

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4th QUARTER ENDED 30 JUNE 2009

SECTION A – FRS 134 PARAGRAPH 16

1. ACCOUNTING POLICIES

The interim financial report are unaudited and have 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 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2008.

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 2008.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 30 June 2008.

3. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the financial year ended 30 June 2008 was not subject to any qualification.

4. SEASONALITY OR CYCLICALITY OF OPERATIONS

There were no significant seasonal and cyclical factors that affect the business of the Group in the current quarter under review.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flow in the current quarter under review.

6. MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates of amount reported in prior financial year that have a material effect in the current quarter under review.

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7. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities in the current quarter under review.

8. DIVIDENDS PAID

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

9. SEGMENTAL REPORTING

The segmental analysis for the Group for the year ended 30 June 2009 as follows:-

a) Year ended 30 June 2009

Description	Property Development & Construction (RM'000)	Investment Properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External Sales	-	10,771		10,771
Inter-segment Sales	-	9,625	(9,625)	-
Sub-total	-	20,396	(9,625)	10,771
Results				
Segment Results	(155)	64,963		64,808
Finance costs	(2,758)	(8,596)		(11,354)
Profit Before Taxation				53,454
Taxation				117
Profit After Taxation				53,571

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9. SEGMENTAL REPORTING (cont'd)

b) Year ended 30 June 2008

Description	Property Development & Construction (RM'000)	Investment Properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External Sales	2,561	9,869		12,430
Inter-segment Sales	1,953	5,817	(7,770)	-
Sub-total	4,514	15,686	(7,770)	12,430
Results				
Segment Results	(2,007)	73,701		71,694
Finance costs	(7,922)	(7,400)		(15,322)
Profit Before Taxation				56,372
Taxation				415
Profit After Taxation				56,787

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no amendments to the valuation of property, plant and equipment from the previous financial statements for the financial year ended 30 June 2008 to the current quarter under review.

11. SUBSEQUENT MATERIAL EVENTS

There have not arisen any material events between 30 June 2009 and the date of this announcement that has not been reflected in the financial statements for the current quarter ended 30 June 2009.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review.

13. CHANGES IN CONTINGENT LIABILITIES/ASSETS

There were no changes in contingent liabilities or contingent assets as at the date of this report except for the material litigation as explained in Section B, Note 12.

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SECTION B –LISTING REQUIREMENTS

1. PERFORMANCE REVIEW

The Group's current quarter under review recorded an increase of 15.9% in current revenue of RM2.73 million, compared to RM2.40 million of previous corresponding quarter (period ended 30 June 2008). However it shown a loss before tax of RM1.22 million as compared to a profit before tax of RM9.71 million in previous corresponding quarter largely owing to lack of contribution from other income source in the current quarter.

However, in the current financial year, the Company's net asset value per share ("NAV") has increased to RM1.55 from RM1.23 of the previous corresponding period.

2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

In the current quarter under review, the Group reduced its loss before tax by 35% to RM1.22 million as compared to the immediate preceding quarter loss before tax of RM1.88 million. This was mainly due to the previous provision of liquidated ascertained damages being written back in the current quarter under review.

The net current liabilities were being greatly reduced to RM10.4 million from RM150.5 million in the previous corresponding quarter.

3. PROSPECTS FOR THE FINANCIAL YEAR

- a) The general confidence in the market is still mixed for at least till the end of 2009. Consumer confidence including the property market is still facing the "wait-and-see" attitude. The situation is highly competitive as developers are coming up with various incentives to offer buyers with attractive financing terms and various types of free offers. In the light of the situation, your Company had to change its marketing approach and used the period under review to concentrate on revising the marketing tools, financing packaging and emphasizing our property's unique differences.

The high profile branding, advertising and promotion campaign of "APTEC", the one and only, Asia Pacific Trade & Expo City and LakeHill Resort, a selected flagship project in Iskandar Malaysia by the Iskandar Regional Development Authority ("IRDA"), is an ongoing promotion at this moment before the decision of a "big" launch, which is now expected to take place in October 2009.

- b) "APTEC" and "LakeHill Resort" are becoming a high "branded" name, which your management aims to capitalize. Therefore, we are taking the economic down-time to retool and reshape our strategy. The variety of designs, construction, marketing, promotion and quality services, must all fall in place to reflect the new "brand" image which management has placed great emphasis, during the current and next two quarters. "APTEC" and "LakeHill Resort" are now a prestigious joint-venture partnership between Malaysia Pacific Corporation Berhad ("MPCB") and AmanahRaya Berhad ("ARB"), which is wholly owned by the Government of Malaysia, directly under the "Ministry of Finance Inc." Malaysia.

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- c) This joint-venture by ARB is a strong reflection of our Government's support and vision of the economic and social benefits that "APTEC" and "LakeHill Resort" integrated city will bring to Malaysia that will demonstrate "1Malaysia" concept. *(For more details please visit our website: www.lakehillresortcity.com)*
- d) There is plan to invite international strategic investors into LakeHill and APTEC as this project calls for international branding and expertise. LakeHill itself is divided into 22 parcels of development types, therefore, it would offer opportunities of the right strategic partners for each project entity.
- e) Your Company is presently in much better shape than 2 years ago, when it was then suffering enormous financial losses and bankers' confidence.
- f) Despite the global financial crisis which also impacted Malaysia economy and the national property sentiment, yet your Company is able to pull-through the impact of the crisis.
- g) The Board is pleased to report that the financial year ended 30 June 2009 has achieved a turnaround situation for the Group showing a profit of RM53.4 million. The Board is optimistic that the prospects of the Group look bright and it can ride through the financial crisis quite smoothly, barring any change of events.

Barring any unforeseen circumstances, in accordance to the business plan and strategy drawn up by the management, it is anticipated that when any one of the above joint-ventures such as Wisma MPL, LakeHill Resort or APTEC made headway, the Company would be in very cash-rich and profitable situation.

The management is working untiringly to try to achieve the above goal in the coming new financial year.

The Board and the staffs of MPCB congratulate Y. Bhg Dato' Bill C.P. Ch'ng, the President/CEO of the Group, for his outstanding achievement of being selected the "**Asia Pacific Outstanding Entrepreneurs Award 2009**" of Malaysia by Enterprise Asia. This will bring significant value and name to your Company and the corporate recognition, locally and internationally.

4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT

This is not applicable to the Group.

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5. TAXATION

	Quarter 30-06-2009 RM'000	To-Date 30-06-2009 RM'000
Taxation based on results for the year:		
Current	-	-
Overprovision in prior years	39	61
	<u>39</u>	<u>61</u>
Deferred tax:		
Current year	0	72
Underprovision in prior years	55	(16)
	<u>55</u>	<u>56</u>
Total	<u>94</u>	<u>117</u>

The group's effective tax rate for the current year is lower than the statutory tax rate as the gain arising from the partial disposal of shares in subsidiary of RM65.2 million is not taxable.

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 June 2009.

7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities by the Group in the current quarter under review.

8. STATUS OF CORPORATE PROPOSAL BUT NOT COMPLETED

There were no outstanding corporate proposals announced for the current quarter under review.

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9. OTHER PAYABLES

Included in other payables are amounts of RM 6,460,311 and RM21,116,344 due to a Company in which certain directors and the Chief Executive Officer (CEO) have an interest. The amounts owing are unsecured and with no fixed terms of repayment and at an agreed interest rate of 15% and 13% per annum respectively by the Board of Directors.

10. GROUP BORROWINGS

Total Group's borrowings as at 30 June 2009 are as follow: -

	Short Term	Long Term	
	Secured	Secured	Total
	(RM'000)	(RM'000)	(RM'000)
HP Creditors	185	582	767
Revolving Credit	25,704	-	25,704
Bank Overdraft	52,809	-	52,809
Total	78,698	582	79,280

11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments entered by the Group as at the date of this quarterly report.

12. MATERIAL LITIGATION UPDATES

The material litigation comprises of mainly the Company being the plaintiff resulted from the previous management. There were no material changes in litigation progress pending the matters being disposed. However for compliance purpose, the litigation matters are repeated as below: -

a. Arbitration Proceedings (2007) / Kuala Lumpur High Court Suit No. D6(R3)-24-28-2009

Dindings Construction Sdn Bhd ("DCSB") as the Claimant had on 13 November 2007 commenced an arbitration proceedings against TBBM as the Respondent. The claim was for the balance sum of RM394,850.52 which the Claimant alleged was the additional variation orders pursuant to a work done in respect of phase 4M1 & 4M2-58 units of double storey terrace houses and phase 4M3-56 units of single storey terrace houses at Taman Nusa Damai, Johor.

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The Arbitrator on 14 April 2009 awarded in favour of the Claimant the sum of RM394,850.52. However, TBBM had made an application to the Kuala Lumpur High Court vide Civil Suit No. D10-24-141-2009 for an ex-parte injunction for stay of proceedings. The ex-parte injunction was granted by the court on 21 May 2009. TBBM had also filed an application to set aside or vary the arbitration award in court on 26 May 2009 vide Kuala Lumpur High Court Suit No. D6(R3)-24-28-2009. DCSB has filed an application to register the arbitration award dated 14 April 2009 but no date has been given by the High Court yet. The inter-parte hearing for the injunction was held on the 10 June 2009 but was adjourned to 20 July 2009. On the 20 July 2007 the injunction was further extended by the court pending the outcome of TBBM Civil Suit No. D6(R3)-24-28-2009 whereby TBBM paid the sum of RM534,850.00 into a joint solicitors' account. Thereafter, the Parties had filed their written submission and the matter is fixed for decision and clarification on 26 August 2009.

b. Kuala Lumpur High Court Suit No. S2-23-29-06

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 (collectively known as the "Plaintiffs") had claimed against the Company for alleged defamation in respect of the Company's reported statement of the legal issues raised under paragraph (d) below in the Company's Annual Report for the financial year ended 30 June 2005 that was picked up and reported by the Star Newspaper on 15 November 2005.

However, the Court had, vide its decision on 8 February 2007, struck out the Plaintiff's claim of slander brought forth against the Company. The Court ordered the Plaintiffs to amend their statements of claim by deleting all suggestions of alleged slanders by the Company. The Plaintiffs since then had filed their amended statement of claim and the Company has filed its statement of defence on July 2008. The matter had been fixed for case management on 21 July 2009. The matter had been subsequently fixed for further case management on 15 December 2009.

c. Johor Bahru High Court Suit No. 22-702-2005 / Kuala Lumpur High Court Suit No.S3-22-1176-2006

The Company and TBBM (collectively known as "the Plaintiffs") commenced a civil action on 14 October 2005 vide Johor Bahru High Court Suit No. 22-702-2005 against the former Group General Manager of the Company and TBBM, En. Zulhaimi bin Nordin, the former Group Managing Director and Chief Executive Officer of the Company and TBBM, En. Chut Nyak Isham Bin Nyak Ariff, as well as Inta Development Sdn Bhd ("Inta") and its directors, and others (collectively known as "the "Defendants") in relation to alleged non-disclosure of connected parties transaction in the sale of land owned by TBBM held under PTD 149705 H.S (D) 310451, Mukim Plentong, Daerah Johor Bahru by En. Zulhaimi Bin Nordin and En. Chut Nyak Isham Bin Nyak Ariff to party or parties connected. Thus, breaching Section 132(E) of the Act and others.

The case was transferred to the Kuala Lumpur High Court for the purpose of merging this case to the case referred in paragraph (e) below owing to related subject matters involving the same related parties. The Defendants applied to strike out the Plaintiff's claim but was dismissed by the Registrar on 15 November 2007. An appeal was filed by the Defendants. Hearing of the appeal was fixed for 8 July 2009 and was dismissed with cost by the court but the learned judge instructed that this case together with the case referred to in paragraph (e) below are to be heard one after the other by the same judge. The matter had been fixed for case management on 15 September 2009 to be heard together with the case referred to in paragraph (e) below.

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d. Kuala Lumpur High Court Suit No. S4-22-82-2006

The Company and Taman Bandar Baru Masai Sdn. Bhd. (“TBBM”) (collective known as “the Plaintiffs”) commenced a civil action on 14 November 2005 against the former directors of the Company namely, En. Chut Nyak Isham bin Nyak Ariff, Dato’ Yusof bin Jusoh, YAM Tengku Syarif Syed Amir Abidin Putra Jamalullail, Dato’ Thomas Teng Poh Foh and Pn. Asnah bt. Mohd Salleh as well as other connected parties, namely, Warisan Alam Enterprise Sdn Bhd, Bumialpha Sdn Bhd, Dion Sharil Bin Chut Nyak Isham, Intan Safina Binti Yusof and Aishah Binti Mohd Jelani (collectively known as “the Defendants”), for inter-alia breach of Section 132(E) of the Companies Act 1965 as well as the refund of all interest and costs paid to them or profited by them in relation to money paid to themselves plus damages to be assessed. Defendants had filed their defence and counter claim. The Court has fixed for case management to be heard on 23 October 2009 for parties to file the agreed bundle of documents, witness statements and opening submissions.

e. Kuala Lumpur High Court Suit No. S3-22-1128-2004

Inta as Plaintiff had on 19 July 2004 filed a claim against TBBM in respect of the same matter of the property sale referred in paragraph (c) above which was claimed by the Plaintiff that the cost of infrastructure works were included in the sales and purchase agreement as part of the obligation in the sale and purchase agreement dated 26 December 2001 between Inta and TBBM the said land in the Mukim Plentong, Daerah Johor Bharu same as referred under paragraph (c) above. TBBM filed an application to consolidate this case and the case referred to in paragraph (c) above to be tried together because TBBM claimed that the sales and purchase agreement was void and fraudulent. This matter was fixed for hearing on March 2009. The hearing for the consolidation was further heard on the 8 July 2009 and the learned judge dismissed the application with cost but instructed that this case and the case referred to in paragraph (c) above are to be heard one after the other before the same judge. Case management is fixed on the 15 September 2009, the same time with the case referred to in paragraph (c).

f. Johor Bahru High Court Suit No. 22 – 174 – 2007

TBBM (“ the Plaintiff”) commenced a civil action on 10 April 2007 against Scientex Quatari Sdn Bhd (“the Defendant”) in relation to illegal encroachment of the land owned by TBBM held under PTD 149729 HS(D) 310467, Mukim Plentong, Daerah Johor Bahru (“the said land”) which caused damage to the said land and sought relief from the Court for the land to be reinstated to original state and level, plus damages and costs to be assessed. The matter was fixed for case management on 5 March 2009. The matter was further fixed for case management on 10 July 2007 and on the 10 July 2007 the matter was adjourned to 13 July 2009. The matter was subsequently fixed for further case management on 28 August 2009 after which a date for trial would be fixed.

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g. Kuala Lumpur High Court Suit No. D4-22-1803-2006

Simbapulus Builder (M) Sdn Bhd (“Plaintiff”) claimed against Euronium Construction Sdn Bhd (“Euronium”), a wholly owned subsidiary of the Company, for RM695,295.10 being the costs for work done involving past earthwork for Project under Phase 1A1 & 1A2 at Nusa Damai, Mukim Plentong, Daerah Johor Bahru, Johor. Euronium had counterclaimed against the Plaintiff for liquidated ascertained damages for the amount of RM465,600.00 and additional costs of RM2,811,833.25 to complete the site clearance work. The court has fixed 12, 13 and 14 October 2009 for full trial and the summary of case as well as witness statement(s) are to be filed before 18 September 2009 (not a case management). However, Euronium is currently a dormant company.

13. DIVIDEND

There were no dividends declared by the Group in the current quarter under review.

14. EARNINGS PER SHARE

a. Basic earnings per share

	Current Quarter Ended 30 JUNE 2009	Current Year To Date 30 JUNE 2009
Net (loss)/profit attributable to ordinary shareholders (RM'000)	(915)	53,825
Weighted average number of ordinary shares in issue (RM'000)	172,597	172,597
Basic (loss)/earnings per share (sen)	(0.53)	31.19

b. Diluted earnings per share

There were no dilutions of shares in the current quarter under review.

15. AUTHORISED FOR ISSUE

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 24 August 2009.

By order of the Board

Dated: 24 August 2009.