

MALAYSIA PACIFIC CORPORATION BERHAD

(12200 - M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD ENDED

31 MARCH 2016

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended		9 months ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Revenue	2,872	3,329	7,258	10,340
Cost of sales	(1,963)	1,188	(4,084)	(1,311)
Gross profit	<u>909</u>	<u>4,517</u>	<u>3,174</u>	<u>9,029</u>
Other income	15	34	50	106
Administrative expenses	(2,320)	(2,219)	(8,461)	(6,558)
(Loss)/Profit from operations	<u>(1,396)</u>	<u>2,332</u>	<u>(5,237)</u>	<u>2,577</u>
Finance costs	(1,625)	(7,460)	(6,670)	(8,177)
(Loss)/Profit before tax	<u>(3,021)</u>	<u>(5,128)</u>	<u>(11,907)</u>	<u>(5,600)</u>
Taxation	-	(43)	-	(129)
(Loss)/Profit for the period	<u>(3,021)</u>	<u>(5,171)</u>	<u>(11,907)</u>	<u>(5,729)</u>
Other comprehensive income/(loss), net of tax				
Foreign currency transaction differences for foreign operations	18	-	(2)	(30)
Total comprehensive (loss)/income	<u>(3,003)</u>	<u>(5,171)</u>	<u>(11,909)</u>	<u>(5,759)</u>
(Loss)/Income attributable to:				
Owners of the parent	(3,021)	(5,171)	(11,907)	(5,729)
Non-controlling interest	-	-	-	-
	<u>(3,021)</u>	<u>(5,171)</u>	<u>(11,907)</u>	<u>(5,729)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(3,003)	(5,171)	(11,909)	(5,759)
Non-controlling interest	-	-	-	-
	<u>(3,003)</u>	<u>(5,171)</u>	<u>(11,909)</u>	<u>(5,759)</u>
(Loss)/Earnings per share attributable to owners of the parent:				
a) Basic (sen)	(1.05)	(1.80)	(4.14)	(1.99)
b) Diluted (sen)	N/A	N/A	N/A	N/A

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 2015 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 MARCH 2016

	As at 31/03/2016 (Unaudited) RM'000	As at 30/06/2015 (Audited) RM'000
Non-current assets		
Property, plant and equipment	479	788
Investment property	320,000	320,000
Land held for property development	224,873	224,576
Total non-current assets	<u>545,352</u>	<u>545,364</u>
Current assets		
Property development cost	15,268	15,268
Trade and other receivables	1,294	1,179
Cash and cash equivalents	810	357
Total current assets	<u>17,372</u>	<u>16,804</u>
Total assets	<u><u>562,724</u></u>	<u><u>562,168</u></u>
Equity and liabilities		
Equity		
Share capital	287,660	287,660
Reserves	(66,344)	(54,468)
Total equity	<u>221,316</u>	<u>233,192</u>
Liabilities		
Non-current liabilities		
Bank borrowings	436	655
Deferred tax liabilities	33,275	33,275
	<u>33,711</u>	<u>33,930</u>
Current liabilities		
Trade and other payables	212,514	200,241
Provision for liquidated and ascertained damages	257	257
Bank borrowings	92,384	91,856
Current tax liabilities	2,542	2,692
	<u>307,697</u>	<u>295,046</u>
Total liabilities	<u>341,408</u>	<u>328,976</u>
Total equity and liabilities	<u><u>562,724</u></u>	<u><u>562,168</u></u>
Net assets per share (RM)	0.77	0.81

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 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 2016**

	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 2015	287,660	-	(656)	(53,812)	233,192
Foreign currency translations, net of tax	-	-	33	(2)	31
Loss for the period	-	-	-	(11,907)	(11,907)
Total comprehensive loss for the period	-	-	33	(11,909)	(11,876)
As at 31 March 2016	287,660	-	(623)	(65,721)	221,316
As at 1 July 2014	287,660	10,011	135	(47,839)	249,967
Foreign currency translations, net of tax	-	-	(30)	-	(30)
Loss for the period	-	-	-	(5,729)	(5,729)
Total comprehensive loss for the period	-	-	(30)	(5,729)	(5,759)
As at 31 March 2015	287,660	10,011	105	(53,568)	244,208

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 2015 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 MARCH 2016

	9 months ended 31/03/2016 RM'000	9 months ended 31/03/2015 RM'000
Cash flows from operating activities		
Loss before tax	(11,907)	(5,600)
Adjustments for :		
Depreciation of property, plant and equipment	301	542
Interest expenses	6,670	8,177
Interest income	(28)	-
Gain on disposal of property, plant and equipment	8	-
Unrealised gain on foreign exchange	(2)	-
Operating (loss)/profit before working capital changes	<u>(4,958)</u>	<u>3,119</u>
Inventories	-	274
Trade and other receivables	(115)	(850)
Trade and other payables	9,424	3,779
Cash generated from operations	<u>4,351</u>	<u>6,322</u>
Interest expenses paid	(6,670)	(8,177)
Interest income received	28	-
Tax paid	(150)	(129)
Net cash used in operating activities	<u>(2,441)</u>	<u>(1,984)</u>
Cash flows from investing activities		
Advances from related parties	2,882	-
Purchase of property, plant and equipment	-	(48)
Expenditures on development	(297)	-
Net cash generated from/(used in) investing activities	<u>2,585</u>	<u>(48)</u>
Cash flows from financing activity		
Repayment of bank borrowings	(232)	(187)
Net cash used in financing activity	<u>(232)</u>	<u>(187)</u>
Net increase/(decrease) in cash and cash equivalents	(88)	(2,219)
Cash and cash equivalents at beginning of financial period	<u>(65,521)</u>	<u>(62,602)</u>
Cash and cash equivalents at end of the financial period	<u>(65,609)</u>	<u>(64,821)</u>

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

	As at 31/03/2016 RM'000	As at 31/03/2015 RM'000
Cash and bank balances	810	1,078
Bank overdrafts	(66,419)	(65,899)
	<u>(65,609)</u>	<u>(64,821)</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 2015 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 MARCH 2016

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 interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2015.

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 2015 and all new and revised FRS, amendments to FRS and IC Interpretations issued by the MASB that are effective for annual financial periods beginning on or after 1 July 2015.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 30 June 2015 except for the adoption of the following Amendments to FRSs:-

Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012-2014 Cycle
Amendment to FRS 101	Disclosure Initiative

The following is the new FRS which is effective but is not applicable to the Group:-

FRS 14	Regulatory Deferral Accounts
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The adoption of the above Amendments to FRSs does not have any material impact on the financial statements of the Group.

A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

Messrs UHY, the Company's External Auditors, had expressed a disclaimer opinion in the Company's Audited Financial Statements for the financial year ended 30 June 2015.

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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 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. DIVIDEND 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 March 2016 as follows:-

a) 9 months ended 31 March 2016

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	-	7,258	-	7,258
Inter-segment sales	-	5,062	(5,062)	-
Sub-total	-	12,320	(5,062)	7,258
Results				
Segment results	(476)	(4,763)	-	(5,239)
Finance costs	-	(6,670)	-	(6,670)
Loss before taxation	(476)	(11,433)	-	(11,909)
Taxation				-
Loss after taxation				(11,909)

b) 9 months ended 31 March 2015

Description	Property development and construction (RM'000)	Investment properties (RM'000)	Elimination (RM'000)	Consolidation (RM'000)
Revenue				
External sales	1,059	9,281	-	10,340
Inter-segment sales	-	6,698	(6,698)	-
Sub-total	1,059	15,979	(6,698)	10,340
Results				
Segment results	211	2,366	-	2,577
Finance costs	(8)	(8,169)	-	(8,177)
Loss before taxation	203	(5,803)	-	(5,600)
Taxation				(129)
Loss after taxation				(5,729)

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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. LOSS BEFORE TAX

	Individual Period 3 months ended 31/03/2016 RM'000	Cumulative Period 9 months ended 31/03/2016 RM'000
Loss before tax is arrived at after charging/ (crediting):		
Interest income	(11)	(28)
Depreciation of property, plant and equipment	103	301
Interest expenses	1,625	6,670
Unrealised loss/(gain) on foreign exchange	18	(2)
Gain on disposal property, plant and equipment	(2)	8
Provision for compensation	108	896
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A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Below are significant related party transactions during the financial period under review:

	Current Quarter RM'000
Advances from Top Lander Offshore Inc. (net)	<u>2,882</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 31 March 2016 has decreased to RM2.9 million as compared to the preceding year's corresponding quarter ended 31 March 2015 of RM3.3 million. The decreasing revenue in the current quarter is due to lower occupancy rate and further delay of sales of property in Iskandar Johor as compared to the preceding year's corresponding quarter.

The Group's loss before tax for the current quarter ended 31 March 2016 was RM3.0 million as compared to the loss before tax of RM5.1 million for the preceding year's corresponding quarter ended 31 March 2015. The loss before tax for the current quarter is lower due to lower provision of revolving credit interest.

The loss before tax for financial period ended 31 March 2016 was RM11.9 million as compared to preceding year's financial period ended 31 March 2015 of RM5.7 million. The higher loss before tax is mainly due to lower revenue and provision for legal compensation (JMB's legal matter in B10 (c)) in the current financial period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group's loss before tax for the current quarter ended 31 March 2016 was RM3.0 million as opposed to a loss before tax of RM5.2 million for the preceding quarter ended 31 December 2015. The lower loss before tax for the current quarter is mainly due to the lower finance costs incurred in the current quarter.

B3. PROSPECTS FOR THE FINANCIAL YEAR

The Group's investment properties segment is anticipated to contribute to the Group's result for the financial year. The Group's prospect for the financial year will remain challenging.

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 Period-To-Date RM'000
Taxation based on results for the financial period:		
Current financial period	-	-
	-	-

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 2016.

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

There are no corporate proposals announced as at the date of this report.

B9. GROUP BORROWINGS

Total Group's borrowings as at 31 March 2016 are as follow: -

	Short Term Secured RM'000	Long Term Secured RM'000	Total RM'000
Hire purchase creditors	262	436	698
Revolving credit	25,704	-	25,704
Bank overdraft	66,418	-	66,418
Total	92,384	436	92,820

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

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B10. MATERIAL LITIGATION UPDATES

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

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

On 18 January 2016, JMB has proceeded with the Writ of Possession and taken possession of the management of the car park at Wisma MPL.

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

AmanahRaya Development Sdn Bhd (“ADSB” or “Plaintiff”) vs Taman Bandar Baru Masai Sdn Bhd (“TBBM” or “Defendant”)

On 31 January 2016, the Johor Bahru High Court has fixed on 29 February 2016 for Decision.

The Johor Bahru High Court has on 29 February 2016 allowed the Plaintiff’s Originating Summons with costs of RM10,000.

The Johor Bahru High Court has further fixed 29 May 2016 for auction.

(c) Kuala Lumpur High Court Originating Summons No. 24NCVC-1055-07/2015

Malaysia Pacific Corporation Berhad (“MPCORP” or “the Company” or “the Plaintiff”) vs Wisma MPL JMB (“JMB” or “the defendant”)

The Court has allowed the Defendant’s application to strike out the Plaintiff’s Originating Summons on 6 January 2016.

The Plaintiff has filed a notice of appeal to the Court of Appeal (Court of Appeal Civil No. W-02(IM)(NCVC)-179-01/2016) and the Case Management has been fixed on 25 February 2016.

On 25 February 2016, the Court of Appeal has fixed 2 June 2016 for hearing of the Company’s appeal.

(d) Kuala Lumpur High Court Originating Summons No. 22NCC-397-11/2015

RHB Bank Berhad (“RHB” or “the Plaintiff”) vs Malaysia Pacific Corporation Berhad (“MPCORP” or “the Company” or “the Defendant”)

On 27 January 2016, the Court has fixed 22 February 2016 for hearing of the Plaintiff’s application to amend the Writ and Statement of Claim. The Court further fixed the same day for case management for the Writ action.

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On 22 February 2016, the Court has allowed the Plaintiff's application to amend the Statement of Claim with no order as to costs and further directed the Plaintiff to file and serve the Amended Statement of Claim on or before 1 March 2016. The Court has fixed a case management on 2 March 2016.

On 2 March 2016, the Court has fixed the hearing of the Plaintiff's application to strike out the Defendant's Statement of Defence on 31 March 2016.

On 31 March 2016, the Court has fixed 11 April 2016 for Decision of the Plaintiff's application to strike out the Defendant's defence.

On 11 April 2016, the Court has allowed the Plaintiff's application to strike out the Defendant's defence with costs of RM5,000. The Court then proceeded to enter Judgement against the Defendant. The Company will appeal to the Court of Appeal against the said decision.

(e) Kuala Lumpur High Court Civil Suit No. 22NCVC-691-12/2015

Wisma MPL JMB ("JMB" or "the Plaintiff") vs Malaysia Pacific Corporation Berhad ("MPCORP" or "the Company" or "Defendant")

The Company has instructed the solicitor to file an appeal against the Summary Judgement to the Court of Appeal.

(f) Kuala Lumpur High Court Originating Summons No. WA-24FC-30-01/2016

RHB Bank Berhad ("RHB" or "the Plaintiff") vs Malaysia Pacific Corporation Berhad ("MPCORP" or "the Company" or "the Defendant")

On 18 February 2016, the Company received an Originating Summons No.: WA-24FC-30-01/2016 ("Originating Summons") dated 8 January 2016 for an application of order for public auction by RHB of the land located at Geran No. 9980, No. Lot 1203, Seksyen 57, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur with the building on the said land which the Charge No. 17565/1996, 14858/1998 and 11693/2001 respectively (except for disclaimed units).

The Court has fixed the hearing date of Originating Summons on 22 February 2016.

On 22 February 2016, the Court has fixed a case management for the said matter on 29 March 2016.

On 29 March 2016, the Court fixed another date for Case Management on 12 April 2016 to enable the Plaintiff to file the Affidavit in Reply;

On 12 April 2016, the Court fixed another date for Case Management on 15 June 2016.

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(g) Shah Alam Sessions Court Summons No. BA-B51-4-02/2016

Kerajaan Malaysia (“the Plaintiff”) vs MPC Management Services Sdn Bhd (“MPC Management” or “the Defendant”)

The Company has entered into the Consent Judgement on 10 May 2016 to pay the amount of RM674,421.30 before 15 December 2016. Additional liabilities will be recorded in 4th quarter 2016.

(h) Shah Alam Sessions Court Summons No. BA-A51-14-02/2016

Kerajaan Malaysia (“the Plaintiff”) vs MPC Management Services Sdn Bhd (“MPC Management” or “the Defendant”)

The Company has agreed to settle with the Plaintiff through a Consent Judgement entered on 14 April 2016 to pay the Plaintiff an amount of RM201,778.88 before 15 December 2016. Additional liabilities will be recorded in 4th quarter 2016.

(i) Shah Alam High Court Summons No. BA-21NCVC-5-02/2016

Kerajaan Malaysia (“the Plaintiff”) vs MPC Management Services Sdn Bhd (“MPC Management” or “the Defendant”)

On 20 April 2016, the MPC Management has agreed to settle with the Plaintiff through a Consent Judgement entered on 20 April 2016 to pay the Plaintiff an amount of RM1,309,485.29 before 15 December 2016. Additional liabilities will be recorded in 4th quarter 2016.

B11. DIVIDEND

The Board does not recommend any interim dividend for the current financial period ended 31 March 2016.

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B12. (LOSS)/EARNINGS PER SHARE

(a) Basic

	Individual Period 3 months ended 31/3/2016	Individual Period 3 months ended 31/3/2015	Cumulative Period 9 months ended 31/3/2016	Cumulative Period 9 months ended 31/3/2015
(Loss)/Income attributable to owners of the parent (RM'000)	(3,021)	(5,171)	(11,909)	(5,729)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
(Loss)/Earnings per share (sen)	(1.05)	(1.80)	(4.14)	(1.99)

(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 and thus it is anti-dilutive.

B13. REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealized 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 31/3/2016 (Unaudited) RM'000	Group 30/06/2015 (Audited) RM'000
Total (accumulated losses)/retained earnings of the Group:		
Realised	(501,577)	(490,859)
Unrealised	256,361	256,361
	(245,216)	(234,498)
Less: Consolidation adjustments	179,495	180,686
Total accumulated losses	(65,721)	(53,812)

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B14. This interim financial report is dated 17 May 2016.