

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

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2005.

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 2005.

**2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding annual financial statements for the financial year ended 30 June 2005 were not subject to any qualification.

**3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Group for the current quarter ended 30 September 2005 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)**  
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**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.

**7. DIVIDENDS PAID**

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

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)**  
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**8. SEGMENTAL REPORTING**

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

a) 3 months ended 30 September 2005

	Property Development	Letting of Investment Properties	Construction	Elimination	Consolidation
Description	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM'000)
<b>Revenue</b>					
External Sales	3,558	2,061	-	-	5,620
Inter Segment Sales	-	-	15	(15)	-
<b>Sub-total</b>	<b>3,558</b>	<b>2,061</b>	<b>15</b>	<b>(15)</b>	<b>5,620</b>
<b>Results</b>					
Segment Results	(6)	287	(112)		168
Finance costs					(2,570)
<b>Losses Before Taxation</b>					<b>(2,402)</b>
Taxation					254
<b>Losses After Taxation</b>					<b>(2,148)</b>

b) 3 months ended 30 September 2004

	Property Development	Letting of Investment Properties	Construction	Elimination	Consolidation
Description	(RM '000)	(RM '000)	(RM'000)	(RM '000)	(RM'000)
<b>Revenue</b>					
External Sales	2,756	1,997	-	-	4,753
Inter Segment Sales			1,876	(1,876)	-
<b>Sub-total</b>	<b>2,756</b>	<b>1,997</b>	<b>1,876</b>	<b>(1,876)</b>	<b>4,753</b>
<b>Results</b>					
Segment Results	(609)	679	6		76
Finance costs					(1,912)
<b>Losses Before Taxation</b>					<b>(1,836)</b>
Taxation					(305)
<b>Losses After Taxation</b>					<b>(2,141)</b>

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)**  
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**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 2005.

**10. SUBSEQUENT MATERIAL EVENTS**

There have not arisen any material events between 30 September 2005 and the date of this announcement that has not been reflected in the financial statements for the current quarter ended 30 September 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)  
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**SECTION B –LISTING REQUIREMENTS**

**1. Review of Performance**

Current Quarter results show improved revenue of RM5.62million, an increase of 18% or RM867,000 as compared to RM4.75million of the same period of last year, but the pre-tax losses registered a marginal decrease of RM7,000 to RM2.15million as compared to the previous year corresponding period.

Despite the improvement in revenue, the decrease in pre-tax losses is mainly due to increase in overhead cost which among others, advertisement/promotion cost incurred to promote the sales for the Property Development and Property Investment. The increase in interest cost has also resulted in the lower performance for this quarter as compared to the previous year corresponding quarter. However, the management has taken steps to restructure the existing loan structure and managed to reduce the interest cost by 1% with effective from 01 November 2005.

**(a) Divisional Performance Review**

**i) Wisma MPL**

For the period under review, the property investment has recorded a marginal increase in revenue from RM2.0million to RM2.06million as compared to the previous year corresponding period. However, the operating profit has reduced by RM392,000, i.e. 58% from RM679,000. This is mainly due to increase in building maintenance/renovation cost as continuing efforts have been taken to refurbish Wisma MPL.

The above is also in line with the new management vision to turnaround Wisma MPL into a new and vibrant concept of office, commercial, restaurants and entertainment landmark of Kuala Lumpur, continuous measures will be taken to revise and implement the new concept. 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**

The property development sector is undergoing a major design change. The current reported revenue of this sector is RM3.56million, an increase of RM802,000 or 29% from RM2.76million of the previous year corresponding period. The operating loss has reduced by RM603,000 to RM6,000 as compared to previous corresponding quarter of RM609,000. The reduction in pre-tax losses is mainly due to additional provision of Liquidated Ascertained Damages of RM611,000 in previous year corresponding quarter as compared to no provision being made for this quarter due to timely delivery of the completed houses to the buyers.

**2. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

Revenue and pre-tax losses for the first quarter was RM5.62million and RM2.4million as compared to RM5.87million and RM4.61million respectively in the preceding quarter. The reduction in pretax losses was mainly due to better contribution from Property Developments.

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)**  
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**3. PROSPECT FOR THE CURRENT FINANCIAL YEAR**

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

**4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT**

This is not applicable to the Group.

**5. TAXATION**

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

	<b>Current Quarter Ended 30-09-2005 (RM '000)</b>	<b>Current Year To-Date Ended 30-09-2005 (RM '000)</b>
Taxation		
- current year	31	31
- prior year	(345)	(345)
Deferred taxation	60	60
	<u>(254)</u>	<u>(254)</u>

The effective tax rate for the Group is negative due to the reversal of the tax overprovision in prior years being the tax refunds obtained in one of the subsidiaries.

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

There were no sales of unquoted investments or properties for the current quarter ended 30 September 2005.

**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)**  
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**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:

	<b>Forecast to Bursa &amp; SC (RM'000)</b>	<b>Actual (RM'000)</b>
<b>Subscription Value from Right Issue</b>	<b><u>29,700</u></b>	<b><u>29,700</u></b>
<b>Utilization of Proceeds :</b>		
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
<b>Total Utilization of Proceeds</b>	<b><u>29,700</u></b>	<b><u>29,700</u></b>
<b>Right Issue Surplus / (Deficits)</b>	<b><u>-</u></b>	<b><u>-</u></b>

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)**  
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(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**

	<b>Actual (RM'000)</b>
<b>Warrants Issued</b>	<b><u>18,597</u></b>
<b><u>Utilization of Warrants :</u></b>	
1) Director Remuneration	362
2) Deposit of Motor Vehicle	50
3) Transfer to HLBB A/c 2 – Building Expenses	1,187
4) Renovation for WMPL	62
5) Assessment for WMPL	2,656
6) Bank Interest & Redemption	4,581
7) Electricity/Water for WMPL	1,369
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	1,327
10) Development Expenditure	1,508
11) Defray interests due on the facilities utilized for the Group's property development activities and other bank facilities	2,628
12) Unpaid past taxes and tax penalties	1,936
<b>Total Utilization of Warrants</b>	<b><u>18,355</u></b>
<b>Warrants Surplus / (Deficits)</b>	<b><u>242</u></b>



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**9. GROUP BORROWINGS**

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

	<b>Short Term</b>	<b>Long Term</b>	
	<b>Secured</b>	<b>Secured</b>	<b>Total</b>
	<b>(RM '000)</b>	<b>(RM '000)</b>	<b>(RM '000)</b>
HP Creditors	106	554	660
Revolving Credit	25,965	-	25,965
Bank Overdraft	65,419	-	65,419
Term Loan	16,080	55,956	72,036
<b>Total</b>	<b>107,570</b>	<b>56,510</b>	<b>164,080</b>

**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**

- (i) The Company has taken legal action against former directors, namely, Encik Chut Nyak Isham Bin Nyak Ariff (Isham), Dato' Yusof Bin Jusoh (Dato' Yusof), Tengku Sharif Temenggung Perlis Syed Amir Abidin Jamalullail and Dato' Thomas Teng Poh Foh ("former directors") to recover the deposits and penalty interest paid to persons connected to Isham and Yusof. The action against former directors concern breaches of Section 132E of the Companies Act, 1965 as well as breaches of fiduciary duties, collusion and/or gross negligence of directors. The total sum claimed by the Company is RM1,855,370, plus interest.

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 for recovery of the money that were paid to persons and companies connected to them. No reply is received so far, save for Dato' Yusof and Bumialpha Sdn Bhd. The Writs of Summons are in process.

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)**  
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**(b) Dispute of Winding Up Petition**

- (i) A Winding Up under Section 218 of the Companies Act, 1965, was presented at the High Court of Malaya of Kuala Lumpur on 22 July 2005 by Puan Asnah Bt Mohd Salleh and the Petition was served on Taman Bandar Baru Masai Sdn Bhd (“TBBM”) vide Companies (Winding Up) No D2-28-534-05 at its registered office in Kuala Lumpur on 9 August 2005. The hearing date of the Petition previously fixed on 13 September 2005 has been adjourned to 24 November 2005. The Company has filed and served an Affidavit-in-Opposition to the Petition.

The Petitioner is claiming for the sum of RM186,455.10 which is based on a Consent Judgment granted by former directors, dated 10 January 2005 obtained against TBBM vide the Kuala Lumpur High Court Commercial Division Suit No S1-22-1257-2004. The Company had on 9 September 2005 filed an application for a stay of execution and an application to set-aside the Consent Judgment. At the same time, TBBM has deposited a sum of RM 190,000 (in excess amount of the claimed) with the Company solicitors to contest the Winding-Up Petition.

The directors are of the opinion that they do not foresee any adverse financial and operational impact on the Group, concerning the above actions.

- (ii) The Company and TBBM has served the Writ of Summons to 7 defendants in Johor Bahru High Court, for legal action against Inta Development Sdn Bhd and Inta Bina Sdn Bhd and 5 others, which amongst them are, Encik Chut Nyak Isham Bin Nyak Ariff (former director and Group CEO of the Company) and Encik Zulhaimi Bin Nordin (the Group General Manager at the material time). The action concerns the sale of a parcel of land of 21.8 acres in Johor Bahru which was discovered to be sold below market value and book value, which is highly irregular in its commercial dealing and to a party which was linked to our Company’s ex-employee, Zulhaimi bin Nordin, and approved by the ex-CEO without prior valuation and approval of the Board of Directors of the Company and TBBM. The case is currently awaiting for the mention date.

**12. DIVIDEND**

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

**MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)**  
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**13. EARNINGS PER SHARE**

**a. Basic earnings per share**

	<b>Current Quarter Ended 30-09-2005</b>	<b>Current Year To Date 30-09-2005</b>
Net loss attributable to ordinary shareholders (RM'000)	(2,148)	(2,148)
Weighted average number of ordinary shares in issue ('000)	172,597	172,597
Basic loss per share (sen)	(1.24)	(1.24)

**b. Diluted earnings per share**

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