NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2007

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 2007. 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 a financial position and performance of the Group since the financial year ended 30 June 2007.

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 2007 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 FRS 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

(a) FRS 140 : Investment Property

Prior to 1st July 2006, investment properties were stated at valuation and were not depreciated. Revaluation were carried out at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicated that the carrying value of the revalued assets materially differ from the market values. Surplus arising on the revaluation was credited to shareholder's equity as revaluation reserve.

Upon 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.

3. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding annual financial statements for the financial year ended 30 June 2007 were not subject to any qualification.

4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group for the current quarter ended 31 December 2007 have not been affected by any seasonality or cyclicality 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 unusual items in the quarterly financial statements under review.

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.

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

There were no issuance, cancellation, repurchase, resale and repayment of debt or equity securities during the financial period to date.

8. DIVIDENDS PAID

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

9. SEGMENTAL REPORTING

The segmental analysis for the Group for the quarter ended 31 December 2007 as follows:-

a) 6 months ended 31 December 2007

Description	Property Development (RM'000)	Letting of Investment Properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External Sales	2,056	6,903	-	8,959
Inter-segment Sales	-	(1,840)	-	(1,840)
Sub-total	**2,056**	**5,063**	-	**7,119**
Results				
Segment Results	350	58,438	-	58,788
Finance costs	(3,926)	(3,676)	-	(7,602)
Profit/(Losses) Before Taxation	**(3,576)**	**54,762**	-	**51,186**
Taxation				
Profit/(Losses) After Taxation	**(3,576)**	**54,762**	-	**51,186**

b) 6 months ended 31 December 2006

Description	Property Development (RM'000)	Letting of Investment Properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External Sales	1,043	5,638	-	6,681
Inter-segment Sales	-	(1,538)	-	(1,538)
Sub-total	**1,043**	**4,100**	-	**5,143**
Results				
Segment Results	(136)	(365)	-	(501)
Finance costs	(3,338)	(2,780)	-	(6,118)
Losses Before Taxation	**(3,474)**	**(3,145)**	-	**(6,619)**
Taxation				-
Losses After Taxation	**(3,474)**	**(3,145)**	-	**(6,619)**

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 2007 except for investment properties. Investment properties of the Group and the Company comprising of office building and shoplots that have been revalued on 28 September 2007 (Indicative Valuation) and on 8 November 2007 (Full Valuation) carried out by an independent professional valuer using the Comparison Method. The attributable net surplus of RM58.0 million has been credited to income statement as per FRS 140.

11. SUBSEQUENT MATERIAL EVENTS

There have not arisen any material events between 31 December 2007 and the date of this announcement that has not been reflected in the financial statements for the current quarter ended 31 December 2007.

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 period 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.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

SECTION B –LISTING REQUIREMENTS

1. PERFORMANCE REVIEW

The Group's consolidated revenue (operations and other income) for the quarter ended 31 December 2007 is RM2.957 million and consolidated pre-tax loss is RM3.573 million as compared with previous corresponding period of RM3.086 million (operations and other income) and registered losses of RM3.261 million respectively. The Investment Property division has shown a small improvement.

The sales revenue for the Property Development division was below target despite a set directive given by the Chief Executive Officer (CEO). Hence, a drastic decision was made to replace the Chief Operating Officer (COO). Hence, his role has been taken over by the CEO with immediate effect on 15th February 2008. The Board has appointed an Executive Director (Operation) and recruited a General Manager (Operation) to assist the CEO who will directly take charge to review and revamp the operation and management matters to try to catch up with the planned targetted sales revenue, before the financial year ending 30th June 2008.

The consolidated net assets value (NAV) per share is affected by the decrease from 122 sen in the previous quarter to 120 sen in this quarter. Loss per share for this quarter is 2.07 sen compared to the corresponding period loss per share of 1.89 sen.

Six months ago, under the financial year ended 30th June 2007, the low consolidated revenue was owed to management's decision to delay the launching of the LakeHill Resort-IDR Development in Iskandar Development Region (IDR), because of the decision to wait for the Government's approval of the revised Master Layout Plan and the application of the Special Tax and Incentives Status to be accorded to the LakeHill Resort-IDR Development. Your Company is optimistic that the said revised Master Plan approval would be granted shortly and the Special Tax and Incentives status is under favourable consideration.

We regret that the launching of the LakeHill Resort-IDR Development is being further delayed until April /May 2008, owing to the same prudence in waiting for the Special Tax and Incentive status to be accorded on the project.

The plan for 'Asia Pacific Trade and Expo City' (APTEC), and the 'Heritage and Cultural Tourism Village' will have its soft launches in April 2008. Sales (soft launch) of the bungalow lots under Phase I of LakeHill Resort-IDR Development will take place at the 'Cityscape Asia-International Property Investment and Development Expo' to be held between 15th and 17th April 2008, in Singapore.

The Company is still in discussion on the joint-venture ('JV') or sales of Wisma MPL with more than one potential investor. It has taken a longer time than expected to conclude because the Company has been receiving amended terms and conditions each time.

The Company is also in discussion with interested parties about potential JV or sale of Strategic Parcels of land under the LakeHill Resort-IDR Development such as:-

(1) APTEC;
(2) Heritage & Cultural Tourism Village;
(3) Medical Centre;
(4) Lake-side 5-stars Convention and Wedding All-Suites Hotel;
(5) Platinum Service Apartments under MM2H;

(6) Lake-front Alfresco Dining Precinct;
(7) International School & Vocational Colleges;
(8) City Hotel (3-stars) in the APTEC Complex;
(9) Nusa Paradis International Entertainment City;
(10) Factory Discount Outlets;
(11) Other parcels of Condominiums and Cluster Housing Blocks;

The growth and anticipated business spin-offs from APTEC, in distribution, trading, franchising, training, credit financing, transportation and others will have immeasurable value in the Companies' corporate diversification plan. The Government has acknowledged its support of APTEC as a means in promoting the Socio-Economic Enhancement of the Country in jobs, trades and services and new business opportunities.

Barring unforeseen circumstances, the LakeHill Resort-IDR Development is anticipated to generate an estimated Gross Development Value (GDV) of more than RM6 billion. The said development will generate great increase in cash-flows and profits for the next 8-year period of development after approvals and successful sales launches.

(a) Divisional Performance Review

For the period under review, the performances of the two divisions are as follows:

i) <u>Investment Property Division-(Wisma MPL, Kuala Lumpur)</u>

The Property Investment Division reported a 31% improvement in revenue of RM2.65 million as compared to revenue of RM2.022 million against the corresponding quarter. There is sign of improved rental and take-up occupancy rate for the remaining 40% vacant units. Therefore, rental income source should increase to a more acceptable level in the next future Quarter Reports.

The division made a higher pre-tax operating loss of RM1.837 million as compared to a loss of RM1.316 million in the corresponding period is mainly due to heavy exceptional penalty interest payments. The interest payment has increased to RM1.882 million as compared to RM1.166 million in the corresponding quarter is owed to high penalty interest payment inherited from the past high borrowings and agreed high interest charges payable.

The proposed upgrading of the building was put on hold in the past 6 months was because of the decision to sell the building. The company has now decided to go ahead to fill up the vacant premises with new tenants, rather than compromising with various proposition mooted by potential JV parties or buyers. It is decided that we go ahead with our plan and new extensions plus a proposed 50-storey service apartments to be added behind the office tower.

Rental has already risen by 16% on renewed leases and on new tenancies. For Commercial spaces, average rental rates have increased by 39.5%. There is still room to increase rental rates as the improvement work progresses.

Although approval by Dewan Bandaraya Kuala Lumpur (DBKL) was obtained for additional lettable floor areas of 45,000 sq. ft (gross floor area 60,000 sq. ft.) of themed restaurants and cafes, named as 'RedSails', the building plan was awaiting to be submitted. This was delayed due to the ongoing negotiations of JV or sale of Wisma MPL. But, it is now decided that we do not wait to compromise and go ahead with our decided plan of action immediately. On February 2008, the architect has been instructed to go ahead with the building submission rather than wait. Amendments can come later, if any, even after the JV is signed.

Application for an increase in the overall plot ratio for additional floors plus a new block of 50-storey Service Apartments ('Pacific Residences Tower') is being planned. The new 'Pacific Residences Tower' and new extension will fetch improve value on the asset and generate new revenue on the sale of the 'Residences' and those added lettable floor area will increase rental income on the office and commercial premises for the future.

ii) Property Development Division (Iskandar Development Region, Johor)

As explained above, the Property Development Division reported a low operating revenue of RM0.232 million and a pre-tax loss of RM1.737 million as compared to an operating revenue of RM1.043 million and a pre-tax loss of RM1.945 million, respectively, in the corresponding period.

The higher operating cost was largely due to an increase in finance costs of RM1.973 million as compared to RM1.939 million in the corresponding quarter because of the delay in the sale launches which the lack of sales did not help to repay down the borrowings, thus, the interest element.

The LakeHill Resort City-IDR aspires to combine tourism, hospitality, hotels, tourist medical centre, APTEC, Heritage and Cultural Tourism Village and lifestyle working and living environment that foreign and local affluent buyers and those under 'Malaysia My Second Home' (MM2H) investors are attracted.

Asia Pacific Trade and Expo City (APTEC), which is proposed to comprise approximately 4.0 million sq.ft of permanent 'Whole-sale City' will showcase a wide selection of mass consumer products manufactured from China, India, ASEAN countries. APTEC will serve as Regional Distribution Hub to benefit the ASEAN Region, Australia, Middle East and East-India markets. APTEC will be the first of its kind in Asia.

The Company has received kind support from the Government of Malaysia, both at Federal and State levels. Intense discussion is ongoing with certain GLCs, private and overseas corporations regarding joint-ventures and cooperation on APTEC, Medical Centre and the Heritage and Cultural Tourism Village. The response is sincere and promising.

APTEC and LakeHill Resort-IDR Development is located on the East-Side of IDR which already has the advantages of readily existing major infrastructures, of highways, rails, sea and air links, that complement APTEC logistic support requirement. The three international golf courses and two super-malls nearby are already attracting Singaporeans by flocks, on weekends and public holidays, for shopping and sports and recreation. The idea of APTEC is to bring work to the people rather than transporting people to the workplace. The nearby golf courses complement the lifestyle of providing recreation and sports for LakeHill residence.

The company is optimistic of LakeHill's strategic location of being in the centre of the Malaysia-Indonesia-Singapore 'Growth Triangle' and being proximity to Singapore of being like another Shenzhen-Hong Kong economic successes in the form of IDR-Singapore base on the same geographical advantages and reasons. It is a well-planned resort concept of an integrated self-contained suburban 'Resort City within a City' in IDR. The concept will attract the affluent local and foreign executives and investors who are working in the Pasir Gudang Industrial Estate, the Singaporeans and the Oversea Buyers, who can enjoy the best of both worlds of Singapore and IDR.

Barring unforeseen circumstances, the APTEC, the 'Heritage and Cultural Tourism Village', the 'Nusa Paradis' and the Factory Discount Outlets are tourism related projects which will be a magnetic draw and stimulus to attract a great influx of locals and foreigners for businesses, education, entertainment, holidays in a life-style resort working and living environment. It will create a long-term sustainable stream of recurring growth in investment income for your Company's future and a great multiplier effect in providing new business opportunities, increasing small and medium enterprises (SME) and creating a new generation of young entrepreneurs which APTEC will serve as a spring board.

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The consolidated revenue (operations and other income) for the current quarter is a modest RM2.957 million as compared to the preceding quarter of RM62.244 million. The consolidated pre-tax loss for the current quarter is RM3.573 million as compared to pre-tax profit of RM54.76 million in the preceding quarter. The reason for the drop in revenue is as explained above.

3. PROSPECTS FOR THE FINANCIAL YEAR

There are several discussions still ongoing for better terms regarding the purchase of Wisma MPL or on joint-venture basis. It has taken an unanticipated long time to conclude the deal because of different offers that kept coming and kept changing a few times by the potential buyers and JV partners. We regret the delay but it is done in the best interest of the Company and shareholders.

Discussions of joint-ventures on the LakeHill Resort-IDR Development in whole or in parcels are also under negotiation. The Asia Pacific Trade and Expo City ('APTEC'), the International Tertiary College and Medical Centre have attracted several serious negotiation.

HwangDBS Investment Bank Berhad (HwangDBS) which was appointed on 20th September 2007 as Financial Adviser to look into the restructuring exercise has been put on hold because of the ongoing potential sales and joint-venture of Wisma MPL and joint-venture of LakeHill Resort cum City Development. With the conclusion of any one of the above joint-ventures concerning Wisma MPL or LakeHill project, the financial position of your Company will be in an immediate major turnaround situation. Therefore, a restructuring exercise plan by HwangDBS may not be necessary.

In March 2008, 756 units development, comprising of 15 lots of 3-storey shop-houses and 741 units of 2-storey terrace-houses in Taman Nusa Damai development will be launched. The successful sale of these shops and terrace houses (combined) will derive an anticipated total sales revenue exceeding RM 135 million.

The Directors regret that the consolidated revenue in this reported 2nd Quarter is not on target is because of operational slackness and reasons for operational changes explained above. The CEO has now fully undertaken directly the task of operation, in addition to his busy scope of CEO in order to ensure the desired sales revenue and cash-flow be achieved as soon as possible.

It is admitted that the company has faced an uphill-task to overcome the past unfavorable track record with the banks and heavy losses. It is hope that the bankers will share in seeing the light in the tunnel and bear with the current management a bit longer to help in improving the results for mutual long-term benefits together. We express our regret of the past but we now look forward to the future.

Barring unforeseen circumstances, the Directors and management remain bullish and optimistic of turning around the Group's results in the near foreseeable future. The coming financial year ending 30th June 2008, is expected to show a better result.

4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT

This is not applicable to the Group.

5. TAXATION

There is no taxation for the current quarter ended and period ended 31 December 2007.

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 31 December 2007.

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. OTHER PAYABLES

Included in other payables is an amount of RM4,122,869.80 due to a company in which certain directors and the Chief Executive Officer (CEO) have an interest. The amount owing is unsecured and with no fixed repayment term.

10. GROUP BORROWINGS

Total Group's borrowings as at 31 December 2007 are as follows:

	Short Term	Long Term	
	Secured	Secured	Total
	(RM'000)	(RM'000)	(RM'000)
HP Creditors	114	596	710
Revolving Credit	25,704	-	25,704
Bank Overdraft	71,234	-	71,234
Term Loan	6,000	72,553	78,553
Total	**103,052**	**73,149**	**176,201**

11. 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.

12. MATERIAL LITIGATION UPDATES

a) Defendants have all filed their defence and the Court has fixed for Trial for case management to be heard on 27 March 2008 regarding the case below:-

The Company and Taman Bandar Baru Masai Sdn Bhd (TBBM), as the Plaintiffs, have commenced a civil action in January 2006 vide Kuala Lumpur Civil High Court Suit No. S4-22-82-2006 against former directors En. Chut Nyak Isham bin. Nyak Ariff ('Isham'), Dato Yusof bin. Jusoh ('Yusof'), Tengku Sharif Syed Amir Abidin Jamalullail, Dato Thomas Teng Poh Foh, Pn. Asnah bt. Mohd Salleh ('Asnah') as well as amongst others, Warisan Alam Enterprise Sdn Bhd (a company connected to Isham and Asnah) and Bumialpha Sdn Bhd (a company connected to Yusof), all collectively known as the Defendants, for inter alia breach of Section 132(E) of the Company Act 1965 and others, loss and damages to be assessed and/or for an account.

b) The below matter has been transferred to be heard in the Kuala Lumpur Civil High Court which the Company and TBBM have applied to have the matter heard in conjunction with case (c) below and is further pending consolidation. The Court has fixed for mention on 22 April 2008 of the matter below:-

Vide Johor Bahru High Court No. 22-702-2005 dated 14 Oct. 2005, the Company and TBBM as the Plaintiffs, have also filed a claim against the former Group General Manager of the Company and TBBM, En. Zulhaimi bin. Nordin ('Zulhaimi'); the former Group Managing Director and CEO, En. Chut Nyak Isham Bin Nyak Ariff, as well as Inta Development Sdn Bhd and its directors, and others for the sale of land held under PTD 149705 H.S (D) 310451, Mukim Plentong, Daerah Johor Bahru to related party or parties undisclosed and breach of Sec 132(E) of the Company Act 1965 and others. The claim is for loss and damages pursuant to the sale of TBBM land to Inta Development Sdn Bhd, to be assessed and/or for an account.

c) Hearing to consolidate both the above cases (b) & (c) is adjourned and fixed on 17 April 2008 pursuant to the matter referred below:-

Inta Development Sdn Bhd (‘Inta”) has claimed against TBBM under Kuala Lumpur High Court No. S3-22-1128-2004 in respect of infrastructure works which Inta alleged that TBBM should include in the consideration price under the Sale and Purchase Agreement dated 26 December 2001 between Inta and TBBM concerning land held under PTD 149705 H.S (D) 310451, Mukim Plentong, Daerah Johor Bahru. Inta’s claim is pertaining to the same subject matter of (b) above whereby TBBM has already a claim against Inta.

d) The Court has allowed the Plaintiff’s Application to reinstate the Application for amendment subject to leaving out the allegation of slander in the amendment and the below matter was now fixed for Clarification of the proposed amendments on 27/2/2008 and subsequently adjourned to another date to be decided by the court.

A claim was filed by the four (4) former directors of the Company, En. Chut Nyak Isham bin Nyak Ariff, Dato Yusof bin Jusoh, Tengku Sharif Syed Amir Abidin Jamalullail and Dato Thomas Teng Poh Foh against the Company vide Kuala Lumpur Civil High Court No. S2-23-29-06 for defamation in respect of the statements made by the Company under 'Material Litigation', cited in the Company’s Annual Report ended June 2005, and was subsequently picked up and reported in the Star Newspaper dated 15 November 2005. The Company’s defense is pursuant to the Company's mandatory requirement of disclosure or any 'Material Litigation' ongoing which the Company denied could be interpreted as defamatory.

The Court had, vide its Decision on 8 February 2007 struck out the claim of slander brought by the four (4) former directors (the Plaintiffs) against the Company and the Court has therein ordered that the Plaintiffs to amend their statements of claim, by eliminating all suggestion of an allege slander which the Plaintiffs claimed against the Company.

13. DIVIDEND

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

14. EARNINGS PER SHARE

a. Basic earnings per share

	Current Quarter Ended 31 Dec 2007	**Current Year To Date 31 Dec 2007**
Net (loss)/profit attributable to ordinary shareholders (RM'000)	(3,573)	51,186
Weighted average number of ordinary shares in issue (RM'000)	172,597	172,597
Basic (loss)/profit per share (sen)	**(2.07)**	**29.66**

b. Diluted earnings per share

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