

MALAYSIA PACIFIC CORPORATION BERHAD

(12200 - M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

30 JUNE 2014

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended		12 months ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	7,720	4,691	16,926	14,388
Cost of sales	(3,891)	(3,198)	(8,549)	(7,580)
Gross profit	3,829	1,493	8,377	6,808
Other income	176	61,014	210	61,188
Distribution costs	(68)	(10)	(68)	(10)
Administrative expenses	(11,368)	(3,592)	(18,772)	(11,607)
Profit/(Loss) from operations	(7,431)	58,905	(10,253)	56,379
Finance costs	5,230	(6,621)	(4,068)	(19,451)
Profit/(Loss) before tax	(2,201)	52,284	(14,321)	36,928
Taxation	(17,219)	(140)	(17,337)	(318)
Profit/(Loss) for the period	(19,420)	52,144	(31,658)	36,610
Other comprehensive income, net of tax				
Foreign currency transaction differences for foreign operations	93	(46)	17	22
Total comprehensive income/(loss)	(19,327)	52,098	(31,641)	36,632
Profit/(Loss) attributable to:				
Owners of the parent	(19,420)	52,144	(31,658)	36,610
Non-controlling interest	-	-	-	-
	(19,420)	52,144	(31,658)	36,610
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(19,327)	52,098	(31,641)	36,632
Non-controlling interest	-	-	-	-
	(19,327)	52,098	(31,641)	36,632
Earnings/(Loss) per share attributable to owners of the parent:				
a) Basic (sen)	(6.75)	18.13	(11.01)	12.73
b) Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA PACIFIC CORPORATION BERHAD (12200 - M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Non-current assets		
Property, plant and equipment	1,454	2,492
Investment property	320,000	320,000
Land held for property development	203,210	203,210
Total non-current assets	<u>524,664</u>	<u>525,702</u>
Loss for the period		
Property development cost	37,316	38,195
Trade and other receivables	2,090	1,020
Current tax assets	15	39
Cash and cash equivalents	718	388
Total current assets	<u>40,139</u>	<u>39,642</u>
Total assets	<u><u>564,803</u></u>	<u><u>565,344</u></u>
Equity and liabilities		
Share capital	287,660	287,660
Reserves	(38,178)	(6,537)
Total equity	<u>249,482</u>	<u>281,123</u>
Liabilities		
Non-current liabilities		
Bank borrowings	266	944
Deferred tax liabilities	34,059	19,618
	<u>34,325</u>	<u>20,562</u>
Current liabilities		
Trade and other payables	187,554	175,475
Provision for liquidated and ascertained damages	257	257
Bank borrowings	89,944	87,354
Current tax liabilities	3,241	573
	<u>280,996</u>	<u>263,659</u>
Total liabilities	<u>315,321</u>	<u>284,221</u>
Total equity and liabilities	<u><u>564,803</u></u>	<u><u>565,344</u></u>
Net assets per share (RM)	0.87	0.98

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 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 30 JUNE 2014

← Attributable to owners of the parent →

	Share capital RM'000	Warrants reserve RM'000	Foreign exchange reserve RM'000	Retained earnings / (Accumulated losses) RM'000	Total equity RM'000
As at 1 July 2013	287,660	10,011	154	(16,702)	281,123
Foreign currency translation	-	-	17	-	17
Loss for the period	-	-	-	(31,658)	(31,658)
Total comprehensive income for the period	-	-	17	(31,658)	(31,641)
As at 30 June 2014	287,660	10,011	171	(48,360)	249,482
As at 1 July 2012	287,660	10,011	132	(53,312)	244,491
Foreign currency translation	-	-	22	-	22
Profit for the period	-	-	-	36,610	36,610
Total comprehensive income for the period	-	-	22	36,610	36,632
As at 30 June 2013	287,660	10,011	154	(16,702)	281,123

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	12 months ended 30/6/2014 RM'000	12 months ended 30/6/2013 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(14,321)	36,928
Adjustments for :		
Change in fair value of investment property	-	(20,000)
Depreciation of property, plant and equipment	915	1,144
Impairment loss on trade and other receivables	369	680
Interest expenses	4,068	19,451
Interest income	(6)	(41)
Gain on disposal of property, plant and equipment	(8)	(59)
Property, plant and equipment written off	-	5
Reversal of impairment losses on trade and other receivables	-	(59)
Reversal of impairment losses on property development costs	-	(40,926)
Operating loss before working capital changes	<u>(8,983)</u>	<u>(2,877)</u>
Trade and other receivables	(1,439)	(728)
Trade and other payables	<u>(724)</u>	<u>1,913</u>
Cash used in operations	(11,146)	(1,692)
Interest expenses paid	(3,150)	(5,835)
Interest income received	6	41
Tax paid	<u>(636)</u>	<u>(212)</u>
Net cash used in operating activities	<u>(14,926)</u>	<u>(7,698)</u>
Cash flows from investing activities		
Advances from related parties	12,461	1,935
Development expenditure incurred in property development costs	1,539	937
Proceeds from disposal of property, plant and equipment	8	160
Purchase of property, plant and equipment	<u>(373)</u>	<u>(24)</u>
Net cash generated from investing activities	<u>13,635</u>	<u>3,008</u>
Cash flows from financing activities		
Repayment of bank borrowings	<u>(300)</u>	<u>(540)</u>
Net cash used in financing activities	<u>(300)</u>	<u>(540)</u>
Net decrease in cash and cash equivalents	(1,591)	(5,230)
Cash and cash equivalents at beginning of financial period	<u>(61,011)</u>	<u>(55,781)</u>
Cash and cash equivalents at end of the financial period	<u>(62,602)</u>	<u>(61,011)</u>

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

	As at 30/6/2014 RM'000	As at 30/6/2013 RM'000
Cash and bank balances	718	388
Bank overdrafts	<u>(63,320)</u>	<u>(61,399)</u>
	<u>(62,602)</u>	<u>(61,011)</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JUNE 2014

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 2013 except for adoption of the following accounting standards, amendments and interpretations issued by the MASB that are effective for the Group’s financial statements commencing 1 July 2013:-

FRSs/Interpretations

FRS 10	<i>Consolidated Financial Statements</i>
FRS 11	<i>Joint Arrangements</i>
FRS 12	<i>Disclosure of Interests in Other Entities</i>
FRS 13	<i>Fair Value Measurement</i>
FRS 119	<i>Employee Benefits (revised)</i>
FRS 127	<i>Separate Financial Statements</i>
FRS 128	<i>Investments in Associates and Joint Ventures</i>
Amendments to FRS 1	<i>Government Loans</i>
Amendments to FRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Improvements to FRSs (2012)	
Amendments to FRS 10, FRS 11 and FRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>

The application of the above accounting standards, amendments and interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2013 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.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

A8. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period ended 30 June 2014 as follows:-

a) 12 months ended 30 June 2014

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	4,728	12,198	-	16,926
Inter-segment sales	-	9,747	(9,747)	-
Sub-total	4,728	21,945	(9,747)	16,926
Results				
Segment results	(715)	(3,822)	(5,716)	(10,253)
Finance costs	(3,227)	(6,557)	5,716	(4,068)
Loss before taxation	(3,942)	(10,379)	-	(14,321)
Taxation				(17,337)
Loss after taxation				(31,658)

b) 12 months ended 30 June 2013

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	1,600	12,788	-	14,388
Inter-segment sales	-	10,748	(10,748)	-
Sub-total	1,600	23,536	(10,748)	14,388
Results				
Segment results	37,575	25,372	(6,568)	56,379
Finance costs	(10,974)	(15,045)	6,568	(19,451)
Profit before taxation	26,601	10,327	-	36,928
Taxation				(318)
Profit after taxation				36,610

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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 30.06.2014 RM'000	Cumulative Period 12 months ended 30.06.2014 RM'000
Loss before tax is arrived at after charging/ (crediting):		
Other income	(176)	(210)
Depreciation of property, plant and equipment	218	915
Interest expenses	(5,230)	4,068
	=====	=====

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

B1. PERFORMANCE REVIEW

The Group's revenue for the financial period ended 30 June 2014 has increased to RM7.7 million as compared to the preceding corresponding financial period of RM4.7 million due to the contribution from property development income of RM4.7 million during the financial period.

The loss before taxation for the reported quarter was RM2.2 million as opposed to a profit before taxation of RM52.3 million for the corresponding quarter ended 30 June 2013. The loss before taxation for the quarter was mainly due to the provision for the material litigation as stated in B11 (b) of this report. For the reported quarter, the finance costs was a credit of RM5.2 million as compared to finance costs of RM6.6 million in the corresponding quarter due to the waiver of interest expense on the advances to the Group by the major shareholder, Top Lander Offshore Inc.. The higher profit before taxation in the previous corresponding quarter was due to the revaluation surplus of investment property of RM20 million and reversal of previous provision sum of impairment losses on property development costs of RM40.9 million.

The loss after taxation for the reported quarter was RM19.4 million as compared with the corresponding quarter of profit after taxation of RM52.1 million. For the reported quarter, the Group has recognised deferred tax expenses of RM14.4 million which arose from the investment property, Wisma MPL.

The net asset value per share ("NAV") of the Group has decreased to RM0.87 as at 30 June 2014 compared with RM0.98 as at 30 June 2013. The decrease of NAV for the current quarter was largely due to the provision for material litigation and recognition of deferred tax liability arising from investment property, Wisma MPL, which was measured using the fair value model.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

In the current financial quarter under review, the Group recorded higher revenue of RM7.7 million as compared with the immediate preceding financial quarter ended 31 March 2014 of RM2.9 million due to additional revenue from property development income of RM4.7 million during the financial period.

The loss before taxation in the reported financial quarter of RM2.2 million was higher than the loss before taxation of RM1.5 million as compared to the immediate preceding quarter ended 31 March 2014 mainly due to provision for material litigation stated in B11 (b) of this report and the waiver of interest expenses on the advances to the Group by the major shareholder, Top Lander Offshore Inc.

B3. PROSPECTS FOR THE FINANCIAL YEAR

On 18 July 2014, the Group has announced to undertake the corporate proposals as stated in B8 of this report with a view to restructure its existing banking facilities, settle amount owing and for working capital purposes. The corporate proposals are expected to be completed by the 1st quarter of 2015.

The Group's property development segment is anticipated to contribute to the Group's result for the financial year. Barring unforeseen circumstances, the Group's prospect for the financial year is positive.

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	(17,219)	(17,337)
	<u>(17,219)</u>	<u>(17,337)</u>

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

There were no sales of unquoted investments for the current quarter ended 30 June 2014.

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

On 18 July 2014, the Company has announced to undertake the following proposals:-

- (a) proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act"), involving the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in MPCORP ("Existing MPCORP Shares") ("Proposed Par Value Reduction");
- (b) proposed renounceable rights issue of up to 322,178,213 new ordinary shares of RM0.50 each in MPCORP ("MPCORP Shares") ("Rights Shares") together with up to 161,089,107 free detachable warrants ("Free Warrants") at an issue price of RM0.50 per Rights Share on the basis of four (4) Rights Shares together with two (2) Free Warrants for every five (5) ordinary shares of RM0.50 each in MPCORP ("MPCORP Shares" or "Shares") held after the Proposed Par Value Reduction on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Rights Issue of Shares with Free Warrants");
- (c) proposed renounceable rights issue of up to RM80,544,553 5-year 2% irredeemable convertible unsecured loan stock ("ICULS") ("ICULS A") at 100% of its nominal value of RM0.10 each on the basis of two (2) ICULS A for every one (1) MPCORP Share held after the Proposed Par Value Reduction on the Entitlement Date ("Proposed Rights Issue of ICULS A");
- (d) proposed renounceable rights issue of up to RM80,544,553 10-year 1% ICULS ("ICULS B") at 100% of its nominal value of RM0.10 each on the basis of two (2) ICULS B for every one (1) MPCORP Share held after the Proposed Par Value Reduction on the Entitlement Date ("Proposed Rights Issue of ICULS B");
- (e) proposed increase in the authorised share capital of MPCORP from RM250 million comprising 500 million MPCORP Shares (after the Proposed Par Value Reduction) to RM750 million comprising 1,500 million MPCORP Shares ("Proposed Increase in Authorised Share Capital"); and
- (f) proposed amendment to the memorandum of association of the Company ("Proposed Memorandum Amendment") (collectively referred to as the "Proposals").

Barring any unforeseen circumstances, the Proposals are expected to be completed by 1st quarter of 2015.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B9. OTHER PAYABLES

Included in other payables are:

- i) An amount of RM115.0 million which represents the balance of the settlement sum according to the Settlement Agreement with Amanahraya Development Sdn Bhd dated 10 March 2014.
- ii) An amount of RM26.3 million is due to major shareholders of the Company on a periodic emergency financial assistance requested by the Company. The amount owing is unsecured, interest free and with no fixed terms of repayment.
- iii) Interest accrued on revolving credit of RM17.1 million.

B10. GROUP BORROWINGS

Total Group's borrowings as at 30 June 2014 are as follow: -

	Short Term	Long Term	
	Secured	Secured	Total
	RM'000	RM'000	RM'000
Hire purchase creditors	920	266	1,186
Revolving credit	25,704	-	25,704
Bank overdraft	63,320	-	63,320
Total	89,944	266	90,210

B11. MATERIAL LITIGATION UPDATES

- (a) Kuala Lumpur High Court Civil Suit No. S-22-347-2010

Wong Seng Huat & Safe Deposit Box Sdn Bhd ("Plaintiff") vs Malaysia Pacific Corporation Berhad & MPC Properties Sdn Bhd ("Defendants")

The Court of Appeal has adjourned the case management to 4 November 2014.

- (b) Kuala Lumpur High Court Originating Summons No. 24 NCVC-1341-08/2013

Wisma MPL JMB ("Plaintiffs") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "the Company").

On 17 June 2014, the Company had filed an Application for Leave to appeal to the Federal Court and the case management is fixed on 9 September 2014.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B12. DIVIDEND

The Board does not recommend any interim dividend for the current financial period ended 30 June 2014.

B13. EARNINGS/(LOSS) PER SHARE

(a) Basic

	Individual Period 3 months ended 30/06/2014	Individual Period 3 months ended 30/06/2013	Cumulative Period 12 months ended 30/06/2014	Cumulative Period 12 months ended 30/06/2013
(Loss)/Profit attributable to owners of the parent (RM'000)	(19,420)	52,144	(31,658)	36,610
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
(Loss)/Profit per share (sen)	(6.75)	18.13	(11.01)	12.73

(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.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B14. REALISED AND UNREALISED PROFITS 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 30.06.2014 RM’000	Group 30.06.2013 RM’000
Total (accumulated losses)/retained earnings of the Group:		
Realised	(337,186)	(305,528)
Unrealised	288,826	288,826
Total accumulated losses	<u>(48,360)</u>	<u>(16,702)</u>

B15. This interim financial report is dated 29 August 2014.