

MALAYSIA PACIFIC CORPORATION BERHAD

(12200 - M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

30 June 2015

MALAYSIA PACIFIC CORPORATION BERHAD (12200 - M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	As at 30/06/2015 (Unaudited) RM'000	As at 30/06/2014 (Audited) RM'000
Non-current assets		
Property, plant and equipment	787	1,455
Investment property	320,000	320,000
Land held for property development	225,071	225,683
Total non-current assets	<u>545,858</u>	<u>547,138</u>
Current assets		
Property development cost	15,383	15,358
Inventory	-	274
Trade and other receivables	1,277	1,944
Current tax assets	30	30
Cash and cash equivalents	348	718
Total current assets	<u>17,038</u>	<u>18,324</u>
Total assets	<u><u>562,896</u></u>	<u><u>565,462</u></u>
Equity and liabilities		
Share capital	287,660	287,660
Reserves	(52,169)	(37,693)
Total equity	<u>235,491</u>	<u>249,967</u>
Liabilities		
Non-current liabilities		
Bank borrowings	646	925
Deferred tax liabilities	33,275	33,275
	<u>33,921</u>	<u>34,200</u>
Current liabilities		
Trade and other payables	198,608	188,877
Provision for liquidated and ascertained damages	257	257
Bank borrowings	91,857	89,286
Current tax liabilities	2,762	2,875
	<u>293,484</u>	<u>281,295</u>
Total liabilities	<u>327,405</u>	<u>315,495</u>
Total equity and liabilities	<u><u>562,896</u></u>	<u><u>565,462</u></u>
Net assets per share (RM)	0.82	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 PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended		12 months ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Revenue	2,132	7,901	12,472	17,107
Cost of sales	(2,576)	(3,665)	(3,887)	(8,323)
Gross (loss)/profit	<u>(444)</u>	<u>4,236</u>	<u>8,585</u>	<u>8,784</u>
Other income	795	11,600	901	11,634
Administrative expenses	(10,299)	(14,789)	(16,857)	(22,193)
(Loss)/Profit from operations	<u>(9,948)</u>	<u>1,047</u>	<u>(7,371)</u>	<u>(1,775)</u>
Finance costs	990	(3,514)	(7,187)	(12,812)
Loss before tax	<u>(8,958)</u>	<u>(2,467)</u>	<u>(14,558)</u>	<u>(14,587)</u>
Taxation	129	(16,432)	-	(16,550)
Loss for the period	<u>(8,829)</u>	<u>(18,899)</u>	<u>(14,558)</u>	<u>(31,137)</u>
Other comprehensive income/(loss), net of tax				
Foreign currency transaction differences for foreign operations	112	57	82	(19)
Total comprehensive loss	<u>(8,717)</u>	<u>(18,842)</u>	<u>(14,476)</u>	<u>(31,156)</u>
Loss attributable to:				
Owners of the parent	(8,829)	(18,899)	(14,558)	(31,137)
Non-controlling interest	-	-	-	-
	<u>(8,829)</u>	<u>(18,899)</u>	<u>(14,558)</u>	<u>(31,137)</u>
Total comprehensive loss attributable to:				
Owners of the parent	(8,717)	(18,842)	(14,476)	(31,156)
Non-controlling interest	-	-	-	-
	<u>(8,717)</u>	<u>(18,842)</u>	<u>(14,476)</u>	<u>(31,156)</u>
Loss per share attributable to owners of the parent:				
a) Basic (sen)	<u>(3.07)</u>	<u>(6.57)</u>	<u>(5.06)</u>	<u>(10.82)</u>
b) Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The condensed consolidated statements of profit or loss and other 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 CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

← 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 translations, net of tax	-	-	82	-	82
Loss for the period	-	-	-	(14,558)	(14,558)
Total comprehensive loss for the period	-	-	82	(14,558)	(14,476)
As at 30 June 2015	287,660	10,011	217	(62,397)	235,491
As at 1 July 2013	287,660	10,011	154	(16,702)	281,123
Foreign currency translations, net of tax	-	-	(19)	-	(19)
Loss for the period	-	-	-	(31,137)	(31,137)
Total comprehensive loss for the period	-	-	(19)	(31,137)	(31,156)
As at 30 June 2014	287,660	10,011	135	(47,839)	249,967

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 YEAR ENDED 30 JUNE 2015

	12 months ended 30/06/2015 RM'000	12 months ended 30/06/2014 RM'000
Cash flows from operating activities		
Loss before tax	(14,558)	(14,587)
Adjustments for :		
Depreciation of property, plant and equipment	678	916
Impairment loss on trade and other receivables	-	368
Interest expenses	7,187	12,812
Interest income	(9)	(5)
Gain on disposal of property, plant and equipment	-	(85)
Net unrealised foreign exchange differences	(807)	-
Property, plant and equipment written off	-	1
Reversal of impairment losses on trade and other receivables	-	(6)
Waiver of interest by a company in which certain Directors have financial interests	-	(8,147)
Operating loss before working capital changes	(7,509)	(8,733)
Inventories	274	168
Property development costs	-	2,174
Trade and other receivables	667	(1,305)
Trade and other payables	11,232	4,828
Cash generated from/(used in) operations	4,664	(2,868)
Interest expenses paid	(7,187)	(5,027)
Interest income received	9	5
Tax paid	(113)	(582)
Net cash used in operating activities	(2,627)	(8,472)
Cash flows from investing activities		
Advances from related parties	-	8,994
Development expenditure incurred in property development costs	(25)	-
Land held for property development	-	(1,810)
Proceeds from disposal of property, plant and equipment	-	85
Purchase of property, plant and equipment	(10)	(66)
Net cash (used in)/generated from investing activities	(35)	7,203
Cash flows from financing activity		
Repayment of bank borrowings	(248)	(322)
Net cash used in financing activity	(248)	(322)
Net decrease in cash and cash equivalents	(2,910)	(1,591)
Cash and cash equivalents at beginning of financial year	(62,602)	(61,011)
Cash and cash equivalents at end of the financial year	(65,512)	(62,602)
Cash and cash equivalents at the end of the financial year comprise the following:		
	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Cash and bank balances	348	718
Bank overdrafts	(65,860)	(63,320)
	(65,512)	(62,602)

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 YEAR ENDED 30 JUNE 2015

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 Interests 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.

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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 year.

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 year under review.

A6. DEBTS AND EQUITY SECURITIES

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

A7. DIVIDEND PAID

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

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A8. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period year 30 June 2015 as follows:-

a) 12 months ended 30 June 2015

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	1,559	10,913	-	12,472
Inter-segment sales	-	9,779	(9,779)	-
Sub-total	1,559	20,692	(9,779)	12,472
Results				
Segment results	(2,374)	(4,996)	-	(7,370)
Finance costs	-	(7,187)	-	(7,187)
Loss before taxation	(2,374)	(12,183)	-	(14,557)
Taxation				-
Loss after taxation				(14,557)

b) 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	4,953	12,154	-	17,107
Inter-segment sales	-	11,749	(11,749)	-
Sub-total	4,953	23,903	(11,749)	17,107
Results				
Segment results	233,531	(235,306)	-	(1,775)
Finance costs	-	(12,812)	-	(12,812)
Profit/(Loss) before taxation	233,531	(248,118)	-	(14,587)
Taxation				(16,550)
Loss after taxation				(31,137)

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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 year 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 year under review.

A12. CHANGES IN CONTINGENT LIABILITIES/ASSETS

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

A13. LOSS BEFORE TAX

	Individual Period 3 months ended 30/06/2015 RM'000	Cumulative Period 12 months ended 30/06/2015 RM'000
Loss before tax is arrived at after charging/ (crediting):		
Other income	(795)	(901)
Depreciation of property, plant and equipment	136	678
Interest expenses	(990)	7,187
Unrealised foreign exchange differences	807	807
	<u> </u>	<u> </u>

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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 current quarter ended 30 June 2015 has decreased to RM2.1 million as compared to the preceding corresponding quarter ended of RM7.9 million. The higher revenue in the preceding corresponding financial period is due to contribution from property development income.

The loss before tax for the current financial quarter was RM8.9 million as opposed to a loss before tax of RM2.5 million for the corresponding quarter ended 30 June 2014. The higher loss before tax for the current financial quarter are mainly due provision for compensation for legal case.

For loss before tax for twelve (12) months financial year was RM14.6 million as opposed to a loss before tax of RM14.6 million for the preceding corresponding financial year 30 June 2014. The lower loss was primarily due to lower finance cost in current financial year.

The net asset value per share ("NAV") of the Group for both reported quarter and preceding corresponding quarter is RM0.82 and RM0.87 respectively.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

In the current financial quarter under review, the Group recorded lower revenue of RM2.1 million as compared with the immediate preceding financial quarter ended 31 March 2015 of RM3.3 million due to reduce revenue of rental in the current financial quarter.

The loss before tax in the reported financial quarter was RM4.3 million as opposed to a loss before tax of RM5.1 million for the immediate preceding quarter ended 31 March 2015. The lower loss before tax for the quarter are mainly due to revolving credit interest of RM7.4 million in the preceding financial 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 is optimistic.

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	129	-
	<hr/> 129 <hr/>	<hr/> - <hr/>

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 2015.

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 RM15.7 million.

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B10. GROUP BORROWINGS

Total Group's borrowings as at 30 June 2015 are as follow: -

	Short Term	Long Term	
	Secured	Secured	Total
	RM'000	RM'000	RM'000
Hire purchase creditors	293	646	939
Revolving credit	25,704	-	25,704
Bank overdraft	65,860	-	65,860
Total	<u>91,857</u>	<u>646</u>	<u>92,503</u>

All the borrowings are denominated in Ringgit Malaysia (RM).

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").

The Company's Solicitor had filed Originating Summon on 10 July 2015 and the case is now set for case management on 1 September 2015.

(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 26 July 2015, the Johor Bahru High Court has postponed the hearing and fixed case management of the Originating Summon on 3 September 2015 in the light of settlement proposal.

(c) 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")

On 15 July 2015, the Court of Appeal has dismissed the Appellant's appeal of the High Court Judgement and the order of the High Court on 16 January 2014 was affirmed with cost except the Appellant's appeal against the double rental awarded by the High Court. The Court of Appeal varied the order of the High Court to the extent that the double rental was allowed only up to 25 April 2011, being the date where the Appellant was locked out the premises and 4 September 2012.

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(d) Johor Bahr Magistrate Court A72C-02-03/2015

Hiway Matra Consult Sdn Bhd (“Plaintiff”) vs Lakehill Resort Development Sdn Bhd (“Defendant”)

On 15 July 2015, the Court directed the Plaintiff to file the bundle of documents on or before 12 August 2015 and also fixed the case management on 12 August 2015.

The Plaintiff has agreed to withdraw the case in the light of out of court settlement agreed between the parties.

B12. DIVIDEND

The Board does not recommend any interim dividend for the current financial year ended 30 June 2015.

B13. EARNINGS/(LOSS) PER SHARE

(a) Basic

	Individual Period 3 months ended 30/06/2015	Individual Period 3 months ended 30/06/2014	Cumulative Period 12 months ended 30/06/2015	Cumulative Period 12 months ended 30/06/2014
Loss attributable to owners of the parent (RM'000)	(8,829)	(18,899)	(14,558)	(31,137)
Weighted average number of ordinary shares in issue (‘000)	287,660	287,660	287,660	287,660
Loss per share (sen)	(3.07)	(6.57)	(5.06)	(10.82)

(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.

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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 30/06/2015 (Unaudited) RM'000	Group 30/06/2014 (Audited) RM'000
Total (accumulated losses)/retained earnings of the Group:		
Realised	(236,657)	(336,665)
Unrealised	288,826	288,826
Total accumulated losses	<u>(52,169)</u>	<u>(47,839)</u>

B15. This interim financial report is dated 28 August 2015.