

MALAYSIA PACIFIC CORPORATION BERHAD

(12200 - M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

31 DECEMBER 2014

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended		6 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	3,927	3,356	7,011	6,294
Cost of sales	(1,027)	(1,548)	(2,499)	(3,075)
Gross profit	<u>2,900</u>	<u>1,808</u>	<u>4,512</u>	<u>3,219</u>
Other income	41	1	72	16
Administrative expenses	(2,337)	(2,274)	(4,339)	(4,376)
Profit/(Loss) from operations	<u>604</u>	<u>(465)</u>	<u>245</u>	<u>(1,141)</u>
Finance costs	2,164	(4,586)	(717)	(9,105)
Profit/(Loss) before taxation	<u>2,768</u>	<u>(5,051)</u>	<u>(472)</u>	<u>(10,246)</u>
Taxation	(26)	(34)	(86)	(84)
Profit/(Loss) for the period	<u>2,742</u>	<u>(5,085)</u>	<u>(558)</u>	<u>(10,330)</u>
Other comprehensive loss, net of tax				
Foreign currency transaction differences for foreign operations	(1)	-	(30)	(51)
Total comprehensive income/(loss)	<u>2,741</u>	<u>(5,085)</u>	<u>(588)</u>	<u>(10,381)</u>
Profit/(Loss) attributable to:				
Owners of the parent	2,742	(5,085)	(558)	(10,330)
Non-controlling interest	-	-	-	-
	<u>2,742</u>	<u>(5,085)</u>	<u>(558)</u>	<u>(10,330)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	2,741	(5,085)	(588)	(10,381)
Non-controlling interest	-	-	-	-
	<u>2,741</u>	<u>(5,085)</u>	<u>(588)</u>	<u>(10,381)</u>
Earnings/(Loss) per share attributable to owners of the parent:				
a) Basic (sen)	0.95	(1.77)	(0.19)	(3.59)
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 2014 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 31 DECEMBER 2014

	As at 31/12/2014 RM'000	As at 30/06/2014 RM'000
Non-current assets		
Property, plant and equipment	1,078	1,455
Investment property	320,000	320,000
Land held for property development	225,683	225,683
Total non-current assets	<u>546,761</u>	<u>547,138</u>
Current assets		
Property development cost	15,358	15,358
Inventory	-	274
Trade and other receivables	2,187	1,944
Current tax assets	30	30
Cash and cash equivalents	588	718
Total current assets	<u>18,163</u>	<u>18,324</u>
Total assets	<u>564,924</u>	<u>565,462</u>
Equity and liabilities		
Share capital	287,660	287,660
Reserves	(38,281)	(37,693)
Total equity	<u>249,379</u>	<u>249,967</u>
Liabilities		
Non-current liabilities		
Bank borrowings	895	925
Deferred tax liabilities	33,275	33,275
	<u>34,170</u>	<u>34,200</u>
Current liabilities		
Trade and other payables	187,885	188,877
Provision for liquidated and ascertained damages	257	257
Bank borrowings	90,346	89,286
Current tax liabilities	2,887	2,875
	<u>281,375</u>	<u>281,295</u>
Total liabilities	<u>315,545</u>	<u>315,495</u>
Total equity and liabilities	<u>564,924</u>	<u>565,462</u>
Net assets per share (RM)	0.87	0.87

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

← Attributable to owners of the parent →

	Share capital RM'000	Warrants reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total equity RM'000
As at 1 July 2014	287,660	10,011	135	(47,839)	249,967
Foreign currency translation	-	-	(30)	-	(30)
Loss for the period	-	-	-	(558)	(558)
Total comprehensive loss for the period	-	-	(30)	(558)	(588)
As at 31 December 2014	287,660	10,011	105	(48,397)	249,379
As at 1 July 2013	287,660	10,011	154	(16,702)	281,123
Foreign currency translation	-	-	(51)	-	(51)
Loss for the period	-	-	-	(10,330)	(10,330)
Total comprehensive loss for the period	-	-	(51)	(10,330)	(10,381)
As at 31 December 2013	287,660	10,011	103	(27,032)	270,742

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 2014 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 31 DECEMBER 2014

	6 months ended 31/12/2014 RM'000	6 months ended 31/12/2013 RM'000
Cash flows from operating activities		
Loss before taxation	(472)	(10,246)
Adjustments for :		
Depreciation of property, plant and equipment	377	458
Interest expenses	717	9,105
Interest income	-	(6)
Gain on disposal of property, plant and equipment	-	(8)
Operating loss before working capital changes	<u>622</u>	<u>(697)</u>
Inventory	274	-
Trade and other receivables	(243)	(590)
Trade and other payables	<u>571</u>	<u>(1,894)</u>
Cash used in operations	1,224	(3,181)
Interest expenses paid	(2,197)	(1,526)
Interest income received	-	6
Tax paid	<u>(60)</u>	<u>(84)</u>
Net cash used in operating activities	<u>(1,033)</u>	<u>(4,785)</u>
Cash flows from investing activities		
(Repayment to)/Advances from related parties	(131)	4,226
Proceeds from disposal of property, plant and equipment	-	8
Purchase of property, plant and equipment	<u>-</u>	<u>(57)</u>
Net cash (used in)/generated from investing activities	<u>(131)</u>	<u>4,177</u>
Cash flows from financing activities		
Repayment of bank borrowings	<u>(126)</u>	<u>(159)</u>
Net cash used in financing activities	<u>(126)</u>	<u>(159)</u>
Net decrease in cash and cash equivalents	(1,290)	(767)
Cash and cash equivalents at beginning of financial period	<u>(62,602)</u>	<u>(61,011)</u>
Cash and cash equivalents at end of the financial period	<u>(63,892)</u>	<u>(61,778)</u>

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

	As at 31/12/2014 RM'000	As at 30/6/2013 RM'000
Cash and bank balances	588	742
Bank overdrafts	<u>(64,480)</u>	<u>(62,520)</u>
	<u>(63,892)</u>	<u>(61,778)</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 2014 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 2014:-

Title

Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*

Amendments to FRS 12 *Disclosure of Interest in Other Entities: Investment Entities*

Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*

Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities*

Amendments to FRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to FRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*

IC Interpretation 21 *Levies*

Amendments to FRS 119 *Defined Benefit Plans: Employee Contributions*

Amendments to FRSs Annual Improvements to FRSs 2010 – 2012 Cycle

Amendments to FRSs Annual Improvements to FRSs 2011 – 2013 Cycle

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.

A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

Messrs BDO, the Company's External Auditors, had expressed a disclaimer opinion in the Company’s Audited Financial Statements for the financial year ended 30 June 2014.

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.

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A8. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period ended 31 December 2014 as follows:-

a) 6 months ended 31 December 2014

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
<u>Revenue</u>				
External sales	1,059	5,952	-	7,011
Inter-segment sales	-	4,588	(4,588)	-
Sub-total	1,059	10,540	(4,588)	7,011
<u>Results</u>				
Segment results	(192)	437	-	245
Finance costs	-	(717)	-	(717)
Loss before taxation	(192)	(280)	-	(472)
Taxation				(86)
Loss after taxation				(558)

b) 6 months ended 31 December 2013

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
<u>Revenue</u>				
External sales	-	6,294	-	6,294
Inter-segment sales	-	4,896	(4,896)	-
Sub-total	-	11,190	(4,896)	6,294
<u>Results</u>				
Segment results	(1,466)	2,697	(2,372)	1,141
Finance costs	(5,616)	(5,861)	2,372	(9,105)
Loss before taxation	(7,082)	(3,164)	-	(10,246)
Taxation				(84)
Loss after taxation				(10,330)

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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. PROFIT/(LOSS) BEFORE TAXATION

	Individual Period 3 months ended 30.12.2014 RM'000	Cumulative Period 6 months ended 30.12.2014 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):		
Other income	(41)	(72)
Depreciation of property, plant and equipment	194	377
Interest expenses	(2,164)	717
	=====	=====

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 31 December 2014 has increased to RM3.9 million as compared to the preceding corresponding financial period of RM3.4 million due to contribution from the sales of property in Iskandar Johor.

The profit before taxation for the current financial quarter was RM2.8 million as opposed to a loss before taxation of RM5.1 million for the corresponding quarter ended 31 December 2013. The profit before taxation for the quarter are mainly due to the recognition of the sales of property of RM1.1 million and also the reversal of over accrued revolving credit interest of RM3.5 million in the current reported quarter.

The net asset value per share ("NAV") of the Group for both reported quarter and preceding corresponding quarter is RM0.87.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

In the current financial quarter under review, the Group recorded higher revenue of RM3.9 million as compared with the immediate preceding financial quarter ended 30 September 2014 of RM3.1 million due to additional revenue from property development of RM1.1 million in the current financial quarter.

The profit before taxation in the reported financial quarter was RM2.8 million as opposed to a loss before taxation of RM3.2 million for the immediate preceding quarter ended 30 September 2014. The profit before taxation for the quarter are mainly due to the recognition of the sales of property of RM1.1 million and also the reversal of over accrued revolving credit interest of RM3.5 million in the current reported quarter.

B3. PROSPECTS FOR THE FINANCIAL YEAR

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 will be improved compared with previous financial year.

B4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT

This is not applicable to the Group.

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B5. TAXATION

	Current Quarter RM'000	Current Year-To-Date RM'000
Taxation based on results for the financial period:		
Current financial period	(26)	(86)
	<u>(26)</u>	<u>(86)</u>

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

There were no sales of unquoted investments for the current quarter ended 31 December 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 26 January 2015, the Company has announced that the Board of Directors has decided to abort the Proposals following the admission of the Company into PN17.

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 RM25.7 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 RM14.5 million.

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B10. GROUP BORROWINGS

Total Group's borrowings as at 31 December 2014 are as follow: -

	Short Term	Long Term	
	Secured	Secured	Total
	RM'000	RM'000	RM'000
Hire purchase creditors	162	895	1,057
Revolving credit	25,704	-	25,704
Bank overdraft	64,480	-	64,480
Total	90,346	895	91,241

B11. MATERIAL LITIGATION UPDATES

(a) 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 27 January 2015, the Federal Court had dismissed the Company's Application for Leave to Appeal.

(b) Johor Bahru High Court Originating Summons No. 24FC-1845-11/2014

AmanahRaya Development Sdn Bhd ("ARDSB" or "Plaintiff") vs Taman Bandar Baru Masai Sdn Bhd ("TBBM" or "Defendant")

On 22 January 2015, the Johor Bahru High Court had fixed the case management of the Originating Summon on 9 March 2015.

B12. DIVIDEND

The Board does not recommend any interim dividend for the current financial period ended 31 December 2014.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B13. EARNINGS/(LOSS) PER SHARE

(a) Basic

	Individual Period 3 months ended 31/12/2014	Individual Period 3 months ended 31/12/2013	Cumulative Period 6 months ended 31/12/2014	Cumulative Period 6 months ended 31/12/2013
Profit/(Loss) attributable to owners of the parent (RM'000)	2,742	(5,085)	(558)	(10,330)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Profit/(Loss) per share (sen)	0.95	(1.77)	(0.19)	(3.59)

(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 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 31.12.2014 RM'000	Group 30.06.2014 RM'000
Total (accumulated losses)/retained earnings of the Group:		
Realised	(337,223)	(336,665)
Unrealised	288,826	288,826
Total accumulated losses	(48,397)	(47,839)

B15. This interim financial report is dated 17 February 2015.