

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 JUNE 2005**

SECTION A – FRS 134 PARAGRAPH 16

1. ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting (formerly known as MASB 26). The interim financial reporting should be read in accordance with the audited financial statement of the Group for the year ended 30 June 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 30 June 2004 except for the adoption of FRS 201, Property Development Activities (formerly known as MASB 32). Certain balance sheet comparative amounts of the Group as at 30 June 2005 have been restated to conform with the requirements of FRS 201.

2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding annual financial statements for the financial year ended 30 June 2004 were not subject to any qualification.

3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group have not been affected by any seasonality or cyclicity factors.

**4. NATURE AND AMOUNT OF ITEMS AFFECTING ASSETS, LIABILITIES,
EQUITY, NET INCOME, OR CASH FLOWS THAT ARE UNUSUAL BECAUSE OF
THEIR NATURE, SIZE OR INCIDENCE**

There were no other unusual items in the quarterly financial statements under review save and except the dispute of the sum of RM1,855,369.79 to be refunded by purchasers and/or directors which are explained in Section B, Note 11 under material litigation.

**5. NATURE AND AMOUNT OF CHANGES IN ESTIMATES OF AMOUNTS
REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR,
WHICH GIVE A MATERIAL EFFECT IN THE CURRENT INTERIM PERIOD**

There were no changes in the estimates of amounts which give a material effect in the current interim period save and except explained in Section B, Note 11 under material litigation.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

6. ISSUANCE, CANCELLATIONS, REPURCHASE, RESALE AND REPAYMENT OF DEBTS AND EQUITY SECURITIES

There were no cancellation, repurchase, resale and repayment of debt or equity securities during the financial period to date save and except explained in Section B, Note 11 under material litigation and the issuance of 18,596,793 new ordinary shares of RM1.00 each pursuant to the early exercise of conversion of warrants at RM1.00 per share by Top Lander Offshore Inc., K-Elite Sdn Bhd and Optima Mewah Sdn Bhd (the "Concert Parties") who is now the new major shareholders pursuant to a conditional waiver of a mandatory Takeover and Mergers requirement by the Securities Commission. The total cash proceeds from the exercise of warrants are amounted to RM18,596,793.

7. DIVIDENDS PAID

No interim dividend has been recommended for the financial period under review.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

8. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period ended 30 June 2005 is as follows:-

a) 12 months ended 30 June 2005 (Current Unaudited Financial Year)

Description	Property Development (RM '000)	Letting of Investment Properties (RM '000)	Construction (RM '000)	Elimination (RM '000)	Consolidation (RM'000)
Revenue					
External Sales	17,460	8,587	-	-	26,047
Inter Segment Sales	1,630	3,779	5,292	(10,701)	-
Sub-total	19,090	12,366	5,292	(10,701)	26,047
Results					
Segment Results	(7,163)	798	(157)		(6,522)
Finance costs					(8,903)
Losses Before Taxation					(15,425)
Taxation					(203)
Losses After Taxation					(15,628)

b) 12 months ended 30 June 2004 (Previous Audited Financial Year)

Description	Property Development (RM '000)	Letting of Investment Properties (RM '000)	Construction (RM'000)	Elimination (RM '000)	Consolidation (RM'000)
Revenue					
External Sales	18,787	7,460	-	-	26,247
Inter Segment Sales	1,721	3,870	5,023	(10,614)	-
Sub-total	20,508	11,330	5,023	(10,614)	26,247
Results					
Segment Results	(1,122)	(1,141)	12		(2,251)
Finance costs					(9,142)
Losses Before Taxation					(11,393)
Taxation					(150)
Losses After Taxation					(11,543)

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There is no amendment to the valuation of property, plant and equipment brought forward from the previous annual audited financial statements for the financial year ended 30 June 2004.

10. SUBSEQUENT MATERIAL EVENTS

There have not arisen any material events between 30 June 2005 and the date of this announcement that has not been reflected in the anticipated financial statements for the financial year ended 30 June 2005.

11. CHANGES IN THE COMPOSITION OF THE GROUP/CAPITAL STRUCTURE

There are no changes in the composition of the Group for the current quarter and financial year-to-date.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets as at the date of this report except explained in Section B note 11, under material litigation.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

SECTION B – LISTING REQUIREMENTS

1. Review of Performance

Current Quarter results show a lower revenue of RM6.20 million, a decline of 46% or RM5.24 million, but the pre-tax losses registered a smaller decrease of RM944,000 to RM3.98 million as compared to the previous year corresponding period.

As for the year ended 30 June 2005, the Group recorded a marginal decrease of RM200,000 in revenue to RM26.05 million from RM26.25 million but pre-tax losses increased by RM4.03 million or 35% from RM11.39 million to RM15.43 million as compared to a year ago.

The lower performance is due to the group's policy in adopting a more prudent approach to provide adequate provision for Liquidated Ascertained Damages (LADs) due to previous late construction of sold houses and stoppage in completion of the said houses by previous management. Steps were then taken by new management as from February 2005 to expedite completion of the unfinished houses to mitigate further losses by not prolonging the LADs. The LADs amounting to RM 6.04 million has compounded extraordinary losses which would otherwise might have shown some significant improvement in the results if not for LADs.

The increase in pre-tax losses is also due to lower contribution from property development as the newly approved layout plan of 12,119 units from 7,868 units in the "Nusai Damai" Johor Bahru project was only obtained in March 2005 and the application process of building plans, advertising permits and sale launches of new phases were somewhat curbed, thus we are unable to benefit from the new sale launches of them during this period.

"Nusa Damai" development has encompassed the concept of a "Lakehill Resort" type of development from a previously approved housing development plan which previously entailed spending enormous infrastructural costs of cutting and filling the existing lake and flattening the hill. The aim is to stop the unnecessary heavy capital expenditure and at the same time converting a standard housing scheme into a resort-type concept development which is potentially more profitable.

It is to be noted that the Rights Issue and the Warrants monies raised of an amount RM29,700,000 and RM18,596,793, respectively were almost entirely utilized to settle past large outstanding banks and contractors' debts, past unpaid taxes, extraordinary expenditures of LADs, capital renovation and improvement cost, leaving behind only about RM3.5 million, as at 30 June 2005, very little left to be available for purpose of meeting the new "management's vision" plan as reported in the previous third quarter.

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)**

(a) Divisional Performance Review

i) Wisma MPL

For the year under review, the property investment has recorded an improvement of a small operating profit of RM798,000 despite a small increase in revenue of RM1.13 million to RM8.59 million from RM 7.46 million of the preceding year. This is some indication that the property investment sector is in a turnaround situation.

The new management has taken measures in revising and implementing Wisma MPL into a new and vibrant concept of office, commercial, restaurants and entertainment landmark of Kuala Lumpur. Once implemented, it will see a very significant increase in rental revenue in the very foreseeable future, barring unforeseen circumstances.

ii) Nusa Damai, Johor Bahru Project

This property development sector is undergoing a major design change. The current reported revenue of this sector is RM 17.46 million, a decrease of RM 1.33 or 7 % from RM 18.79 million of the preceding year. The operating losses has increased to RM1.12 million from an operating profit of RM483,000. This is mainly due to the development layout plan was revised and approved only in March 2005 which was too late for the new phases to be launched during the current financial year.

The pre-tax losses has increased largely due to the exceptional item of an extraordinary increase of RM 6.04 million in LADs from RM 1.61 million in the preceding year owing to additional unfinished or stoppages of construction houses left behind by the past management.

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue and pre-tax losses for the fourth quarter was RM6.20 million and RM3.98 million as compared to RM7.51 million and RM2.15 million respectively in the preceding quarter. This was mainly attributable to the lower earnings contribution recorded by property development.

3. PROSPECT FOR THE NEXT FINANCIAL YEAR

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the Group's performance for the next financial year is expected to be more satisfactory.

4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT

This is not applicable to the Group.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

5. TAXATION

The taxation for the current quarter ended and year ended 30 June 2005 consists of the following:

	Current Quarter Ended 30-06-2005 (RM '000)	Current Year To-Date Ended 30-06-2005 (RM '000)
Current year taxation	(63)	7
Deferred taxation	(254)	196
	(317)	203

The effective tax rate is higher compared to the statutory tax rate for the current quarter and financial year ended 30 June 2005 mainly due to certain expenses which are not tax deductible.

6. PROFITS/(LOSSES) ON SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

There were no sales of unquoted investments or properties for the current quarter and financial year to date.

7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Group as at the date of this report.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

8. STATUS OF CORPORATE PROPOSAL

a) Corporate Proposal

The Group has not announced any other corporate proposal for the period under review.

b) Utilization of Proceeds

(i) The Company had paid for the following expenses from the proceeds from the Company's Rights Issue as follows:

	Forecast to Bursa & SC (RM'000)	Actual (RM'000)
Subscription Value from Right Issue	<u>29,700</u>	<u>29,700</u>
<u>Utilization of Proceeds :</u>		
1) Funding for the MPCB Group's Nusa Damai project in Masai, Johore	2,800	2,724
2) For Group's Working Capital requirements	2,500	2,189
3) Renovation and upgrading of amenities of Wisma MPL	4,000	2,148
4) Defray interests due on the facilities utilized for the Group's property development activities and other bank facilities and the advance from Spektrum Semangat Sdn Bhd	5,900	8,108
5) Repayment of the advance: Spektrum Semangat Sdn Bhd	13,800	13,800
6) Corporate exercise expenses	700	731
Total Utilization of Proceeds	<u>29,700</u>	<u>29,700</u>
Right Issue Surplus / (Deficits)	<u>-</u>	<u>-</u>

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

(ii) The Company's Warrants, proceeds from Top Lander Offshore Inc., K-Elite Sdn Bhd and Optima Mewah Sdn Bhd were expensed for the following reasons:

WARRANT UTILISATION SCHEDULE

	Actual (RM'000)
Warrants Issued	<u>18,597</u>
<u>Utilization of Warrants :</u>	
1) Director Remuneration	344
2) Deposit of Motor Vehicle	50
3) Transfer to HLBB A/c 2 – Building Expenses	734
4) Renovation for WMPL	62
5) Assessment for WMPL	2,139
6) Bank Interest & Redemption	4,748
7) Electricity/Water for WMPL	990
8) Payment to directors related person and companies (the subject matter of litigation as detailed in Section B, Note 11)	689
9) Staff Salaries & Allowance	907
10) Development Expenditure	1,308
11) Defray interests due on the facilities utilized for the Group's property development activities and other bank facilities	1,415
12) Unpaid past taxes and tax penalties	1,711
Total Utilization of Warrants	<u>15,097</u>
Warrants Surplus / (Deficits)	<u><u>3,500</u></u>

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

9. GROUP BORROWINGS

Total Group's borrowings as at 30 June 2005 are as follows:

	Short Term	Long Term	
	Secured	Secured	Total
	(RM '000)	(RM '000)	(RM '000)
HP Creditors	104	582	686
Revolving Credit	25,704	-	25,704
Bank Overdraft	64,938	-	64,938
Term Loan	-	72,954	72,954
Total	90,746	73,536	164,282

10. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

There are no financial instruments with off balance sheet risk issued as at the date of issuance of this report.

11. MATERIAL LITIGATION

A Dispute of the Consent Judgment

As an update of the previous quarter report, the Company is awaiting the Writs to be served against former directors under Section 132E of the Companies Act, 1965. The names of the affected former directors are :- Encik Chut Nyak Isham Bin Nyak Ariff, Dato' Yusof Bin Jusoh, Tengku Sharif Temenggung Perlis Syed Amir Abidin Jamalullail and Dato' Thomas Teng Poh Foh.

The company's solicitors had on 28 April 2005 issued Notices of Demand on Warisan Alam Enterprise Sdn Bhd, Puan Asnah Bt Mohd Salleh and Bumialpha Sdn Bhd, and former directors of the Company.

The company's solicitors had also served Notices of Demand dated 28 April 2005 on the said former directors and amongst others, claims from them to indemnify the Company for losses suffered by the Company, if any.

The company's solicitors had been instructed to set-aside the Consent Judgment pursuant to matter concern Section 132E of the Companies Act, 1965.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

B Dispute of Winding Up Petition

On 27 May 2005, the Company had announced to BURSA Malaysia Securities Berhad (BURSA Malaysia) that Warisan Alam Enterprise Sdn Bhd and Puan Asnah Bt. Mohd Salleh have served notices under Section 218 of the Companies Act, 1965 dated 25 May 2005 against Taman Bandar Baru Masai Sdn Bhd (TBBM), a sub-subsiidiary of the Company, for the stopped cheques amount totalling RM325,546.80 pursuant to the Consent Judgment under dispute, referred in Section A above. Bumialpha Sdn Bhd did not serve notices under Section 218 of the Companies Act, 1965.

However, on 9 August 2005 only Puan Asnah Bt Mohd Salleh had filed a winding up petition against TBBM to seek an amount of RM186,455.10 that she claimed was an unpaid balance owed to her pursuant to the Consent Judgment, which an application to set-aside the Consent Judgment is to be instituted by the Company as soon as practicable.

TBBM would contest the winding up petition by depositing a sum of RM186,455.10 plus legal cost to company solicitor's account or to the Court as "stakeholder" in order to set-aside or strike out the winding up petition. This matter has been notified to BURSA Malaysia on 10 August 2005.

C The Company vs Inta Development Sdn Bhd

The Board has instructed the solicitor to take appropriate action in accordance to the legal advice given as soon as possible.

12. DIVIDEND

No interim dividend has been recommended for the financial period under review.

13. EARNINGS PER SHARE

a. Basic earnings per share

	Current Quarter Ended 30-06-2005	Current Year To Date 30-06-2005
Net loss attributable to ordinary shareholders (RM'000)	(3,666)	(15,628)
Weighted average number of ordinary shares in issue ('000)	172,597	172,597
Basic loss per share (sen)	(2.12)	(9.05)

b. Diluted earnings per share

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
(formerly known as Malaysia Pacific Land Berhad)

No diluted earnings per share are disclosed due to anti-diluted effect of warrants.