MALAYSIA PACIFIC CORPORATION BERHAD

(12200 - M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

31 MARCH 2013

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	INDIVIDUAL PERIOD 3 months ended		CUMULATIVE PERIOD 9 months ended	
	31/3/2013 RM'000	31/3/2012 RM'000	31/3/2013 RM'000	31/3/2012 RM'000
Revenue	3,363	2,873	9,697	11,234
Cost of sales	(1,577)	(1,631)	(4,382)	(6,245)
Gross profit	1,786	1,242	5,315	4,989
Other income	46	35	174	91
Distribution costs	-	-	-	(51)
Administrative expenses	(2,652)	(2,335)	(8,015)	(7,177)
Loss from operations	(820)	(1,058)	(2,526)	(2,148)
Finance costs	(5,596)	(2,413)	(12,830)	(7,065)
Loss before tax	(6,416)	(3,471)	(15,356)	(9,213)
Taxation	(60)	521	(178)	521
Loss for the period	(6,476)	(2,950)	(15,534)	(8,692)
Other comprehensive income, net of tax				
Foreign currency transaction differences for foreign operations	(18)	-	68	-
Total comprehensive loss	(6,494)	(2,950)	(15,466)	(8,692)
Loss attributable to:				
Owner of the parent	(6,476)	(2,523)	(15,534)	(7,567)
Non-controlling interest	-	(427)	-	(1,125)
	(6,476)	(2,950)	(15,534)	(8,692)
Total comprehensive loss attributable to:				
Owner of the parent	(6,494)	(2,523)	(15,466)	(7,567)
Non-controlling interest	-	(427)	-	(1,125)
	(6,494)	(2,950)	(15,466)	(8,692)
Loss per share attributable to owner of the parent:				
a) Basic (sen)	(2.25)	(0.88)	(5.40)	(2.63)
b) Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA PACIFIC CORPORATION BERHAD (12200 - M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS
AS AT 31 MARCH 2013

	As at 31/03/2013 RM'000	As at 30/06/2012 RM'000
Non-current assets		
Property, plant and equipment	2,747	3,498
Investment property	300,000	300,000
Land held for property development	79,482	79,482
Total non-current assets	382,229	382,980
Current assets		
Property development cost	121,635	121,239
Trade and other receivables	2,387	1,608
Current tax assets	327	406
Cash and cash equivalents	241	2,003
Total current assets	124,590	125,256
Total assets	506,819	508,236
Equity and liabilities		
Share capital	287,660	287,660
Reserves	(58,635)	(43,169)
Total equity	229,025	244,491
Liabilities		
Non-current liabilities		
Bank borrowings	938	1,063
Deferred tax liabilities	19,618	19,618
	20,556	20,681
Current liabilities		
Trade and other payables	169,143	158,103
Provision for liquidated and ascertained damages	257	257
Bank borrowings	87,004	83,870
Current tax liabilities	834	834
	257,238	243,064
Total liabilities	277,794	263,745
Total equity and liabilities	506,819	508,236
Net assets per share (RM)	0.80	0.85

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	← Attributable to owner of the parent →						
	Share capital RM'000	**Warrants reserve RM'000**	**Foreign exchange reserve RM'000**	**Retained earnings / (Accumulated losses) RM'000**	**Total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
As at 1 July 2012	287,660	10,011	132	(53,312)	244,491	-	244,491
Foreign currency translation, representing net income recognised directly in equity	-	-	68	-	68	-	68
Net loss for the period	-	-	-	(15,534)	(15,534)	-	(15,534)
Total comprehensive expenses for the period	-	-	68	(15,534)	(15,466)	-	(15,466)
As at 31 March 2013	287,660	10,011	200	(68,846)	229,025	-	229,025
As at 1 July 2011	287,660	10,011	90	46,698	344,459	26,406	370,865
Foreign currency translation, representing net income recognised directly in equity	-	-	14	-	14	-	14
Non-controlling interest share of losses in prior years	-	-	-	498	498	(498)	-
Net loss for the period	-	-	-	(7,567)	(7,567)	(1,125)	(8,692)
Total comprehensive expenses for the period	-	-	14	(7,069)	(7,055)	(1,623)	(8,678)
As at 31 March 2012	287,660	10,011	104	39,629	337,404	24,783	362,187

The Condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA PACIFIC CORPORATION BERHAD
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	9 months ended 31/3/2013 RM'000	**9 months ended 31/3/2012 RM'000**
Cash flows from operating activities		
Net loss before taxation	(15,356)	(9,213)
Adjustments for :		
Depreciation of property, plant and equipment	726	819
Interest expense	12,830	7,065
Interest Income	(35)	(37)
Gain on disposal of property, plant and equipment	(31)	-
Net unrealised foreign exchange differences	(1)	(1)
Operating loss before working capital changes	(1,867)	(1,367)
Trade and other receivables	(700)	(709)
Trade and other payables	(1,954)	6,571
Cash (used in)/generated from operations	(4,521)	4,495
Interest expenses paid	(1,250)	(8,745)
Interest income received	35	37
Tax paid	(23)	(209)
Net cash flows used in operating activities	(5,759)	(4,422)
Cash flows from investing activities		
Advances from related parties	1,250	3,756
Development expenditure incurred in property development costs	(396)	(1,087)
Proceeds from disposal of property, plant and equipment	56	-
Purchase of property, plant and equipment	-	(38)
Net cash flows generated from investing activities	910	2,631
Cash flows from financing activities		
Repayment of bank borrrowings	(240)	(396)
Net cash flows used in financing activities	(240)	(396)
Net decrease in cash and cash equivalents	(5,089)	(2,187)
Cash and cash equivalents at beginning of financial period	(55,781)	(53,646)
Cash and cash equivalents at end of the financial period	(60,870)	(55,833)

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 31/3/2013 RM'000	**As at 31/3/2012 RM'000**
Fixed deposit with a licensed bank	-	264
Cash and bank balances	241	1,482
Bank overdrafts	(61,111)	(57,579)
	(60,870)	(55,833)

The condensed consolidated cash flow statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

SECTION A – EXPLANATORY NOTES PURSUANT TO FRS 134

A1. ACCOUNTING POLICIES

The quarterly consolidated financial statements are unaudited and have been prepared in accordance with the reporting requirements of Financial Reporting Standards ("FRS") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the main market Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2012 except for adoption of the following Issue Committee ("IC") Interpretations and Amendments to FRSs issued by the MASB that are effective for the Group's financial statements commencing 1 July 2012:-

FRSs/Interpretations

FRS 124	*Related Party Disclosures*
Amendments to FRS 1	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
Amendments to FRS 7	*Disclosures – Transfers of Financial Assets*
Amendments to FRS 112	*Deferred tax: Recovery of Underlying Assets*
Amendments to FRS 9	*Mandatory Effective Date of FRS 9 and Transition Disclosures*
Amendment to FRS 101	*Presentation of Items of other Comprehensive Income*

The application of the above Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2012 was not subject to any qualification.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

There were no significant seasonal and cyclical factors that affect the business of the Group.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial period.

A5. MATERIAL CHANGES IN ESTIMATES

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

A6. DEBTS AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the financial period under review.

A7. DIVIDENDS PAID

There was no dividend paid during the financial period under review.

A8. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period ended 31 March 2013 as follows:-

a) 9 months ended 31 March 2013

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	-	9,697	-	9,697
Inter-segment sales	-	7,403	(7,403)	-
Sub-total	**-**	**17,100**	**(7,403)**	**9,697**
Results				
Segment results	(3,739)	6,080	(4,867)	(2,526)
Finance costs	(5,812)	(11,885)	4,867	(12,830)
Loss before taxation	**(9,551)**	**(5,805)**	-	**(15,356)**
Taxation				(178)
Loss after taxation				**(15,534)**

b) 9 months ended 31 March 2012

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	2,038	9,196	-	11,234
Inter-segment sales	-	7,996	(7,996)	-
Sub-total	**2,038**	**17,192**	(7,996)	**11,234**
Results				
Segment results	(2,228)	4,951	(4,871)	(2,148)
Finance costs	(2,253)	(9,215)	4,403	(7,065)
Loss before taxation	**(4,481)**	**(4,264)**	**(468)**	**(9,213)**
Taxation				521
Loss after taxation				**(8,692)**

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no amendments to the valuation of property, plant and equipment brought forward.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the end of the financial period under review that have not been reflected in the interim financial report for the current period.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period under review.

A12. CHANGES IN CONTINGENT LIABILITIES/ASSETS

There were no changes in contingent liabilities or contingent assets for the financial period under review.

A13. LOSS BEFORE TAX

	Individual Period 3 months ended 31.3.2013 RM'000	**Cumulative Period 9 months ended 31.3.2013 RM'000**
Loss before tax is arrived at after charging/ (crediting):		
Other income	(46)	(174)
Depreciation of property, plant and equipment	232	726
Interest expenses	5,596	12,830

SECTION B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

As previously indicated, there was no significant progress to the Group’s principal activities for the current financial year. The 638 acres project in Iskandar Malaysia was slow to launch pending sales and joint venture to kick start. Thus, the main source of income was from the rental and car park collection of Group's investment property, namely Wisma MPL.

Based on the income from Wisma MPL, the Group’s revenue for the financial period ended 31 March 2013 is RM3.4 million which was higher as compared to the preceding corresponding financial period ended 31 March 2012 of RM2.9 million. The higher revenue is mainly due to the higher occupancy rate and car park collection for the period under review.

However, the loss before taxation incurred for the reported financial period of RM6.4 million was higher than the corresponding financial period ended 31 March 2012 of RM3.5 million. This was largely due to higher borrowing and finance costs recorded during the current financial period under review.

The net asset value per share (“NAV”) of the Group has further significantly decreased from RM1.17 as at 31 March 2012 to RM0.80 as at 31 March 2013. This was mainly due to large amount of RM86.1 million being transferred to "Retained Earnings" of the Group which arose from the reversal accounting exercise of the Put-Option agreement with AmanahRaya Development Sdn. Bhd. (“ARD”). The Group has acquired back the 22% shares of ARD in Lakehill Resort Development Sdn. Bhd. and cancelled the partnership. The Group now wholly own and control the project in Iskandar Malaysia namely APTEC and Lakehill Resort Development. The “Put-Option” has been exercised by ARD and the Group is owing the payment due to ARD.

However, it is to be noted that the said NAV does not include the large valuation surplus of the 638 acres of land of Lakehill Resort and APTEC in Iskandar Malaysia which is classified under “development” which cannot be included in the calculation value of NAV. Thus, shareholders should not look at performance based on reflection of NAV in an accounting terminology.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER’S RESULTS

In the current quarter under review, the Group recorded higher loss before tax of RM6.4 million as compared with the immediate preceding quarter ended 31 December 2012 of a loss before tax of RM3.7 million. This was largely attributable to higher borrowing and finance costs recorded during the current financial period under review.

B3. PROSPECTS FOR THE FINANCIAL YEAR

As explained under B1 above, the revenue of the Group still solely depended on the income of Wisma MPL's rental and car park collection for the period under review. Further increase in the rental income will rely on the increase in tenancy occupancy of the remaining 30% lettable floors. These are large floor units previously vacated by Hong Leong Bank Berhad which are suitable for large corporation requirement. Otherwise, the Group would need to incur on high reinstatement cost to renovate them into smaller break-up units which are easier to let. But, the Group is in a dilemma whether to spend on renovation now while there is plan to renew and redevelop Wisma MPL with potential joint-venture partners under discussion from time to time.

It is preferred to opt for a joint-venture as soon as possible to satisfy the immediate need of settlement of the outstanding loans to RHB Bank Berhad (“RHB”) plus achieving the aim of redevelopment of Wisma MPL with an increase in density ratio to increase long term stronger future recurring cash-flow income annually to sustain recurring operating overhead cost and new capital expenditure need. The Iskandar Malaysia APTEC and Lakehill Resort development projects will generate profits annually on a continual upward trend.

During this quarter under review, there was a plan to improve the revenue income significantly which scheduled the launch of sales of Phase 4M double-storey linked houses of 163 units in March 2013. Unfortunately, the launching met with market uncertainty because of the “wait-and-see” date of General Election 13 (“GE 13”). Hence, it was postponed.

The GE 13 was held on 5 May 2013. The sales launch is now scheduled for the first half of June 2013. We target the sales revenue to hit and achieve above the minimum 5% annual total revenue turnover of Practice Note 17. If possible, we target to hit a higher mark to attain profit for the final quarter to significantly compensate the past three quarter's losses.

Based on the enquiry and survey with professional sales and marketing agents in Johor and our bankers, they expressed optimism of the market based on their experiences with other developers/clients successful sales in Iskandar Johor, Malaysia.

While sales of houses are being pursued and the next Phase ‘1A1’ is planned for August 2013 launching, it is to be noted that the Management has never ceased to negotiate joint-ventures on Wisma MPL and Lakehill Resort cum APTEC projects. Barring unforeseen circumstances, we foresee positive outcome of these joint-ventures to materialise soon.

The Group is in constant regular rapport with RHB and AmanahRaya Development Sdn. Bhd. regarding their outstanding loans and credits which we want to settle as soon as possible, but we asked for time on joint-venture negotiation to conclude. It is hoped that very soon we will be able to produce some favourable results to satisfy them. It is in our keen interest also to settle quickly the loans to cut losses on the interest payment and begin the Group in 2013 with a clean slate, free of debts and with the views to reward our faithful shareholders with our first inaugural dividend payment, which we all have been looking forward.

During the past three Quarters, many of the legal suits have been resolved and settled by both sides detailed in Section B11 of previous quarterly results made on 21 February 2013. The Group wishes to move forward and spend productive time on bigger picture and make headway with projects under development and meet the “road-map” of diversification plan much beyond property development and property investment.

Barring unforeseen circumstances, the prospect of improving the results for this year is promising.

B4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT

This is not applicable to the Group.

B5. TAXATION

	Current Quarter RM’000	**Current Year-To-Date RM’000**
Taxation based on results for the financial period:		
Current financial period	60	178
	60	**178**

B6. PROFITS/ (LOSSES) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments for the current quarter ended 31 March 2013.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

B8. STATUS OF CORPORATE PROPOSAL BUT NOT COMPLETED

There were no corporate proposals announced and pending completion at the date of this report.

B9. OTHER PAYABLES

Included in other payables are:

i) An amount of RM113.1 million due to AmanahRaya Development Sdn. Bhd. arising from the exercised of its Put Option for the Company to acquire 22% equity interest in Lakehill Resort Development Sdn. Bhd. which also carries an interest rate of 7.2% per annum until settlement.

ii) An amount of RM19.8 million is due to major shareholders of the Company. The amount owing is unsecured and with no fixed terms of repayment and at an approved interest rate of 13% to 15% per annum by the Board of Directors.

iii) Interest accrued on revolving credit of RM12.6 million.

B10. GROUP BORROWINGS

Total Group's borrowings as at 31 March 2013 are as follow: -

	Short Term Secured RM'000	Long Term Secured RM'000	Total RM'000
Hire purchase creditors	189	938	1,127
Revolving credit	25,704	-	25,704
Bank overdraft	61,111	-	61,111
Total	**87,004**	**938**	**87,942**

B11. MATERIAL LITIGATION UPDATES

Since the announcement on quarterly results made on 21 February 2013, there was no material update as at the date of this report.

B12. DIVIDEND

The Board does not recommend any interim dividend for the current financial period ended 31 March 2013.

B13. LOSS PER SHARE

(a) Basic

	Individual Period 3 months ended 31/3/2013	Individual Period 3 months ended 31/3/2012	Cumulative Period 9 months ended 31/3/2013	Cumulative Period 9 months ended 31/3/2012
Loss attributable to owner of the parent (RM'000)	(6,476)	(2,523)	(15,534)	(7,567)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Basic loss per share (sen)	(2.25)	(0.88)	(5.40)	(2.63)

(b) Diluted

The diluted loss per ordinary share is not presented as the average market value of the ordinary shares of the company is lower than the exercise price for the outstanding warrants and thus it is anti-dilutive.

B14. REALISED AND UNREALISED PROFIT OR LOSSES

The following analysis of realised and unrealised retained profits is pursuant to Paragraphs 2.06 and 2.23 of Main Market Listing Requirements Of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Securities and is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

	Group 31.3.2013 RM'000	**Group 30.6.2012 RM'000**
Total retained earnings/(accumulated losses) of the Group and its subsidiaries:		
Realised	(128,663)	(113,129)
Unrealised	59,817	59,817
Total Group accumulated losses	(68,846)	(53,312)

B15. This interim financial report is dated 23 May 2013.