer between the fair value measurement hierarchy.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

It is, and has been throughout the financial year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest bearing financial assets which are deposits placed with licensed banks. The deposits placed with licensed banks are short term in nature and are not held for speculation purpose but are placed to earn better yield than cash at banks. The deposits at fixed rate expose the Group and the Company to fair value interest rate risk.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and the maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company do not have any significant exposure to any individual customer at the reporting date.

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain continuity of funding so as to ensure that all repayment and funding needs are met. As part of its liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The Group's and the Company's financial liabilities at the reporting date either mature within one year or are repayable on demand.

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices. The Group and the Company is exposed to market price risk arising from its investment in quoted shares and unit trust. These instruments are classified financial assets at FVTPL or available-for-sale financial assets. The Group and the Company does not have exposure to commodity price risk.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Market price risk (cont'd)

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for market price risk

At the reporting date, if the market prices had been 5% higher/lower, with all other variables held constant, the Group's loss/profit net of tax would have been RM735,200 (2011: RM558,700) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's and the Company's other reserve in equity would have been higher/lower RM3,287,400 (2011: RM2,816,700) and RM1,601,200 (2011: RM1,245,400) respectively, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

26. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtaining borrowings.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2012 and 2011.

There were no bank borrowings for the current and previous financial year. Accordingly calculation of gross debt equity ratio is not meaningful to the Group and the Company.

The Group and the Company are not subject to any externally imposed capital requirements.

27. SEGMENT INFORMATION

The segment reporting format is determined to be business segments as the Group's risk and rates of return are affected predominantly by differences in the products and services produced. The operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services.

The Group comprises the following business segments:

(i) Investment holding

(ii) Oil palm plantation

27. SEGMENT INFORMATION (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Investment holding RM	Oil palm plantation RM	Total RM
31 December 2012			
Revenue:			
Investment holdings	-	-	-
Oil palm plantation operation *	-	-	-
Total revenue	-	-	-
Results:			
Loss before tax	(2,267,541)	(2,014,390)	(4,281,931)
Income tax expense			(3,323)
Loss, net of tax			(4,285,254)
Assets:			
Segment assets	165,625,971	36,026,534	201,652,505
Unallocated assets			169,161
Total assets			201,821,666
Liabilities:			
Segment liabilities	1,824,407	5,168,078	6,992,485
Other segment information:			
Depreciation	228,627	365,689	594,316
Amortisation	-	1,648,701	1,648,701
31 December 2011			
Revenue:			
Investment holdings	-	-	-
Oil palm plantation operation *	-	8,114,757	8,114,757
Total revenue	-	8,114,757	8,114,757
Results:			
(Loss)/Profit before tax	(3,295,467)	6,100,367	2,804,900
Income tax expense			(2,044,068)
Profit, net of tax			760,832
Assets:			
Segment assets	168,419,011	38,040,924	206,459,935
Unallocated assets			63,736
Total assets			206,523,671

27. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Oil palm plantation RM	Total RM
31 December 2011 (cont'd)			
Liabilities:			
Segment liabilities	2,429,888	5,160,078	7,589,966
Other segment information:			
Depreciation	228,627	365,689	594,316
Amortisation	-	1,648,701	1,648,701
1 January 2011			
Assets:			
Segment assets	164,630,176	41,379,374	206,009,550
Unallocated assets			28,874
Total assets			206,038,424
Liabilities:			
Segment liabilities	2,770,400	5,066,250	7,836,650
Unallocated liabilities			6,206
Total liabilities			7,842,856

* The Group had suspended recognition of income from oil palm plantation and lease rental from oil mill with effect from 1 July 2011 as mentioned in Note 2(d).

Geographical information

The Group's operations are located only in Malaysia.

Major customer information

The entire revenue for the financial year ended 31 December 2011 was contributed by a single customer.

28. SIGNIFICANT EVENT

On 29 June 2012, Malpac Capital Sdn. Bhd., a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with a third party for the disposal of a piece of freehold land under property, plant and equipment known as GRN 18677, Lot 618, Bandar Seremban, Seremban, Negeri Sembilan Darul Khusus at total consideration of RM543,633. The transaction has been completed during the financial year.

29. MATERIAL LITIGATION

On 5 April 2002, a wholly owned subsidiary of the Company, Malpac Capital Sdn. Bhd. ("MCSB") entered into a Conditional Sale and Purchase Agreement ("the Agreement") to dispose of its subsidiary, Radiant Responses Sdn. Bhd. ("RRSB") together with 2 parcels of leasehold land to Yong Toi Mee and Cheang Kim Leong ("the Purchasers") for a consideration of RM2 and the repayment by the Purchasers of the shareholder's loan of RRSB of RM30,600,000, as part of a composite transaction and encompassing the palm oil mill situated on part of the plantation by a lessee for a total consideration of RM53,000,002.

29. MATERIAL LITIGATION (CONT'D)

On 15 November 2002, a Subsequent Letter Agreement was executed by both parties recognising the Agreement 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 also 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 Agreement.

On 5 May 2011, the Ipoh High Court delivered an oral judgement in favour of the Plaintiffs and ordered specific performance of the Agreement whereby MCSB and RRSB were required to complete the sale within three months from the date of receipt of the balance purchase price. Costs were ordered against the defendants.

The Plaintiffs tendered full payment of the balance purchase price for the plantation which MCSB's solicitors had rejected and was subsequently returned to the Plaintiffs on the grounds that MCSB's and RRSB's appeal to the Court of Appeals and application for stay of execution in the Ipoh High Court judgement were pending.

Effective 1 July 2011, MCSB had suspended recognition of income from oil palm plantation and palm oil mill since no income had been received from the oil palm plantation following the Ipoh High Court's decision given in favour of the Plaintiffs in the Civil Suit.

The Court of Appeal had on 17 January 2012 made a unanimous decision in MCSB's and RRSB's favour with costs awarded to MCSB. No plantation income have been received from the Plaintiffs despite demand from MCSB following the Court of Appeal's decision.

On 30 January 2012, the Plaintiffs filed an application for leave to appeal to the Federal Court against the Court of Appeal's decision made on 17 January 2012. The Plaintiffs had been granted leave by the Federal Court to appeal against the Court of Appeal's decision. The appeal was heard by the Federal Court on 5 and 6 March 2013. The Federal Court reserved decision and has subsequently fixed to hear further submissions by both parties on 29 April 2013.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 31 December 2012 and 31 December 2011 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at reporting date are analysed as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings of the Company and its subsidiaries:				
- realised	80,983	89,287	95,339	99,780
Less: Consolidation adjustments	14,317	10,298	-	-
Total retained earnings	95,300	99,585	95,339	99,780

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2012

Location	Description (Building Age)/ Existing Use	Tenure	Land Area/ Built-up Area	Net Book Value (RM'000)	Date of Acquisition
Lot No. 11644 Mukim Durian Sebatang Daerah Hilir Perak Perak Darul Ridzuan	Oil palm estate	Leasehold (expiring 24.7.2034)	1,266.05 hectares	21,557	4.8.2003
Lot No. 6863 Mukim Hutan Melintang Daerah Hilir Perak Perak Darul Ridzuan	Oil palm estate	Leasehold (expiring 24.7.2034)	767.33 hectares	13,066	4.8.2003
Lot P.T.65571 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	Vacant commercial land	Freehold	6.74 hectares	37,364	9.9.2003
PTD 58152-58177 HS(D) 216990-217015 PTD 58179-58211 HS(D) 217016-217048 PTD 58213-58331 HS(D) 217049-217167 Mukim of Tebrau Daerah of Johor Bahru Johor Darul Takzim	178 vacant bungalow lots	Freehold	113,369.85 sq. metres	15,118	9.9.2003
Lot 491 Mukim & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	6.481 acres	679	5.10.2004
Lot 5142 Bandar & Daerah Seremban Negeri Sembilan Darul Khusus	Vacant land	Freehold	34.50 poles	206	5.10.2004
B-6-10, B-9-10, B-12-3A West Wing 10 Semantan No. 10 Jalan Semantan 50490 Kuala Lumpur	3 units of 2-bedroom condominium (4 years)/ Tenanted	Leasehold (expiring 3.6.2108)	980 sq. feet per unit	1,233	27.6.2008
No. 16.01 PT No. 200, Seksyen 1 Bandar Tanjong Tokong Daerah Timur Laut Pulau Pinang	A 4-bedroom condominium (3 years)/ Vacant	Freehold	6,300 sq. feet	2,091	11.2.2009

RESULTS

First Quarter ended 31 March 2012	Announced On	10 May 2012
Second Quarter ended 30 June 2012	Announced On	14 August 2012
Third Quarter ended 30 September 2012	Announced On	21 November 2012
Fourth Quarter ended 31 December 2012	Announced On	22 February 2013

NOTICE OF ANNUAL GENERAL MEETING	29 May 2013
TWENTY-THIRD ANNUAL GENERAL MEETING	20 June 2013

ANALYSIS OF SHAREHOLDINGS
AS AT 29 APRIL 2013

Share Capital

Authorised share capital	:	RM200,000,000.00
Issued and paid-up capital	:	RM75,000,000.00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share
No. of shareholders	:	2,186

Directors' Shareholdings

Name of Directors	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	13,242,008	17.66	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	2,940,300**	3.92
Chew Loy Chee	3,152,188	4.20	230,000**	0.31
Kan Ah Chun	2,180,260	2.91	-	-
Muhayuddin Bin Musa	-	-	-	-
Johari Low Bin Abdullah	-	-	-	-

Notes:
* *Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.*
** *Indirect interest through family members.*

Size of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	12	0.55	366	0.00
100 - 1,000	770	35.22	749,887	1.00
1,001 - 10,000	1,209	55.31	4,600,100	6.13
10,001 - 100,000	150	6.86	4,258,200	5.68
100,001 - 3,749,999*	42	1.92	33,796,546	45.06
3,750,000 and above**	3	0.14	31,594,901	42.13
	2,186	100	75,000,000	100

* *Less than 5% of issued shares.*
** *5% and above of issued shares.*

Substantial Shareholders

Name of Substantial Shareholders	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares
Lim Hong Liang	13,242,008	17.66	3,691,900*	4.92
Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75	2,209,300**	2.95
Advance Synergy Capital Sdn Bhd (ASCSB)	8,037,500	10.71	-	-
Advance Synergy Berhad (ASB)	-	-	8,037,500^	10.71
Dato' Ahmad Sebi Bakar	-	-	8,037,500+	10.71
Suasana Dinamik Sdn Bhd	-	-	8,037,500#	10.71
Gan Teck Chong @ Gan Kwan Chong	3,917,303	5.22	2,940,300**	3.92

Notes:
- * *Deemed indirect interest by virtue of him being a director and shareholder in Wawasan Lembaran Sdn Bhd which in turn holds 4.92% in Malpac Holdings Berhad.*
- ** *Indirect interest through family members.*
- ^ *Deemed interested by virtue of its interest in ASCSB, a wholly-owned subsidiary.*
- \+ *Deemed interested by virtue of his substantial shareholdings in ASB.*
- \# *Deemed interested by virtue of its substantial shareholdings in ASB.*

30 Largest Shareholders

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
1.	Lim Hong Liang	13,242,008	17.66
2.	Tan Chon Sing @ Tan Kim Tieng	10,315,393	13.75
3.	Advance Synergy Capital Sdn Bhd	8,037,500	10.71
4.	Wawasan Lembaran Sdn Bhd	3,691,900	4.92
5.	Chew Loy Chee	3,152,188	4.20
6.	Gan Teck Chong @ Gan Kwan Chong	2,917,303	3.89
7.	Ng Faai @ Ng Yoke Pei	2,209,300	2.95
8.	Kan Ah Chun	2,180,260	2.91
9.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Garth Kevin Albuquerque	2,001,000	2.67
10.	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Tan @ Tan Hui Ngoh	1,940,300	2.59
11.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai (Margin)	1,883,400	2.51

30 Largest Shareholders (cont'd)

No.	Name of Shareholders	No. Of Shares Held	% of Issued Shares
12.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (Margin)	1,541,700	2.06
13.	Loh Siew Hooi	1,420,000	1.89
14.	Goh Siang Kuan	1,113,500	1.48
15.	Teo Kwee Hock	1,021,800	1.36
16.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mary Tan @ Tan Hui Ngoh	1,000,000	1.33
17.	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Gan Teck Chong @ Gan Kwan Chong	1,000,000	1.33
18.	Yee Quek Peng	933,700	1.24
19.	Yong Toi Mee	393,100	0.52
20.	Chin Kian Fong	370,000	0.50
21.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Chee Wen	365,000	0.49
22.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chin Kiam Hsung	344,000	0.46
23.	Goh Ah Peng	289,600	0.39
24.	Yap Ah Eng @ Yap Ah Pin	260,400	0.35
25.	Tong Seow Mei	260,000	0.35
26.	Looi Lei Chow	247,700	0.33
27.	Tan Akuan	233,000	0.31
28.	Yap Ah Ngah @ Yap Neo Nya	230,000	0.31
29.	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Chin Hwa (B)	218,900	0.29
30.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Phng Hooi Siang @ Fong Hooi Siang	210,000	0.28
	Total	63,022,952	84.03

PROXY FORM

Malpac Holdings Berhad
(197424-V)

Number of Shares Held	
CDS Account Number	

I/We, ______________________________ NRIC No. or Company No. ____________
(PLEASE USE BLOCK LETTERS)

of ____

being a member(s) of **MALPAC HOLDINGS BERHAD**, hereby appoint ______________________

______________________________ NRIC No. ______________________

of ____

or ______________________________ NRIC No. ______________________

of ____

or the Chairman of the meeting to be my/our proxy/proxies to attend and on a poll to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Dewan Tuanku Ja'afar, Royal Sungei Ujong Club, 2A, Jalan Dato' Kelana Ma'amor, 70000 Seremban, Negeri Sembilan Darul Khusus on Thursday, 20 June 2013 at 10.00 a.m. or at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below:

Resolution		For	Against
1.	To receive and adopt the audited financial statements for the year ended 31 December 2012 together with the Reports of Directors and Auditors thereon.		
2.	To approve the payment of Directors' Fee of RM60,000.00 for the year ended 31 December 2012.		
3.	To re-elect Mr Gan Teck Chong @ Gan Kwan Chong who retires pursuant to Article 80 and 82 of the Company's Articles of Association.		
4.	To re-appoint Mr Chew Loy Chee pursuant to Section 129 (6) of the Companies Act 1965.		
5.	To re-appoint Mr Tan Chon Sing @ Tan Kim Tieng pursuant to Section 129 (6) of the Companies Act 1965.		
6.	To re-appoint Auditors and to authorize the Directors to fix their remuneration.		
7.	Special Business (Ordinary Resolution): Authority to issue shares pursuant to Section 132(D) of the Companies Act 1965. (Ordinary Resolution)		
8.	Special Business (Ordinary Resolution): Proposed renewal of authority to purchase its own shares by the Company (Ordinary Resolution)		
9.	Special Business (Special Resolution):- Proposed Amendments to Articles of Association		

Date ________ day of _______ , 2013

____
Signature/Common Seal

Notes:

1. A member of the Company who is entitled to attend and vote in the Meeting is entitled to appoint a proxy / proxies to attend and vote in his / her stead. A proxy may but need not be a member of the Company

   The Form of Proxy must be deposited with the Company Secretary at the registered office of the Company at Chamber E, Lian Seng Courts, 275 Jalan Haruan 1, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan Darul Khusus not less than 48 hours before the time appointed for holding the Meeting.

2. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the Seal or under the hand of an officer or attorney duly authorized.

3. Where a member appoints two or more proxies to attend at the same meeting, the appointment shall be invalid unless the holder specified the proportion of his shareholdings to be represented by each proxy.

4. Only members whose names appear in the Record of Depositors as at 12 June 2013 will be entitled to attend and vote at the meeting.

5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

6. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each resolution. If this proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain from voting at his discretion.

7. Any alteration made in this form must be initialed by the person who signs it.

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STAMP

THE COMPANY SECRETARY

MALPAC HOLDINGS BERHAD

(197424-V)

Chamber E, Lian Seng Courts
275 Jalan Haruan 1
Oakland Industrial Park
70200 Seremban
Negeri Sembilan Darul Khusus

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