

MALAYSIA PACIFIC CORPORATION BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2006

The figures have not being audited

	FY 2007		FY 2006	
	Current Quarter Ended 9/30/2006 RM'000	3 months cumulative 9/30/2006 RM'000	Comparative Quarter Ended 9/30/2005 RM'000	3 months cumulative 9/30/2005 RM'000
Revenue	2,078	2,078	5,620	5,620
Operating Expenses	(2,471)	(2,471)	(5,582)	(5,582)
Other Operating Income	48	48	130	130
Profit/(Loss) from Operations	(345)	(345)	168	168
Finance costs	(3,013)	(3,013)	(2,570)	(2,570)
Profit/(Loss) before tax	(3,358)	(3,358)	(2,402)	(2,402)
Taxation	-	-	254	254
Profit/(Loss) after tax	(3,358)	(3,358)	(2,148)	(2,148)
Minority Interest	-	-	-	-
Net profit/(loss) for the financial period	(3,358)	(3,358)	(2,148)	(2,148)
Loss per Share (sen)				
a) Basic	(1.95)	(1.95)	(1.24)	(1.24)
b) Diluted	N/A	N/A	N/A	N/A

Note : The calculation of the diluted earnings/(loss) per share is not applicable due to anti-diluted effects of warrants.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006.

MALAYSIA PACIFIC CORPORATION BERHAD
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2006

The figures have not being audited

	As At 30/09/2006 Unaudited RM'000	As At 30/06/2006 Audited RM'000
Property, Plant & Equipment	4,530	4,598
Land Held for Property Development	85,915	85,316
Investment Property	167,000	167,000
Current Assets		
Development Properties and Expenditure	71,077	70,684
Inventories	5,002	5,002
Trade Receivables	3,566	4,865
Other Receivables	397	422
Accrued Billings	2,068	2,068
Tax Recoverable	255	433
Cash & Bank Balances	858	883
	<u>83,223</u>	<u>84,357</u>
Current Liabilities		
Trade Payables	4,103	3,919
Rental & Utilities Deposits	2,279	2,099
Other Payables	10,703	8,333
Bank Borrowings	93,471	93,114
Provision for taxation	2,525	3,094
	<u>113,081</u>	<u>110,559</u>
Net Current Assets/(Liabilities)	<u>(29,858)</u>	<u>(26,202)</u>
	<u>227,587</u>	<u>230,712</u>
Financed by :		
Share capital	172,597	172,597
Accumulated losses	<u>(45,730)</u>	<u>(42,372)</u>
Shareholders' fund	126,867	130,225
Long Term Liabilities		
Borrowings	72,397	72,164
Deferred taxation	28,323	28,323
	<u>227,587</u>	<u>230,712</u>
Net assets per share (RM)	0.74	0.75

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006.

MALAYSIA PACIFIC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2006

The figures have not being audited

Share Capital RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000
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3 months ended 30 September 2006

At 1 July 2006	172,597	50,682	(93,054)	130,225
Effects of adoption FRS 140		(50,682)	50,682	-
Net loss for the year	-	-	(3,358)	(3,358)
At 30 September 2006	172,597	-	(45,730)	126,867

3 months ended 30 September 2005

At 1 July 2005	172,597	17,950	(11,676)	178,871
Net loss for the year	-	-	(2,148)	(2,148)
At 30 September 2005	172,597	17,950	(13,824)	176,723

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006.

MALAYSIA PACIFIC CORPORATION BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2006

The figures have not being audited

	3 months ended 9/30/2006 RM'000	3 months ended 9/30/2005 RM'000
Operating Activities		
Net Loss Before Taxation	(3,686)	(2,402)
Adjustments for non-cash flow :		
Non-cash items	216	208
Non-operating items	2,892	2,854
Operating profit before changes in working capital	<u>(578)</u>	<u>660</u>
(Increase)/Decrease in working Capital :		
Net change in property development costs	(599)	-
Net change in current assets	1,495	(1,552)
Net change in current liabilities	3,340	(999)
Interest Paid	(3,004)	(2,851)
Interest Received	44	47
Payment for Liquidated Ascertained Damages	(3)	(501)
Net Tax (paid)/refund	(544)	2,973
Net cash flows from operating activities	<u>151</u>	<u>(2,223)</u>
Investing Activities		
Proceed from disposal of plant and equipments	-	-
Purchase of property, plant & equipments	(148)	(292)
Net cash flows from investing activities	<u>(148)</u>	<u>(292)</u>
Financing Activities		
Repayment for bank borrowings	(264)	(754)
Repayment to hire purchase creditors	(21)	-
Net cash flows from financing activities	<u>(285)</u>	<u>(754)</u>
Net Change in Cash & Cash Equivalents	(282)	(3,269)
Cash & Cash Equivalents at beginning of year	<u>(65,127)</u>	<u>(54,942)</u>
Cash & Cash Equivalents at end of year	<u>(65,409)</u>	<u>(58,211)</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report the year ended 30 June 2006.

**NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2006**

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 and Paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial reporting should be read in accordance with the audited financial statement of the Group for the year ended 30 June 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of a change in an financial position and performance of the Group since the financial year ended 30 June 2006.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial Statements for the year ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 July 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statement
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 140	Investment Property

The adoption of FRSs 3, 101, 102, 108, 110, 116, 127, 132 and 133 does not have significant financial impact on the Group. The principal effect of the changes in accounting policies resulting from the adoption of FRS 140 is discussed bellow :

(a) FRS 140 : Investment Property

The adoption of this FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined by external valuers. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise. Prior to 1 July 2006, investment properties were stated at valuation. Revaluation were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in 2006. In accordance with the transitional provisions of FRS 140, this change in accounting policy is prospectively and the

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

comparatives as at 30 June 2006 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balances sheet as at 1 July 2006 :

	As at 30/06/2006 RM'000
Decrease in revaluation reserve	(50,682)
Decrease in Accumulated losses	<u>50,682</u>

As a result of the adoption of FRS 140, the comparative amounts as at 30 June 2006 have been restated as follow:

	<u>Previously</u> RM'000	Adoption of FRS 140 RM'000	<u>Restated</u> RM'000
Accumulated losses	(93,054)	50,682	(42,372)
Revaluation Reserve	50,682	(50,682)	-

3. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding annual financial statements for the financial year ended 30 June 2006 were not subject to any qualification.

4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group for the current quarter ended 30 September 2006 have not been affected by any seasonality or cyclicity factors.

5. 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 explained in Section B, Note 11 under material litigation.

6. 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 quarter save and except explained in Section B, Note 11 under material litigation.

7. 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.

8. DIVIDENDS PAID

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

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9. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period ended 30 September 2006 as follows:-

a) 3 months ended 30 September 2006

Description	Property Development (RM '000)	Letting of Investment Properties (RM '000)	Elimination (RM '000)	Consolidation (RM'000)
Revenue				
External Sales	-	2,078	-	2,078
Inter Segment Sales	-	-	-	-
Sub-total	-	2,078	-	2,078
Results				
Segment Results	(130)	(215)		(345)
Finance costs				(3,013)
Losses Before Taxation				(3,358)
Taxation				-
Losses After Taxation				(3,358)

b) 3 months ended 30 September 2005

Description	Property Development (RM '000)	Letting of Investment Properties (RM '000)	Elimination (RM '000)	Consolidation (RM'000)
Revenue				
External Sales	3,558	2,061	-	5,620
Inter Segment Sales	-	-	-	-
Sub-total	3,558	2,061	-	5,620
Results				
Segment Results	(118)	287	-	168
Finance costs				(2570)
Losses Before Taxation				(2,402)
Taxation				254
Losses After Taxation				(2,148)

10. 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 2006.

11. SUBSEQUENT MATERIAL EVENTS

There have not arisen any material events between 30 September 2006 and the date of this announcement that has not been reflected in the financial statements for the current quarter ended 30 September 2006.

12. 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.

13. 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.

SECTION B –LISTING REQUIREMENTS

1. REVIEW OF PERFORMANCE

For the current quarter, the Group reported a total revenue of RM2.078 million as compared to RM5.620 million of the same period of last year. The pre-tax loss is increased by RM0.956 million or 40% from RM2.402 million to RM3.358 million as compared to the previous corresponding period . The lower revenue for the current quarter ended 30 September 2006 was mainly due to no contribution in the property development division .

The increase in pre-tax loss is attributable to higher interest cost and overhead cost.

(a) Divisional Performance Review

i) Wisma MPL (Investment Property)

For the period under review, the property investment's turnover recorded a total revenue of RM2.078 million as compared to RM2.061 million in the previous corresponding quarter. However the pre-tax operating profit was reduced from RM0.287 million to a loss of RM0.215 million.

Despite Wisma MPL being able to maintain its financial performance, it is still unable to register significant improvements in rental income. This is mainly due to required upgrading and refurbishment works which are still pending. The Company is currently negotiating with the banks to source additional funding to complete of the upgrading and extension work .

ii) Property Development

The property development in Johor Bahru (JB) recorded no sales for this quarter as compared to RM3.558 million of the previous corresponding quarter while its pre-tax operating loss increased marginally from RM118,000 to RM130,000 as compared to the previous corresponding quarter. No sales was registered due to mainly termination of past sales manager and revamping the marketing strategies to promote the revised planned development projects under the theme of Lakehill Resort and Lakehill City. Besides the lacklustre property market in JB, the Company also faced the market doldrum in JB which generally affected most developers in Johor.

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Turnover for the current quarter decreased by approximately 32% to RM2.078 million compared with the preceding quarter of RM3.078 million. The pre-tax loss for the current quarter was recorded at RM3.358 million as compared to the pre-tax loss of RM0.052 million in the preceding quarter. The increase of pre-tax loss was due to the high interest cost payment, plus negligible sales of the JB houses.

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3. PROSPECT FOR THE CURRENT FINANCIAL YEAR

Efforts are being intensified to increase the occupancies rate and rental income of Wisma MPL by enhancing the image and renovation of Wisma MPL. The management has taken pro-active steps to increase the traffic flow of the building by decision to attract businesses which can draw crowd.

Continuing efforts are also taken to improve the performance of property development division. Marketing plans and strategies to kick off the branding of "Lakehill Resort" and "Lakehill City" and to sell about 745 available units of residential houses in Taman Nusa Damai in the coming quarters.

On 1st November 2006 the Company CEO, Mr. Ch'ng Poh and his family members has acquired a total shareholding of 48.41% of the Company and has made a conditional general offer of shares not owned by them. This demonstrates an ownership commitment by Mr. Ch'ng Poh and confidence to drive the businesses of MPCorp Group to greater heights and improve the shareholders value.

Barring any unforeseen circumstances, the Group's performance for the coming financial year ending June 2007 is expected to be satisfactory.

4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT

This is not applicable to the Group.

5. TAXATION

	Current Quarter Ended 30-9-2006 (RM '000)	Current Year To-Date Ended 30-9-2006 (RM '000)
Taxation		
- current year	-	-
- prior year	-	-
Deferred taxation	-	-
	-	-

There is no income tax charge provided for the current financial quarter as the Company and its subsidiaries are in tax loss position .

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 2006.

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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.

8. STATUS OF CORPORATE PROPOSAL

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

9. GROUP BORROWINGS

Total Group's borrowings as at 30 September 2006 are as follows:

	Short Term	Long Term	
	Secured	Secured	Total
	(RM '000)	(RM '000)	(RM '000)
HP Creditors	99	525	624
Revolving Credit	25,704	-	25,704
Bank Overdraft	66,268	-	66,268
Term Loan	1,400	71,872	73,272
Total	93,471	72,397	165,868

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) The Company and Taman Bandar Baru Masai Sdn Bhd ("TBBM") have commenced a civil action vide Kuala Lumpur Civil High Court Suit No.S4-22-82-2006 actions against its former directors, En.Chut Nyak Isham Bin Nyak Ariff, Dato' Yusof Bin Jusoh, Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail, Dato' Thomas Teng Poh Foh, Pn.Asnah Binti Mohd Salleh as well as Warisan Enterprise Sdn. Bhd. and Bumialpha Sdn. Bhd. for inter alia loss and damages to be assessed and/or for an account.
- (b) Vide Johor Bahru High Court No.22-702-1005, the Company and TBBM have also filed a claim against the directors of Inta Development Sdn. Bhd., En.Zulhaimi Bin Nordin, En.Chut Nyak Isham Bin Nyak Ariff (Isham) and others for loss and damages to be assessed and/or for an account.

The matter is now pending transfer from Johor Bahru High Court to the Kuala Lumpur Civil High

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Court for hearing and is pending mention.

- (c) Claim by Inta Development Sdn Bhd (“Inta”) against TBBM Kuala Lumpur High Court No.S3-22-1128-2004 in respect of the sale and purchase agreement dated 26 December 2001 between Inta and TBBM for inter alia loss and damages.

The matter is now pending case management on 29 November 2006.

- (d) A claim for defamation has been filed by four (4) former directors of the Company ie. En. Chut Nyak Isham Bin Nyak Ariff, Dato’ Yusof Bin Jusoh, Dato’ Thomas Teng Poh Foh and Tengku Syarif Temenggung Perlis Syed Amir Abidin Jamalullail against the Company vide Kuala Lumpur Civil High Court No. S2-23-29-06 in respect of certain statements made in Company ‘s Annual Report for the year ended 30 June 2005 as well as what was similiary reported in the Star Newspaper dated 15 November 2005.

The Company has filed an application to strike out the claim and this application is now set for hearing on the 21 December 2006.

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 30-09-2006	Current Year To Date 30-09-2006
Net profit/(loss) attributable to ordinary shareholders (RM’000)	(3,686)	(3,686)
Weighted average number of ordinary shares in issue (‘000)	172,597	172,597
Basic profit/(loss) per share (sen)	(2.14)	(2.14)

b. Diluted earnings per share

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