www.mpcb.com.my

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

Head Office
14th Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia
Tel: +603-2070 4488 | Fax: +603-2070 4489

ANNUAL REPORT 2019

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

MALAYSIA
PACIFIC
CORPORATION
BERHAD

A Positive Change

2019 Annual Report

What's Inside

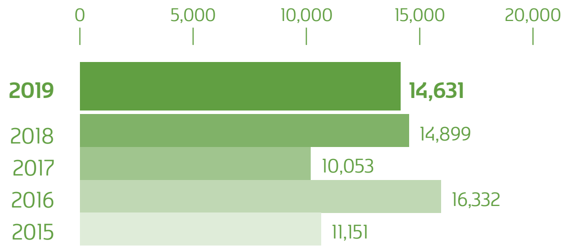
Five Year Financial Highlights

		Year Ended 30 June				
		2019	**2018**	**2017**	**2016**	**2015**
Revenue	(RM'000)	**14,631**	14,899	10,053	16,332	11,151
Loss Before Tax	(RM'000)	**(77,546)**	(1,928)	(10,103)	(88,426)	(16,049)
Loss After Tax	(RM'000)	**(81,074)**	(1,989)	(10,358)	(84,269)	(15,984)
Paid-Up Capital	(RM'000)	**287,660**	287,660	287,660	287,660	287,660
Equity Attributable to Owners of The Parent	(RM'000)	**54,875**	136,538	138,521	148,835	233,192
Total Assets	(RM'000)	**439,787**	497,557	505,953	489,496	562,168
Basic Loss Per Share	(Sen)	**(28.18)**	(0.69)	(3.60)	(29.29)	(5.56)
Net Assets per Share	(RM)	**0.19**	0.47	0.48	0.52	0.81

REVENUE

14.6 Mil

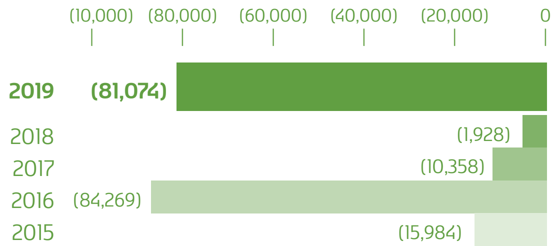
REVENUE (RM'000/Year)



LOSS TAX PROFIT

(81.1) Mil

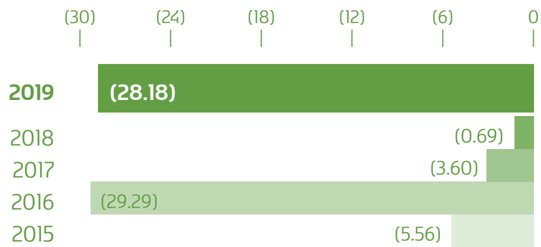
LOSS AFTER TAX (RM'000/Year)



BASIC LOSS PER SHARE

(28.2) Sen

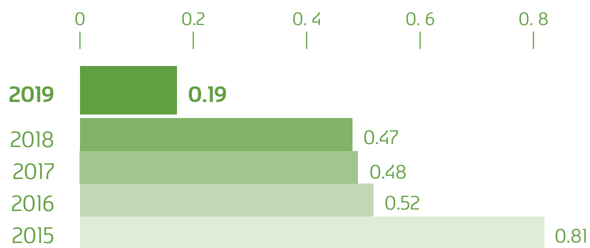
BASIC LOSS PER SHARE (SEN/Year)



NET ASSETS PER SHARE

RM **0.19**

NET ASSETS PER SHARE (RM/Year)



Management Discussion and Analysis

DEAR SHAREHOLDERS,

On behalf of the Board of Directors and Management of Malaysia Pacific Corporation Berhad ("MPCorp or the Company"), we present the annual report for the financial year ended 30 June 2019.

RM14.6 mil

2019 REVENUE

RM439.8 mil

2019 TOTAL ASSETS

FINANCIAL REVIEW

Summary of Financial Comparison

For the financial year end 30 June (RM'000)	2019	2018
Revenue	14,631	14,899
Loss Before Tax	(77,546)	(1,928)
Loss After Tax	(81,074)	(1,989)
Equity Attributable to Owners of The Parent	54,875	136,538
Total Assets	439,787	497,557
Returns on Equity	(147.74%)	(1.46%)
Returns on Asset	(18.43%)	(0.40%)
Basic Loss Per Share (Sen)	(28.18)	(0.69)
Net Assets per Share (RM)	0.19	0.47

The Group main activities are investment property and property development. For the financial year ended 30 June 2019, the Group registered revenue of RM14.63 million and loss before tax of RM77.55 million. As compare to the previous year, the revenue for the current financial year has decreased by RM0.27 million from RM14.90 million and loss before tax increased by RM75.62 million from RM1.93 million.

The decreased in revenue for the current financial year was mainly due to low rental income contributed from investment property. The increased in loss before tax of RM77.55 million was mainly due to fair value adjustment on investment property.

The Group's net asset per share for the financial year ended 30 June 2019 reduced RM0.28 to RM0.19.

Management Discussion and Analysis

OPERATION REVIEW

The revenue from investment property and property development was RM5.86 million and RM8.77 million which represented 40.05% and 59.95% contribution to the group respectively. In term of segmentation result for the financial year ended June 2019, investment property has made loss before tax of RM71.39 million whilst property development registered profit loss before tax of RM6.38 million.

On 14 January 2019, the Company received a Letter of Offer to purchase Wisma MPL of RM189 million from Asia New Venture Capital Holdings Sdn Bhd. Then, the Company received 2% earnest deposit of RM3.76 million on 23 January 2019.

After taking into consideration of the auction reserve price or forced sales value of Wisma MPL of RM184 million. The offered value from the Asia New Venture Capital Holdings Sdn Bhd is RM5 million or approximately 2.7% higher than the forced sales value. Therefore, The Board of Directors had on 26 February 2019 approved to accept the offer and had entered into a Sales and Purchase Agreement (SPA) with Asia New Venture Capital Holdings Sdn Bhd for the sale of Wisma MPL at a cash disposal price of RM189 million on 11 March 2019.

The company had on 28 August 2019 held the Extraordinary General Meeting and shareholders were unanimously approved the proposed disposal of Wisma MPL to Asia New Venture Capital Holdings Sdn Bhd.

Upon completion of the disposal, the financial position of the Group will be improved as follow:

	As per financial year ended 30June 2019	After disposal of Wisma MPL
NA per Share (RM)	0.19	0.26
Total borrowings ('000)	144,125	384
Gearing (times)	2.56	0.01

On the other hand, the Company and its subsidiary Companies Oriental Pearl City Properties Sdn Bhd, Lakehill Resort Development Sdn Bhd and Taman Bandar Baru Masai Sdn Bhd had on 23 August 2019 entered into a settlement agreement with AmanahRaya Development Sdn Bhd which involves the effective disposal of land measuring a total of approximately 131.95 acres in Johor as settlement of debt owing to AmanahRaya amounting to RM115 million.

REGULARISATION AND RESTRUCTURING PLANS

On 1 December 2014, MPCorp announced that it is a practice Note 17 ("PN17") company pursuant to Paragraph 8.04 and Paragraph 2.1(d) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Security Berhad as the company auditors had expressed a disclaimer opinion in the Company's audited financial statement for the financial year ended 30 June 2014.

On 17 July 2019, MPCorp obtained approval from Bursa Malaysia Securities Berhad for an extension of time up to 31 December 2019 to make the requisite announcement and submit its regularisation plan.

In view of the momentum of completing the disposal of Wisma MPL after settle outstanding loan with RHB and settlement with AmanahRaya, the Group shall remaining approximately 234 acres of land in Johor for future projects. The Group is exploring the possibilities of collaborating with other parties with established track records in the construction industry to jointly undertake the development projects. Although the property industry is facing stern challenging environment in year 2019 and 2020, the Group is optimistic on the prospect for the next financial year.

APPRECIATION

On behalf of the Board of Directors, we would like to convey our sincere appreciation to our shareholders, bankers, business associates, local authorities and government agencies for their continued support.

Charles Ch'ng Soon Sen
Chief Executive Officer and Executive Director

This statement was made in accordance with the resolution of the Board of Directors passed on 22 October 2019.

Corporate Structure

MALAYSIA
PACIFIC
COPRORATION
BERHAD
(12200-M)

Issued & Paid Up Capital (RM 287,659,780)

- 100% MPC MANAGEMENT SERVICES SDN BHD 822918-K
- 100% PRESTIGE TRADING SDN BHD 717414-D
- 100% MPC PROPERTIES SDN BHD 708892-A
  - 100% ASA ENTERPRISES SDN BHD 17316-M
  - 100% CREATIVE ASCENT SDN BHD 305029-H
    - 100% TAMAN BANDAR BARU MASAI SDN BHD 321412-T
  - 100% ORIENTAL PEARL CITY PROPERTIES SDN BHD 736391-T
    - 100% LAKEHILL RESORT DEVELOPMENT SDN BHD 638993-H
      - 100% ASIA PACIFIC TRADE AND EXPO CITY SDN BHD 802962-U
      - 100% ASIA-PACIFIC TRADE & EXPO CITY (HK) LIMITED 1246848
- 100% BEDFORD PJ COMPLEX SDN BHD 202353-M
- 100% EURONIUM CONSTRUCTION SDN BHD 626922-A
- 100% PREMIER BUILDING MANAGEMENT SERVICES SDN BHD 595741-M

Corporate Information

BOARD OF DIRECTORS

Dato' Ir. Hj. Md. Nasir Bin Ibrahim
Chairman and Independent Non-Executive Director

Datin Kong Yuk Chu
Vice Chairman and Executive Director

Ch'ng Soon Sen
Chief Executive Officer and Executive Director

Ch'ng Se Hua
Executive Director

Lim Yit Kiong
Independent Non-Executive Director

Ho Pui Hold
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Committee Chairman
Ho Pui Hold

Committee Members
Lim Yit Kiong
Dato' Ir. Hj. Md. Nasir Bin Ibrahim

NOMINATING AND REMUNERATION COMMITTEE

Committee Chairman
Ho Pui Hold

Committee Members
Lim Yit Kiong
Dato' Ir. Hj. Md. Nasir Bin Ibrahim

SECRETARIES

Pang Kah Man (MIA 18831)

REGISTERED OFFICE

37-2, 2nd Floor, Jalan Radin Bagus,
Bandar Baru Sri Petaling,
57000 Wilayah Persekutuan Kuala Lumpur
Tel : 03 – 9054 9311
Fax : 03– 9057 9989
Email : kmp-kl@kmpcorp.com.my

PRINCIPAL PLACE OF BUSINESS

14th Floor, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03 – 2070 4488
Fax : 03 – 2070 4489

REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrar Sdn Bhd)
11th Floor, Menara Symphony
No. 5, Jalan Semangat (Jalan Professor Khoo Kay Kim)
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 – 7890 4700
Fax : 03 – 7890 4670

AUDITORS

Messrs UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 – 2279 3088
Fax : 03 – 2279 3099

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MPCORP
Stock Code : 6548

WEBSITE

www.mpcb.com.my

Board of Directors' Profile

DATO' IR. HJ. MD. NASIR BIN IBRAHIM
Chairman and Independent Non-Executive Director

Dato' Ir. Hj. Md. Nasir bin Ibrahim ("Dato' Nasir"), aged 56, a Malaysian, was appointed to the Board on 12 October 2016. He is an Independent Non-Executive Director of the Company.

Dato' Nasir was graduated from University of Texas, Arlington in 1986 with an Honours Bachelor Degree of Civil Engineering. He continued study in Master of Business Administration in 2000 at Universiti Kebangsaan Malaysia (UKM). He also held a "Professional and Competence Engineer" from Board of Engineers Malaysia and he has been recognized as a Professional Engineer (AR 12283).

Dato' Nasir is a Group Managing Director of Teamcoat Group of Companies, a bumiputera civil engineering group of companies and registered with the Contractor Service Centre (PKK) under Class A and Construction Industry Development Board (CIDB) in Grades G7. The company had undertaken both Government and Semi-Government project more than RM 1 Billion worth of contract. The company had also involved in Joint-Venture Agreement with both State of Selangor and Malacca State Economic Development Corporation (SEDC). The company is also categorized under TERAJU which is under Ministry of Finance Malaysia.

He was the Deputy Chairman of the Advisory Board of Trustees Guild of Bumiputra Contractors (GBC) in 2010 to present, Deputy Chairman of the Community College at Selayang in 2013, the Secretary of Board of Trustees (GBC) in 2002 to 2010, a member of Entrepreneurs Club (KUAT), a member of Malay Chamber (DPMM), Malay Contractors Association (PKMM) and UMNO Deputy Head Division member at Selayang from 2014 until present. Currently he is the Chairman of College Community Selayang and also a Coordinator of Implementation of Coordination Unit under Prime Minister Office for Taman Templer Division.

He is also a member of Audit and Risk Management Committee and Nominating and Remuneration Committee of the Company.

He does not hold any other directorship in other public listed companies and listed corporations.

He has no family relationship with any other directors or major shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any. There is no sanction or penalty imposed on him by relevant regulatory bodies.

DATIN KONG YUK CHU
Vice Chairman and Executive Director

Datin Kong Yuk Chu, aged 71, a Hong Kong SAR National, permanent resident of Malaysia, was appointed to the Board on 15 November 2007. She became an Executive Director of the Company on 1 October 2008 and as Vice Chairman of the Company on 18 February 2011.

Datin Kong has many years of executive experience as a director and chairperson of public listed and private companies in Hong Kong. She was a Director of IHD Holdings Limited (1986-1993), Non-Executive Director and Chairperson of China Everbright – IHD Pacific Limited (1994-1996) and a Director of Emporium Department Store and Supermarket (HK) Limited, Hong Kong (1989-1996).

She has extensive experience in design, manufacturing and retail of jade jewellery in Hong Kong and Malaysia. She is the Managing Director of Jacmoli Design Jewellers (HK) Limited, Hong Kong.

She does not hold any other directorship in other public listed companies and listed corporations.

Datin Kong is the mother of both Ch'ng Soon Sen and Ch'ng Se Hua. She has not been convicted for any offences within the past five (5) years other than traffic offence, if any. There is no sanction or penalty imposed on her by relevant regulatory bodies.

Board of Directors' Profile

CH'NG SOON SEN
Chief Executive Officer and Executive Director

Mr Ch'ng Soon Sen, aged 37, a Malaysian, was appointed to the Board on 20 November 2006 as an Executive Director of the Company and then subsequently appointed as Chief Executive Officer of the Company on 19 December 2013.

Mr Ch'ng holds a degree in Business Management (Hons) from the University of Sunderland, UK and possesses an Advanced Diploma in Business Administration accorded by the Association of Business Executives (ABE), UK.

He is a director of Top Lander Offshore Inc, a company incorporated in the British Virgin Islands which is a substantial shareholder of the Company. He is also a shareholder and director of several private companies.

He does not hold any other directorship in other public listed companies and listed corporations.

He is the son of Datin Kong Yuk Chu, the Vice Chairman and Executive Director of the Company, and the brother of Ch'ng Se Hua. He has not been convicted for any offences within the past five (5) years other than traffic offence, if any. There is no sanction or penalty imposed on him by relevant regulatory bodies.

CH'NG SE HUA
Executive Director

Ms. Ch'ng Se Hua, aged 32, a Malaysian, was appointed to the Board on 15 August 2016 as Executive Director of the Company.

Ms. Ch'ng graduated from Hong Kong Polytechnic University in 2009 with BA Hons (Fashion Design & Marketing). She is multilingual in Cantonese, Mandarin, English language and literature.

She is a director of Top Lender Offshore Inc, a company incorporated in British Virgin Islands which is a substantial shareholder of the Company.

He does not hold any other directorship in other public listed companies and listed corporations.

She is the daughter of Datin Kong Yuk Chu, Vice-Chairman and Executive Director of the Company and sister of Mr. Ch'ng Soon Sen, the Chief Executive Officer and Executive Director of the Company. She has not been convicted for any offences within the past five (5) years other than traffic offence, if any. There is no sanction or penalty imposed on her by relevant regulatory bodies.

Board of Directors' Profile

LIM YIT KIONG
Independent Non-Executive Director

Mr Lim Yit Kiong, aged 43, a Malaysian, was appointed to the Board on 26 February 2015 as Independent Non-Executive Director of the Company.

Mr Lim obtained his Honours Degree in Commerce Accounting from Curtin University of Technology. Mr Lim is a member of CPA Australia and a member of Malaysian Institution of Accountants (MIA).

He was attached to KPMG from 1999 to 2003. After spending four (4) years in audit line, he was invited to join Aturmaju Resources Berhad as Group Account Manager in 2004. After leaving Aturmaju Resources Berhad, he was appointed Group Accountant of Usahawan Borneo Group on 2 May 2008. He was also appointed as the Company Secretary of Usahawan Borneo Group on 12 August 2008.

He is also a member of Audit and Risk Management Committee, and Nominating and Remuneration Committee of the Company.

He does not hold any other directorship in other public listed companies and listed corporations.

He has no family relationship with any other directors or major shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any. There is no sanction or penalty imposed on him by relevant regulatory bodies.

HO PUI HOLD
Independent Non-Executive Director

Mr. Ho Pui Hold, aged 37, a Malaysian, was appointed to the Board on 12 October 2016 as an Independent Non-Executive Director of the Company.

He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA).

Mr Ho has over 12 years of professional experience in auditing, banking and corporate finance. He started his career in 2004 by joining a Singapore advisory firm as IPO consultant where he participated in a few successful listing of companies in SGX. He then joined Ernst & Young as Senior Audit Associate until 2009 before he left to join AmBank (M) Berhad – Corporate & Institutional Banking. In AmBank, he was responsible in client credit evaluation and marketing of the Bank's products mainly in debt capital market, offshore loan syndication, corporate finance advisory & treasury products. To further advance his career, he took up the Chief Financial Officer position in a foreign company which is listed in Bursa Malaysia Securities Berhad until 2013. He now sits on the board of HB Global Limited, Aturmaju Resources Berhad, Milux Corporation Berhad and Multi-Usage Holdings Berhad, companies listed on Main Market of Bursa Malaysia Securities Berhad.

He is the Chairman of Audit and Risk Management Committee, and Nominating and Remuneration Committee of the Company.

He has no family relationship with any other directors or major shareholder of the Company, no conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offence, if any. There is no sanction or penalty imposed on him by relevant regulatory bodies.

Profile of Key Senior Management

MOHD FARIDZ BIN MOHD NOOR
Head of Project, Lakehill Resort Development Sdn Bhd
Age 43, Male, Malaysian

En. Mohd Faridz was appointed as the Managing Architect on 2 September 2013. He subsequently re-designated to Head of Project in February 2014. He holds a Diploma/Bachelor Degree of Architecture, majoring in Architecture Technology in Lim Kok Wing University of Creative Technology & Curtin University.

En. Mohd Faridz had few overseas experiences in U.A.E and Libya for the township development and luxury projects on the local front, he has work with Tropicana Corporation Berhad, Selangor State Development Corporation and BEP Architect. He also involved with the companies and projects which have been awarded by FIABCI, BCI, Top Property Developer Awards and International Property Awards.

He does not hold directorship in any public companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five years. There is no sanction or penalty imposed on him by relevant regulatory bodies.

Audit and Risk Management Committee Report

COMPOSITION AND ATTENDANCE

The Audit and Risk Committee ("ARMC") is formally constituted with written terms of reference and currently comprises the following members:

Chairman	
Mr Ho Pui Hold	- Independent Non-Executive Director

Members	
Dato' Ir. Hj. Md. Nasir Bin Ibrahim	- Independent Non-Executive Director
Mr Lim Yit Kiong	- Independent Non-Executive Director

TERMS OF REFERENCE

The information on the Terms of Reference of the ARMC is available on the Company's corporate website at www.mpcb.com.my

NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

During the financial year ended 30 June 2019, the ARMC held a total of 5. The attendance of the members of ARMC is set out as below: -

	Members	No. of meetings attended	% of attendance
1.	Mr Ho Pui Hold	5	100%
2.	Dato' Ir. Hj. Md. Nasir Bin Ibrahim	4	80%
3.	Mr Lim Yit Kiong	5	100%

INDEPENDENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Company recognized the need to uphold independence of its ARMC and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the ARMC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the external auditors of the Group.

FINANCIAL LITERACY OF THE AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Collectively, the members of the ARMC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the terms and reference of the ARMC. The qualification and experience of the individual ARMC members are disclosed in the Directors' Profile on pages 6 to 8 of this Annual Report.

Audit and Risk Management Committee Report

SUMMARY ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2019

The activities undertaken by the ARMC during the financial year ended 30 June 2019 included the following:

Activities with regard to external auditors:

- reviewing the audit planning memorandum from the external auditors, Messrs UHY on the audit of independence, consideration of fraud in an audit of financial statements, areas of audit emphasis, reporting and deliverables, possible key audit matters and fair and transparent fees;
- review of external audit scope and audit plans based on the external auditors' presentation of audit strategy and plan;
- review of external audit results, audit reports, management letter and the response from the Management as well as internal control areas that required improvement;
- discussions with the external auditors without the attendance of other Directors and employees of the Group;
- review and evaluate the independence of the external auditors. The ARMC worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by Malaysian Institute of Accountants;
- consideration and recommendation to the Board of Directors for approval of the audit fees and non-audit fees payable to the external auditors; and
- evaluate and review of the performance and independence of the external auditors in the provision of statutory audit services and recommendation to the Board for approval on the re-appointment of external auditors.

Activities with regard to internal audit and risk management**:**

- review of internal audit's resource requirements, scope, adequacy and function;
- review of internal audit's plan and programs;
- review of internal auditors' reports, recommendations and Management's responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management team in a separate forum;
- review of implementation of these recommendations through follow-up audit reports;
- suggestion on additional improvement opportunities in the areas of internal control, systems and efficiency improvement;
- review of the internal control processes and risk management policies and strategies from time to time and recommendation on any significant proposed changes for adoption by the Board of Directors;
- monitoring and reporting of the risk assessment results to the Board of Directors; and
- assessment on the actual and potential impact of any failure or weakness of the internal controls in place.

Audit and Risk Management Committee Report

SUMMARY ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE DURING THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONT'D)

Activities with regards to financial reporting:

- review the unaudited financial results to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 ("the Act") and the applicable approved accounting standards as per the Financial Reporting Standards ("FRSs") and Malaysian Accounting Standards Board ("MASB") before recommending the same for Board of Directors' approval. Discussion were focused particularly on:

  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption as well as the concerns and uncertainties highlighted by the external auditors that may cast doubt about the Group's ability to continue as a going concern; and
  - compliance with applicable FRSs and other legal requirements.

- review the annual report and the annual audited financial statements of the Company prior to submission to the Directors for approval. This was to ensure compliance of the financial statements with the provisions of the Act and the applicable approved accounting standards as per the FRSs and MASB.

Other activities:

- review of its Terms of Reference periodically and recommendation to the Board on revision, if necessary;

- review of related party transactions or recurrent related party transactions; and

- review of application of Corporate Governance principles and the extent of the Group's compliance with the best practices set out under with the Malaysian Code for Corporate Governance 2017;

- review of the Overview Statement on Corporate Governance, this Report and the Statement on Risk Management and Internal Control;

- review of the progress on implementation of action plans and rectification measures for the key findings noted through the special audit conducted previously; and

- review and formulation of the Group's PN17 regularisation plan for submission to Bursa Malaysia Securities Berhad as well as the applications for extension of time to submit regularisation plan.

Internal Audit Function

The internal audit function was established with the primary objective of providing the necessary assistance to the ARMC in the course of discharging its duties and responsibilities.

Its role is to provide independent and reasonable assurance that the systems of internal controls and procedures in the operating business entities within the Group are adequate and effective to mitigate the risks identified. The internal audit covers the review of the adequacy of risk management, operational controls, management efficiency and compliance with established procedures and guidelines, amongst others.

The ARMC is supported by an independent and adequately resourced internal audit function which has been outsourced to a professional services firm, Messrs CHL Chartered Accountant, professional member of The Institute of Internal Auditors Malaysia. The outsourced Internal Auditors report to the ARMC and provided with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

Audit and Risk Management Committee Report

Internal Audit Function (Cont'd)

The internal audit activities were carried out based on a risk-based audit plan presented by the internal auditors to the ARMC for approval. The establishment of the internal audit plan took into consideration the corporate risk profile and input from Management and ARMC. The results of the audits provided in the internal audit reports were reviewed by ARMC. The Internal Audit has added value by improving the control processes within the Group.

The total costs incurred for internal audit activities in respect of the financial year ended 30 June 2019 were amounted to RM23,175.

The following internal audit activities were those carried out by the internal auditors during the financial year under review:

- Formulation of agreement with the ARMC on the risk-based IA plan that was consistent with the Company's objectives and goals;
- Conduct of internal audit engagements in accordance with the IA plan;
- Following up on IA recommendations to ensure adequate implementation; and
- Reporting to the ARMC on the competency (i.e. qualification and experience) of its human resources on a yearly basis.

This ARMC report was made in accordance with the resolution of the ARMC dated 22 October 2019

Statement on Corporate Governance

The Board of Directors ("the Board") of Malaysia Pacific Corporation Berhad ("MPCB" or the "Company") believes that good corporate governance is essential to ensure long term sustainability and good business performance of the organization. Therefore, the Board is committed to ensuring the highest standards of corporate governance are practiced throughout MPCB and its subsidiary companies (the "Group"), as a fundamental part of discharging the Board's responsibilities to create and enhance economic value for shareholders as well as other stakeholders.

The Board is pleased to report on an overview of the application of the recommended practices of the Malaysian Code on Corporate Governance ("MCCG") as required under the MCCG and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of the financial year ended 30 June 2019.

The application of each Practice set out in the MCCG is disclosed in the Company's Corporate Governance Report which is available on the Company's website at www.mpcb.com.my as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board's Responsibilities

The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising oversight on management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic financial, operational, compliance and governance issues. The Board's key roles in charting the strategic direction, development and control of the Group includes reviewing and monitoring of matters on strategy to promote sustainability, performance, evaluation, resource allocation, standard of conduct, financial matters, succession planning, corporate disclosure, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis. The roles and responsibilities of the board as set out in the Board Charter. The Board has delegated specific responsibilities to the following Board committees ("Committee"):

i. Audit and Risk Management Committee ("ARMC")
ii. Nomination and Remuneration Committee ("NRC")

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board. The Terms of Reference of the Committees can be found on the Company's website at www.mpcb.com.my.

Chairman and Chief Executive Officer

The positions of the Chairman and Chief Executive Officer are held by different individuals. The roles are separated with a clear division and responsibilities between them to ensure balance of control, power and authority. The Chairman of the Company is an Independent Non-Executive Director and responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture. The Chief Executive Officer is responsible for the business direction and development of the operating units, organisational effectiveness and implementation of the Board's policies and decisions with the management team oversees the Group's day-to-day operations.

Qualified and Competent Company Secretaries

The Company Secretary plays an advisory role to the Board and is responsible to ensure all Board procedures and Board management matters are in line as well as in compliance with MMLR of Bursa Securities, relevant laws and regulations. The Company Secretary ensure that discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate action.

Access to Information and Advice

The Board members have full and unrestricted access to information on the Group's business and affairs in discharging their duties.

The agenda for each Board meeting and its relevant papers relating to the agenda items are forwarded to all Directors for their perusal prior to the Board meeting. Adequate notice is provided to allow the Directors to review the Board papers so that matters arising could be properly deliberated at the Board meetings and appropriate decisions could be made by the Board. Senior Management and appointed advisers of the Company may be required to attend the Board meetings as and when necessary.

Board charter

The Board has formalised and adopted a Board Charter which serves as a source of reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company.

The Board Charter would be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the Company's website at www.mpcb.com.my.

Code of Conduct and Ethics

The Code of Conduct and Ethics, serves as a road map to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. The Group has also in place the Code of Conduct and Ethics for its employees which comprised all aspects of its day to day business operations.

Directors and employees of the Group are expected to perceive high standards of integrity and fair dealings in relation to clients, staff, management and regulators which the Group operates and ensure compliance with all applicable laws, rules and regulations. The Code of Conduct and Code of Ethics are available on the Company's website at www.mpcb.com.my

Board Composition and their attendances

The Company is led by an experienced Board comprising six (6) members comprising an Independent Non-Executive Chairman, three (3) Executive Directors and two (2) Independent Non-Executive Directors.

No individual or group of individuals dominates the Board's decision making. Independent Directors constitute half of the Board. The present Directors bring a wide range of experience and skills relevant to the business of the Group. Brief descriptions on the background of each Director is set out on pages 6 to 8.

The current size and composition of the Board are considered adequate to provide the optimum skills and experience required to manage affairs. Furthermore, the Board is of the view that the current Board size is balanced in skills and composition.

Statement on Corporate Governance

Board Independence

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the MCCG. The assessment of Independence of the Independent Non-Executive Directors for the Group is conducted annually. The Independent Directors have been objective and will remain objective at exercising their judgement and opinion.

Tenure of Independent Directors

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years term, an Independent Director may continue to serve as a Non-Independent Director, unless shareholders' approval of his/her retention as Independent Director is obtained or in case of tenure of Independent Director exceeding twelve (12) years, the board should seek annual shareholders' approval through two-tier voting process.

Currently, none of the Independent Directors exceeded a tenure of nine (9) years or more.

Diverse Board and Senior Management Team

The Board supports the gender diversity as recommended under the MCCG. The Board will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board. Apart from gender diversity, the Board also supports diversity in ethnicity and age. The Board will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.

The decision on new appointment of directors' rests with the Board after considering the recommendation of the NRC. In evaluating the suitability of candidates to the Board, the NRC will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including

Nomination and Remuneration Committee

The NRC is comprised the following three (3) Independent Non-Executive Directors of the Company:-

- Ho Pui Hold, (Chairman)
- Lim Yit Kiong (Member)
- Dato' Ir. Hj. Md Nasir bin Ibrahim (Member)

NRC reviews annually the required mix of skills, expertise attributes and core competencies of its Directors. Each Director performs a self-assessment in respect of the performance of the Board, Board Committee and individual Director during every financial year. The outcome of the assessment will be evaluated by NRC, and subsequently be reported to Board for improvement.

During the financial year ended 30 June 2019, the NRC conducted the annual review on the Directors' core competencies, contribution, effectiveness and conducted a review on the independence of the independent directors. The NRC was satisfied with the performance of the Board, Board Committees and individual Directors. Based on the assessment, the Independent Directors met the "Independence" criteria as required by MMLR of Bursa Securities.

Further, the remuneration package of the Directors was reviewed by the NRC. During the discussion relating to remuneration of Directors, the respective Directors abstained from deliberation in regard to own remuneration.

Statement on Corporate Governance

Annual Evaluation

The NRC has established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole. The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

In the interval between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.

Board Meetings

The Board meets at least four (4) times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the **financial** year ended 30 June 2019, six (6) meetings were held in which the Board deliberated upon and considered various issues including the Groups' **financial** results, annual budgets, performance of the Group's business, major investment, business plan and policies and strategic issues affecting the Group's business.

Details of attendance of the Directors at Board meetings held during the financial year are as follows:

	Name of Directors	Attendance
(a)	Dato' Ir. Hj. Md. Nasir Bin Ibrahim	5/6
(b)	Datin Kong Yuk Chu	6/6
(c)	Ch'ng Soon Sen	6/6
(d)	Ch'ng Se Hua	5/6
(e)	Lim Yit Kiong	6/6
(f)	Ho Pui Hold	6/6

Based on the above, all Directors have complied with the minimum 50% attendance of Board meetings as stipulated in MMLR.

Directors' Trainings

The Board empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations. The training programmes attended by the directors during the financial year are as follows:-

Name of Director	Seminars/Conferences/Training Programmes Attended
Dato' Ir. Hj. Md. Nasir Bin Ibrahim	1. Guild of Bumiputra Contractors Wibawa Berhad 2. Kongress Masa Depan Bumiputra & Negara 2018 3. Building & Construction Conference Global Mega Wave
Datin Kong Yuk Chu	1. Malaysian Code on Corporate Governance 2017
Ch'ng Soon Sen	1. Malaysian Code on Corporate Governance 2017
Ch'ng Se Hua	1. Malaysian Code on Corporate Governance 2017
Lim Yit Kiong	1. GST to SST – The New SST Mechanism and Transitional Issues SST: The Update and Developments.

Directors' Trainings (Cont'd)

Name of Director	Seminars/Conferences/Training Programmes Attended
Ho Pui Hold	1. MIA Technical Updates 2018 2. Briefing on Overview of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 3. MIA International Accountants Conference 2018 4. Compliance for Bursa Listing Rules & Corporate Governance 5. Unclaimed Money Act 1965 6. MIA's Engagement Session with Audit Committee Members on Integrated Reporting 7. Kursus Integriti & Kod Etika Kontraktor

Directors' Remuneration

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The NRC is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of Directors' remuneration or the financial year under review is as follows:

	Fees	Salaries & EPF	Other emoluments
Executive Director			
Datin Kong Yuk Chu	-	763,200	6,946
Ch'ng Soon Sen	-	919,896	362,138
Ch'ng Se Hua	-	403,200	1,848
	-	2,086,296	370,932
Non- Executive Director			
Dato' Ir. Hj. Md. Nasir Bin Ibrahim	49,200	-	9,000
Ho Pui Hold	40,000	-	10,500
Lim Yit Kiong	36,000	-	10,500
	125,200	-	30,000

Remuneration of Key Senior Management

The remuneration paid to the key senior management during the financial year is as follows:-

Name of Key Senior Management	Remuneration (RM)
Mohd Faridz bin Mohd Noor	207,660

Terms of reference of NRC are accessible through the Company's website at www.mpcb.com.my.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The ARMC comprised three (3) Independent Non-Executive Directors. The Chairman is Ho Pui Hold, a member of the Malaysian Institute of Accountants. The ARMC carries the responsibilities as listed in ARMC Report on pages 10 to 13 of the Annual Report.

The ARMC is fully informed about significant matters related to the Company's audit and its financial statements. The ARMC also reviewed the internal audit programme and invited the internal auditors to the meeting for discussion on the internal audit findings. Besides, such discussion also served as an avenue for the ARMC to appropriately communicate its insights, views and concerns about relevant transactions and events to the internal and external auditors.

Assessment of Suitability and Independence of External Auditors

The Board has established a transparent relationship with the external auditors through the ARMC, which has been accorded the authority to communicate directly with the external auditors. The ARMC was satisfied with the external auditors' technical competency and audit independence during the financial year ended 30 June 2019. The external auditors in turn are able to highlight matters which require the attention of the Board effectively to the ARMC in terms of compliance with the accounting standards and other related regulatory requirements.

Risk Management and Internal Control Framework

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The ARMC summarises and communicates the key business risks to the Board for consideration and resolution. Internal audit activities are conducted in-house and based on an annual internal audit plan tabled and approved by the ARMC. The internal audit functions are carried out impartially, proficiently and with due professional care. Reports issued by the internal audit for the financial year under review were tabled at ARMC meetings. Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by ARMC members.
The Group operates a comprehensive budgeting and financial reporting system, which compares actual performance to budget on a quarterly basis which allows management to monitor financial and operational performance on a continuing basis.

A separate Statement of Risk Management and Internal Control which provides an overview of the state of the internal control and risk management within the Group, set out on pages 23 to 25 of this Annual Report.

Internal Audit Function

The Group has outsourced an Internal Audit division that reports directly to the ARMC. The internal audit function is described in the ARMC set out on pages 12 to 13 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company ensures all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner. The Company's quarterly interim financial results are released within two months from the end of each quarter. The Annual Report, which is the key communication channel between the Company and its shareholders, is published within four months after each financial year end. The Annual Report provides an insightful analysis of the Group's performance, operations and prospect affecting shareholders' interest.

Conduct of General Meetings

General meetings serve as the principal forum for communicating with the shareholders of the Company. The Board encourages participation of shareholders at the general meeting to ensure a high level of accountability and identification with the Group's strategy and goals. In accordance with the MMLR of Bursa Malaysia Securities Berhad, all resolutions are voted by way of poll at general meetings.

The Board endeavours to dispatch its notice of AGM at least 28 days before the meeting and mindful that the sufficient notice and time given would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.

The Board took note that the presence of all directors will provide an opportunity for shareholders to effectively engage each director. Besides, having the chair of the Board subcommittees present will facilitate these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees (i.e. ARMC, NRC) will be present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.

Leverage on Information Technology for Effective Dissemination of Information

The Group maintains a corporate website at www.mpcb.com.my which serves as a forum for the general public to access information on the corporate information, annual reports, corporate announcements and subsidiary developments on the Group's website.

Additional Compliance Information Disclosures

OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Utilisation of Proceeds

There were no issuance of new shares, rights issue or issuance of bonds during the financial year.

Non-Audit Fees

There were RM55,000 non-audit fees paid or payable for the financial year ended 30 June 2019.

Material Contracts involving Director's, Chief Executive's and Major Shareholders' Interests

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Corporate Sustainability Statement

OUR COMMITMENT

We perceived corporate sustainability as our commitment to create long term value for our shareholders, environment and society through innovation and overall operational excellence. We understand our choices today have an impact on our customers and suppliers and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines.

OUR CORPORATE SUSTAINABILITY COMMITMENT

Within this context, we have defined our commitment to Corporate Sustainability across three (3) impact areas:

i) Work Environment

As employees are viewed as internal customers, Malaysian Pacific Corporation Berhad ("MPCB") ensures that the workplace remains conducive, which helps to balance the needs and desires of each employee with the needs and capacity of the business. We continue to place high emphasis on health and safety issues at our work sites. Necessary tools and protective gears are provided to our employees to ensure that they are adequately protected. We also enforce stringent compliance requirements so that health and safety issues are not compromise.

ii) Training and Development

MPCB also ensures that all staff are well trained and that is a continuously learning organisation. The Group strives to bring out the best of its employees by providing growth and progression opportunities for employees through comprehensive trainings, health and safety programmes.

iii) Marketplace

MPCB is committed to maintain a proper framework to ensure that the business is run in an efficient and transparent manner in the interest of all its stakeholders. Ensuring that the business is conducted in a fair, transparent, sustainable and professional manner, MPCB is focused on delivering products of quality and being customer focused.

MOVING FORWARD

We are committed to promote good corporate governance standards and building sustainability.

Statement on Risk Management and Internal Control

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control during the period under review. The statement is prepared in accordance with the MMLR and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board of Directors ("Board") acknowledges its responsibility and reaffirms its commitment in recognising the importance of an effective system of internal control and risk management practices to enhance good corporate governance.

The Board is ultimately responsible for the Group's system of internal control and risk management, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control and risk management covers, inter alia, financial, orginisational, operational and compliance controls.

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board is of the view that the Group's risk management and internal control framework and systems is in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group. The key features of the internal control systems which are operated with the assistance of the management are described under the following headings:-

INTERNAL CONTROL

The Group has an established internal control structure and is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The key elements of the Group's internal control system include:

Board Committee

i. The delegation of responsibilities to the various committees of the Board is clearly defined. At present, the committees which are established are the Audit and Risk Management Committee ("ARMC") and Nominating and Remuneration Committee Meeting.

- Organisation structure
  The Group has a defined organisational structure that is aligned with its business and operational requirements. Defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communication throughout the Group.

- Policies and procedures
  There are policies and procedures in place to ensure adequacy of controls and compliance with relevant laws and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes.

  i. The ongoing enhancement of the policies and procedures has improved the communicating and operating process among departments.
  ii. The redundant and erroneous has improved meanwhile risk on overpricing and duplicated payment is managed.

- Training and Development Programmes
  Training and development programmes are established to ensure that staff are constantly kept up-to-date with the constant technologically changing environment in order to be competent in the industry besides, to enable staff to carry out their job functions productively and effectively.

  i. Periodically briefing and discussing within superior and staff to update and enhance skill and knowledge within their job scope.
  ii. Periodically briefing and discussing among departments to update the industrial development and enhance the industrial knowledge.
  iii. To attend seminars or courses upon change of technology, policy and industrial revolution.

- Board Meetings
  Board and ARMC meetings are scheduled regularly, that is at least four (4) times in a year and the respective meeting papers are distributed on a timely basis to enable members to have access to all relevant information for reviews and queries to be raised. ARMC reviews the financial reports prior to adoption.

RISK MANAGEMENT FRAMEWORK

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Both the Audit and Risk Management Committee ("ARMC") and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the ARMC is assisted by the internal control division and the operation staff from various divisions to effectively embed risk management and control into the corporate culture, processes and structures within the Group. The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

The management is responsible for implementing the Group's strategies and day-to-day businesses. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Statement on Risk Management and Internal Control

The Group had assessed risk during the financial year ended 30 June 2019 as follows:

i. Cash Flow Management – to ensure collections and payments are matched with sufficient operating cash reserve.
ii. Human Resources – to recruit and retain talented staff in order to sustain the operation of the Group and to ensure the human resource expenditure is within the budget. To establish the long term human resource plan in order to support the future growth.
iii. Property development – to establish long term development plan and the operating control and process for the segment as property development will be the main activity after disposal of Wisma MPL.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSION

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate. Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

Directors’ Responsibility Statement on Financial Statements

The Board of Directors (“Board” or “Directors”) of Malaysia Pacific Corporation Berhad (“Company”) are required by the Companies Act 2016 (“the Act”) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), and the requirements of the Act in Malaysia and the Main Market Listing Requirements.

The Directors are responsible to ensure that the annual audited financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and the Group so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the annual audited financial statements, the Directors have:

(a) applied the appropriate and relevant accounting policies on a consistent basis;

(b) made judgments and estimates that are reasonable and prudent;

(c) ensured that proper accounting records are kept in accordance with the requirements of the Act so as to enable the preparation of the financial statements with reasonable accuracy; and

(d) reviewed all significant matters that may affect the Group’s ability to continue as a going concern.

The Directors have also made reasonable steps to prevent and detect fraud as well as other irregularities in safeguarding the assets of the Group.

This statement was made in accordance with a Board of Directors’ resolution 22 October 2019.

Financial Statements

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

On 1 December 2014, the Company announced that it is a Practice Note 17 ("PN17") company pursuant to Paragraph 8.04 and Paragraph 2.1(d) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as the Company's auditors had expressed a disclaimer opinion in the Company's audited financial statements for the financial year ended 30 June 2014. The Company has submitted application for further extension of time to make requisite announcement and to submit the regularisation plan as disclosed in Note 36(a)(i) to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, attributable to owners of the parent	81,074	82,272

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors' Report

DIRECTORS

The Directors in office since the beginning of the current financial year to the date of this report are:

YBhg. Datin Kong Yuk Chu*
Ch'ng Soon Sen*
Dato' Ir Hj. Md. Nasir Bin Ibrahim
Ho Pui Hold
Lim Yit Kiong
Ch'ng Se Hua*

** Director of the Company and its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year to the date of this report are:

Mohd Faridz Bin Mohd Noor
Dato' Sri Syed Hussien Bin Abd. Kadir

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2018	Addition	Disposal	At 30.6.2019
Interests in the Company				
Direct interests				
Ch'ng Soon Sen	469,000	-	-	469,000
Indirect interests				
YBhg. Datin Kong Yuk Chu #	147,750,572	-	-	147,750,572

\# *Deemed interested by virtue of her substantial interest in Seacrest Land Limited, which has an indirect interest in the Company via its wholly-owned subsidiary company, Top Lander Offshore Inc. pursuant to Section 8 of the Companies Act, 2016.*

By virtue of her interests in the shares of the Company, YBhg. Datin Kong Yuk Chu is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 32(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 32(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016 in Malaysia.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

   (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than the effect, if any, that may arises from material litigations as disclosed in Note 31 to the financial statements;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to the financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than as disclosed in Note 31 to the financial statements.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 36 to the financial statements.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 25 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 October 2019.

YBHG. DATIN KONG YUK CHU

CH'NG SOON SEN

KUALA LUMPUR

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 36 to 135 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 October 2019.

YBHG. DATIN KONG YUK CHU

CH'NG SOON SEN

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Ch'ng Soon Sen, being the Director primarily responsible for the financial management of Malaysia Pacific Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 36 to 135 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 22 October 2019)

CH'NG SOON SEN

Before me,

NO. W710
MOHAN A.S. MANIAM

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Malaysia Pacific Corporation Berhad
(Company No: 12200-M) (Incorporated in Malaysia)

DISCLAIMER OF OPINION

We were engaged to audit the financial statements of Malaysia Pacific Corporation Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 36 to 135.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) Going concern assumption

(i) On 1 December 2014, the Company announced that the Company was classified as an affected listed issuer pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As an affected listed issuer, the Company is required to submit a proposed regularisation plan to the relevant authorities for approval and to implement the regularisation plan within the stipulated time frame. On 17 July 2019, Bursa Malaysia Securities Berhad had granted approval to the Company for an extension of time up to 31 December 2019 to submit its proposed regularisation plan to the relevant authorities.

(ii) As at 30 June 2019, the amount due to Wisma MPL JMB by the Group and the Company amounting to RM17,014,000 and RM16,625,000 respectively. The Company and certain of its subsidiary companies have entered into settlement agreements with Wisma MPL JMB for settlement of all outstanding maintenance charges and sinking fund contribution together with Car Parks Settlement Sum. However, the Company has not complied with the repayment within the agreed date stated in the now terminated settlement agreement. The Company undertake to fully settle the amount due to Wisma MPL JMB upon receiving full balance of proceeds from purchaser on disposal of Wisma MPL by 25 November 2019 ("Completion Date"). We would like to highlight that the ability of the Group and of the Company to discharge their liabilities is depends on the purchaser to fulfil its payment obligation at Completion Date.

(iii) As disclosed in Note 2(c) to the financial statements, the Group and the Company incurred a net loss of RM81,074,000 and RM82,272,000 during the financial year ended 30 June 2019 respectively. As at 30 June 2019, the Group's current liabilities exceeded its current assets by RM120,494,000 and the Company recorded a deficit in its shareholders' equity of RM9,877,000.

The factors set forth above indicate the existence of material uncertainty that may cast significant doubt on the ability of the Group and of the Company to continue as going concern and therefore, they may be unable to realise their assets and discharge their liabilities in the normal course of business.

As at the date of this report, as the Company is currently in the midst of formalising the Regularisation Plan, we are unable to determine whether the Regularisation Plan will be approved by the relevant authorities and whether it will be successfully implemented for the Group and for the Company to achieve sustainable and viable operations.

As disclosed in Note 2(c) to the financial statements, the financial statements of the Group and of the Company are prepared on a going concern basis. The appropriateness of preparing the financial statements of the Group and of the Company on going concern basis is dependent upon the successful and timely formulation and implementation of the proposed regularisation plan.

Basis for Disclaimer of Opinion (Cont'd)

(a) Going concern assumption (Cont'd)

Should the going concern basis of preparing the financial statements be no longer appropriate, adjustments would have to be made to reduce the value of all assets to their estimated realisable values, and to provide further estimated liabilities that may arise, and to reclassify property, plant and equipment and other non-current assets and non-current liabilities as current assets and current liabilities respectively. The financial statements of the Group and of the Company do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern.

(b) As disclosed in Note 15(a) and 31(a) to the financial statements, on 28 September 2012, a creditor of a subsidiary company of the Company had served a Writ of Summons on the subsidiary company and the Company (collectively known as the "Defendants") for a sum of RM113,170,308 together with interest of 7.20% per annum calculated from 19 September 2012 until the date of full settlement. The amount due to the creditor arose from a Put Option exercised by the creditor under a joint venture agreement dated 20 August 2008 entered into between the creditor and the subsidiary company and a Deed of Undertaking between the creditor and the Defendants.

On 23 August 2019, the Company and its subsidiary companies entered into a settlement agreement with the creditor which involves the effective disposal of land as settlement of debts due to the creditor of RM115,000,000 ("Proposed Land Disposal"). The Proposed Land Disposal is pending completion as at the date of this report. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and of the Company should the Proposed Land Disposal is not approved by the Company's shareholders at an extraordinary general meeting to be convened and by the relevant authorities.

(c) As at 30 June 2019, a trade receivable of the Group has not complied with the payment schedule as stipulated in the joint venture agreement amounting to RM8.07 million. The Directors are of the opinion that the amount are recoverable and accordingly no impairment is required to be made in the financial statements. However, we would like to highlight that the recoverability of the amount due is depends on the management's continuous effort in debt recovery.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's and the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis of Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independent Auditors' Report

To the Members of Malaysia Pacific Corporation Berhad
(Company No: 12200-M) (Incorporated in Malaysia)

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER MATTERS

(1) As stated in Note 2(a) to the financial statements, Malaysia Pacific Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 June 2018 and related disclosures. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as of 30 June 2019 and financial performance and cash flows for the financial year then ended.

(2) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK
Approved Number: 01817/12/2020 J
Chartered Accountant

Kuala Lumpur
22 October 2019

Statements of Financial Position

As at 30 June 2019

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	**887**	1,037	567
Investment in an associate	6	**50**	-	-
Inventories	7	**217,761**	218,790	213,055
		218,698	219,827	213,622
Current Assets				
Inventories	7	**8,935**	12,853	21,282
Trade receivables	8	**8,075**	2,236	3,951
Other receivables	9	**10,062**	8,511	8,614
Amount due from an associate	11	**21**	-	-
Tax recoverable		**1,244**	275	1,674
Cash and bank balances		**3,752**	1,855	810
		32,089	25,730	36,331
Asset held for sale	12	**189,000**	252,000	256,000
		221,089	277,730	292,331
Total Assets		**439,787**	497,557	505,953
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**287,660**	287,660	287,660
Exchange translation reserve	14	**(1,274)**	(694)	(700)
Accumulated losses	14	**(231,511)**	(150,428)	(148,439)
Total Equity		**54,875**	136,538	138,521
Non-Current Liabilities				
Other payables	15	**9,915**	9,831	-
Bank borrowings	16	**316**	385	244
Deferred tax liabilities	20	**33,098**	28,662	29,561
		43,329	38,878	29,805
Current Liabilities				
Trade payables	21	**727**	2,456	2,814
Other payables	15	**197,005**	169,702	197,193
Bank borrowings	16	**143,809**	149,726	137,363
Provision for liquidated and ascertained damages	22	**-**	257	257
Tax payable		**42**	-	-
		341,583	322,141	337,627
Total Liabilities		**384,912**	361,019	367,432
Total Equity and Liabilities		**439,787**	497,557	505,953

Statements of Financial Position

As at 30 June 2019

	Note	Company 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	**491**	472	179
Investment in subsidiary companies	5	**8,000**	8,100	8,100
		8,491	8,572	8,279
Current Assets				
Trade receivables	8	**37**	100	1,952
Other receivables	9	**9,838**	8,246	8,435
Amount due from subsidiary companies	10	**57,138**	56,000	57,343
Tax recoverable		**1,226**	473	1,204
Cash and bank balances		**2,032**	1,189	437
		70,271	66,008	69,371
Asset held for sale	12	**177,517**	236,689	241,988
		247,788	302,697	311,359
Total Assets		**256,279**	311,269	319,638
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**287,660**	287,660	287,660
Accumulated losses	14	**(297,537)**	(215,265)	(199,411)
Total Equity		**(9,877)**	72,395	88,249
Non-Current Liabilities				
Other payables	15	**9,915**	9,831	-
Bank borrowings	16	**-**	-	38
Deferred tax liabilities	20	**15,419**	10,668	10,933
		25,334	20,499	10,971
Current Liabilities				
Other payables	15	**72,817**	43,161	56,820
Amount due to subsidiary companies	10	**24,264**	25,554	26,263
Bank borrowings	16	**143,741**	149,660	137,335
		240,822	218,375	220,418
Total Liabilities		**266,156**	238,874	231,389
Total Equity and Liabilities		**256,279**	311,269	319,638

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	23	**14,631**	14,899	**5,148**	5,543
Cost of sales		**(9,684)**	(8,174)	**(4,600)**	(4,697)
Gross profit		**4,947**	6,725	**548**	846
Other income		**4,096**	18,195	**1,034**	9,651
Administrative expenses		**(9,635)**	(8,821)	**(5,283)**	(2,933)
Other expenses		**(63,814)**	(5,302)	**(60,033)**	(5,885)
Net loss on impairment of financial instruments		**(63)**	(689)	**(1,507)**	(5,038)
(Loss)/Profit from operations		**(64,469)**	10,108	**(65,241)**	(3,359)
Finance costs	24	**(13,040)**	(12,036)	**(13,020)**	(12,020)
Share of result of associate, net of tax		**(37)**	-	**-**	-
Loss before tax	25	**(77,546)**	(1,928)	**(78,261)**	(15,379)
Taxation	26	**(3,528)**	(61)	**(4,011)**	(475)
Loss for the financial year		**(81,074)**	(1,989)	**(82,272)**	(15,854)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation difference for foreign operation		**(580)**	6	**-**	-
Total comprehensive loss for the financial year		**(81,654)**	(1,983)	**(82,272)**	(15,854)
Loss for the financial year attributable to:					
Owners of the parent		**(81,074)**	(1,989)	**(82,272)**	(15,854)
Total comprehensive loss for the financial year attributable to:					
Owners of the parent		**(81,654)**	(1,983)	**(82,272)**	(15,854)
Loss per share attributable to equity holders of the Company (sen):					
- Basic and diluted	27	**(28.18)**	(0.69)		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 30 June 2019

	Attributable to Owners of the Parent			
	Non-distributable			
	Share Capital RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Group				
At 1 July 2018, as previously reported	287,660	(694)	(150,428)	136,538
Effect of adopting MFRS 9 [Note 2(a)(i)(4)]	-	-	(9)	(9)
At 1 July 2018, as restated	287,660	(694)	(150,437)	136,529
Loss for the financial year	-	-	(81,074)	(81,074)
Other comprehensive income for the financial year	-	(580)	-	(580)
Total comprehensive loss for the financial year	-	(580)	(81,074)	(81,654)
At 30 June 2019	287,660	(1,274)	(231,511)	54,875
At 1 July 2017	287,660	(700)	(148,439)	138,521
Loss for the financial year	-	-	(1,989)	(1,989)
Other comprehensive income for the financial year	-	6	-	6
Total comprehensive income/(loss) for the financial year	-	6	(1,989)	(1,983)
At 30 June 2018	287,660	(694)	(150,428)	136,538

	Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company			
At 1 July 2017	287,660	(199,411)	88,249
Loss for the financial year, representing total comprehensive loss for the financial year	-	(15,854)	(15,854)
At 30 June 2018	287,660	(215,265)	72,395
At 1 July 2018	287,660	(215,265)	72,395
Loss for the financial year, representing total comprehensive loss for the financial year	-	(82,272)	(82,272)
At 30 June 2019	287,660	(297,537)	(9,877)

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 30 June 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash Flows From Operating Activties				
Loss before tax	**(77,546)**	(1,928)	**(78,261)**	(15,379)
Adjustments for:				
Bad debts written off				
- trade receivables	**-**	35	**-**	35
- amount due from subsidiary companies	**38**	-	**31**	-
Depreciation of property, plant and equipment	**241**	218	**72**	80
Fair value adjustment on other payables	**729**	(2,399)	**729**	(2,399)
Impairment losses on:				
- amount due from subsidiary companies	**-**	-	**1,367**	5,093
- asset held for sale	**63,000**	5,299	**59,172**	5,299
- trade receivables	**198**	838	**163**	74
- other receivables	**-**	4	**-**	-
- investment in subsidiary companies	**-**	-	**100**	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	**-**	-	**-**	(129)
- trade receivables	**(135)**	(153)	**(23)**	-
- asset held for sale	**-**	(1,299)	**-**	-
Reversal of payables arised from proof of debts	**(1,983)**	(7,168)	**(467)**	(5,089)
Reversal of accruals no longer required	**(13)**	(5,599)	**-**	(782)
Reversal of provision of liquidated and ascertained damages	**(257)**	-	**-**	-
Gain on disposal of property, plant and equipment	**-**	(74)	**-**	(74)
Gain on winding up of subsidiary companies	**(91)**	-	**-**	-
Share of result of associate, net of tax	**37**	-	**-**	-
Unrealised (gain)/loss on foreign exchange	**(1)**	-	**(248)**	547
Waiver of debts income	**(9)**	-	**-**	-
Finance costs	**13,040**	12,036	**13,020**	12,020
Interest income	**(176)**	(47)	**(1)**	(47)
Operating loss before working capital changes carried down	**(2,928)**	(237)	**(4,346)**	(751)

Statements of Cash Flows

For the financial year ended 30 June 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash Flows From Operating Activties (Cont'd)				
Operating loss before working capital changes brought down	**(2,928)**	(237)	**(4,346)**	(751)
Change in working capital:				
Inventories	**4,947**	2,694	**-**	-
Trade receivables	**(5,911)**	995	**(77)**	1,743
Other receivables	**(1,589)**	99	**(1,592)**	189
Amount due from/(to) subsidiary companies	**-**	-	**(3,578)**	(4,877)
Amount due from an associate	**(21)**	-	**-**	-
Trade payables	**(1,729)**	(358)	**-**	-
Other payables	**28,754**	(12,210)	**29,479**	(5,281)
Foreign exchange reserve	**(580)**	-	**-**	-
	23,871	(8,780)	**24,232**	(8,226)
Cash generated from/(used in) operations	**20,943**	(9,017)	**19,886**	(8,977)
Interest received	**176**	47	**1**	47
Interest paid	**(21)**	(17)	**(1)**	(1)
Tax refund	**(21)**	610	**-**	163
Tax paid	**2**	(171)	**(14)**	(171)
	136	469	**(14)**	38
Net cash from/(used in) operating activities	**21,079**	(8,548)	**19,872**	(8,939)

Statements of Cash Flows

For the financial year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash Flows From Investing Activities					
Acquisition of investment in an associate		**(87)**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	74	**-**	74
Purchase of property, plant and equipment	4(b)	**(91)**	(432)	**(91)**	(373)
Net cash used in investing activities		**(178)**	(358)	**(91)**	(299)
Cash Flows From Financing Activities					
Repayment of finance lease liabilities		**(105)**	(121)	**(38)**	(82)
Repayment of term loan		**(10,692)**	-	**(10,692)**	-
Net cash used in financing activities		**(10,797)**	(121)	**(10,730)**	(82)
Net increase/(decrease) in cash and cash equivalents		**10,104**	(9,027)	**9,051**	(9,320)
Cash and cash equivalents at the beginning of the financial year		**(99,399)**	(90,372)	**(100,065)**	(90,745)
Effect of exchange translation differences on cash and cash equivalents		**1**	-	**-**	-
Cash and cash equivalents at the end of the financial year		**(89,294)**	(99,399)	**(91,014)**	(100,065)
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		**3,752**	1,855	**2,032**	1,189
Bank overdrafts		**(93,046)**	(101,254)	**(93,046)**	(101,254)
		(89,294)	(99,399)	**(91,014)**	(100,065)

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

30 June 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company is a Practice Note 17 ("PN17") company which has triggered the prescribed criteria under PN17 pursuant to Paragraph 8.04 and Paragraph 2.1(d) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the business of letting of investment properties and investment holding. The principal activities of the subsidiary companies are disclosed in Note 5. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at 37-2, 2nd Floor, Jalan Radin Bagus, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at 14th Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *"First-time Adoption of Malaysian Financial Reporting Standards"*. The Company has consistently applied the same accounting policies as disclosed in Note 3 in its opening MFRS statements of financial position at 1 July 2017 (transition date) and throughout all years presented, as if these policies had always been in effect. Subsequent to the transition in the financial reporting framework to MFRSs on 1 July 2017, the restated comparative information has not been audited under MFRSs. However, the comparative statements of financial position as at 30 June 2018, comparative statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia. The transition to MFRSs does not have any financial impact to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

The following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Group's and for the Company's financial year beginning on or after 1 July 2018 are as follows:

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 - 2016 Cycle:	
• Amendments to MFRS 1	
• Amendments to MFRS 128	

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for:

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 July 2018.

(1) Classification of financial assets and liabilities

Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

(i) measured at amortised cost ("AC");
(ii) fair value through other comprehensive income ("FVTOCI"); and
(iii) fair value through profit or loss (FVTPL")

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(1) Classification of financial assets and liabilities (Cont'd)

Financial assets (Cont'd)

The standard replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurement of financial liabilities to the Group and to the Company.

(2) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company are required to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

(3) Effect of changes in classification and measurement of financial assets on 1 July 2018 and 1 July 2017 are as follows:

	As at 30.6.2018 RM'000	Remeasurement RM'000	MFRS 9 measurement category - AC RM'000
Group			
MFRS 139 measurement category			
Financial assets			
Loans and receivables			
Trade receivables	2,236	(9)	2,227
Other receivables	8,264	-	8,264
Cash and bank balances	1,855	-	1,855
	12,355	(9)	12,346

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(3) Effect of changes in classification and measurement of financial assets on 1 July 2018 and 1 July 2017 are as follows (Cont'd):

	As at 30.6.2018 RM'000	Remeasurement RM'000	MFRS 9 measurement category - AC RM'000
Company			
MFRS 139 measurement category			
Financial assets			
Loans and receivables			
Trade receivables	100	-	100
Other receivables	8,101	-	8,101
Amount due from subsidiary companies	56,000	-	56,000
Cash and bank balances	1,189	-	1,189
	65,390	-	65,390

	As at 1.7.2017 RM'000	MFRS 9 measurement category - AC RM'000
Group		
MFRS 139 measurement category		
Financial assets		
Loans and receivables		
Trade receivables	3,951	3,951
Other receivables	8,261	8,261
Cash and bank balances	810	810
	13,022	13,022

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(3) Effect of changes in classification and measurement of financial assets on 1 July 2018 and 1 July 2017 are as follows (Cont'd):

	As at 1.7.2017 RM'000	MFRS 9 measurement category - AC RM'000
Company		
MFRS 139 measurement category		
Financial assets		
Loans and receivables		
Trade receivables	1,952	1,952
Other receivables	8,083	8,083
Amount due from subsidiary companies	57,343	57,343
Cash and bank balances	437	437
	67,815	67,815

(4) Effect on impairment allowances on 1 July 2018

	Trade receivables RM'000
Group	
Impairment of financial assets	
Balances under MFRS 139 as at 30 June 2018	2,844
Impairment losses on trade receivables	9
Balances under MFRS 9 as at 1 July 2018	2,853

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

(i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

(4) Effect on impairment allowances on 1 July 2018 (Cont'd)

There are no significant impact arising from adoption of MFRS 9 on the Group's and the Company's financial statements except as follows:

Statements of Financial Position

	As at 30.6.2018 RM'000	MFRS 9 adjustments RM'000	As at 1.7.2018 RM'000
Group			
Current asset			
Trade receivables	2,236	(9)	2,227
Equity			
Accumulated losses	(150,428)	(9)	(150,437)

Statements of Profit or Loss and Other Comprehensive Income

	2018 RM'000	MFRS 9 reclassification RM'000	2018 RM'000
Group			
Other income	18,348	(153)	18,195 *
Other expenses	(6,144)	842	(5,302) *
Net loss on impairment of financial instruments	-	(689)	(689) *
Company			
Other income	9,780	(129)	9,651 *
Other expenses	(11,052)	5,167	(5,885) *
Net loss on impairment of financial instruments	-	(5,038)	(5,038) *

* The comparative figures have been reclassified to be conform with current year presentation.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (Cont'd)

(ii) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

There are no significant impact arising from adoption of MFRS 15 on the Group's financial statements except as follows:

Statements of Financial Position

	As at 30.6.2018 RM'000	MFRS 15 reclassification RM'000	As at 1.7.2018 RM'000
Group			
30.6.2018			
Non-Current Assets			
Land held for property development	218,790	(218,790)	-
Inventories	-	218,790	218,790 *
Current Assets			
Property development costs	12,853	(12,853)	-
Inventories	-	12,853	12,853 *
1.7.2017			
Non-Current Assets			
Land held for property development	213,055	(213,055)	-
Inventories	-	213,055	213,055 *
Current Assets			
Property development costs	21,282	(21,282)	-
Inventories	-	21,282	21,282 *

* The comparative figures have been reclassified to be conform with current year presentation.

The adoption of MFRS 15 has no material financial impact other than the disclosure made in financial statements.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases* (Cont'd)

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new standards and amendments to standards on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and have been rounded to the nearest thousand except when otherwise stated.

(c) Going concern assumptions

(i) On 1 December 2014, the Company announced that the Company was classified as an affected listed issuer pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The PN17 criteria was triggered as the Company's auditors have expressed a disclaimer opinion in the Company's audited financial statements for the financial year ended 30 June 2014. As an affected listed issuer, the Company is required to submit a regularisation plan to the relevant authorities for approval and to implement the regularisation plan within the stipulated time frame. On 17 July 2019, Bursa Malaysia Securities Berhad ("Bursa Securities") had granted approval to the Company for an extension of time up to 31 December 2019 to submit its proposed regularisation plan to the relevant authorities.

(ii) As at 30 June 2019, the amount due to Wisma MPL JMB by the Group and the Company amounting to RM17,014,000 and RM16,625,000 respectively. The Company and certain of its subsidiary companies have entered into settlement agreements with Wisma MPL JMB for settlement of all outstanding maintenance charges and sinking fund contribution together with Car Parks Settlement Sum. However, the Company has not complied with the repayment within the agreed date stated in the now terminated settlement agreement. The Company undertake to fully settle the amount due to Wisma MPL JMB upon receiving full balance of proceeds from purchaser on disposal of Wisma MPL by 25 November 2019 ("Completion Date"). The ability of the Group and of the Company to discharge their liabilities is depends on the purchaser to fulfil its payment obligation at Completion Date.

(ii) The Group and the Company incurred a net loss of RM81,074,000 and RM82,272,000 during the financial year ended 30 June 2019. As at 30 June 2019, the Group's current liabilities exceeded its current assets by RM120,494,000 and the Company recorded a deficit in its shareholders' equity of RM9,877,000.

2. BASIS OF PREPARATION (CONT'D)

(c) Going concern assumptions (Cont'd)

The factors set forth above indicate the existence of material uncertainty that may cast significant doubt on the ability of the Group and of the Company to continue as going concern and therefore, they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The financial statements of the Group and of the Company are prepared on a going concern basis. The appropriateness of preparing the financial statements of the Group and of the Company on going concern basis is dependent upon the successful and timely formulation and implementation of the regularisation plan.

Should the going concern basis of preparing the financial statements be no longer appropriate, adjustments would have to be made to reduce the value of all assets to their estimated realisable values, and to provide further estimated liabilities that may arise, and to reclassify property, plant and equipment and other non-current assets and non-current liabilities as current assets and current liabilities respectively.

The financial statements of the Group and of the Company do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Satisfaction of performance obligation in relation to contracts with customers</u>

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at the point of time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and

(iii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligation in relation to contracts with customers (Cont'd)

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its asset held for sale. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies are disclosed in Note 5.

Impairment of investment in associates

The Group reviews its investment in associates when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on market performance, economic and political situation of the country in which the associates operate.

The carrying amount at the reporting date for investment in an associate are disclosed in Note 6.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 7.

Impairment of receivables

The Group reviews the recoverability of its receivables, include trade and other receivables and amount due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 8, 9 and 10 respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 30 June 2019, the Group and the Company have tax recoverable of RM1,244,000 and RM1,226,000 (30.6.2018: RM275,000 and RM473,000; 1.7.2017: RM1,674,000 and RM1,204,000) respectively. As at 30 June 2019, the Group has tax payable of RM42,000 (30.6.2018: RMNil; 1.7.2017: RMNil).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 20.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 34(c). In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Contingent liabilities

The determination and treatment of contingent liabilities is based on the Directors' and management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 *Financial Instruments* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, the accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j)(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(j)(i) on impairment of non-financial assets.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in associates (Cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j)(i) on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Plant and machinery	5% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Renovation	10% - 20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

<u>As lessee</u>

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Financial assets

Policy applicable from 1 July 2018

Recognition and initial measurement

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group or the Company measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial instrument categories and subsequent measurement

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies, amount due from an associate and cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies, amount due from an associate and cash and bank balances.

(ii) Financial assets at fair value through other comprehensive income

The Group and the Company have not designated any financial assets at FVTOCI.

(iii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Policy applicable from 1 July 2018 (Cont'd)

Regular way purchase or sale of financial assets

Regular way purchases or sales are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase and sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Policy applicable before 1 July 2018

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities

Policy applicable from 1 July 2018

Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

The Group's and the Company's financial liabilities include trade and other payables, amount due to subsidiary companies and loans and borrowings.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial instrument categories and subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

The Group and the Company's financial liabilities designated as amortised cost comprises trade and other payables, amount due to subsidiary companies and loans and borrowings.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities as FVTPL.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities (Cont'd)

Policy applicable before 1 July 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into financial liabilities at amortised cost.

The Group's and the Company's financial liabilities comprise trade and other payables, amount due to subsidiary companies and loans and borrowings.

Trade and other payables and amount due to subsidiary companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Bank borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

The policy of recognition and measurement of impairment is in accordance with Note 3(j)(i) on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories (Cont'd)

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax assets and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that had indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating units is the greater of its value-in-use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

Policy applicable from 1 July 2018

The Group and the Company recognise an allowance for ECL for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 July 2018

All financial assets, other than those categorised as fair value through profit or loss and investment in subsidiary companies and associate, are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Policy applicable before 1 July 2018 (Cont'd)

Financial assets carried at amortised cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and bank overdraft which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(n) Revenue

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

- Revenue from property development

  The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

  Revenue is recognised over the period of the contract using output method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms on ongoing leases.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Provisions (Cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(i) Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(ii) Provision for liquidated ascertained damages

Provision for liquidated ascertained damages in respect of projects undertaken by a subsidiary company is recognised based on the estimated claim in reference to the applicable sale and purchase agreements.

(p) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(s) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(t) Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment is not depreciated or amortised once classified as held for sale.

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Group					
30.6.2019					
Cost					
At 1 July 2018	**9,445**	**5,099**	**1,601**	**4,881**	**21,026**
Additions	**-**	**91**	**-**	**-**	**91**
At 30 June 2019	**9,445**	**5,190**	**1,601**	**4,881**	**21,117**
Accumulated depreciation					
At 1 July 2018	**9,437**	**5,028**	**1,013**	**4,511**	**19,989**
Charge for the financial year	**3**	**37**	**154**	**47**	**241**
At 30 June 2019	**9,440**	**5,065**	**1,167**	**4,558**	**20,230**
Carrying amount					
At 30 June 2019	**5**	**125**	**434**	**323**	**887**
30.6.2018					
Cost					
At 1 July 2017	9,445	5,083	1,937	4,519	20,984
Additions	-	16	310	362	688
Disposals	-	-	(646)	-	(646)
At 30 June 2018	9,445	5,099	1,601	4,881	21,026
Accumulated depreciation					
At 1 July 2017	9,435	4,989	1,537	4,456	20,417
Charge for the financial year	2	39	122	55	218
Disposals	-	-	(646)	-	(646)
At 30 June 2018	9,437	5,028	1,013	4,511	19,989
Carrying amount					
At 30 June 2018	8	71	588	370	1,037
At 1 July 2017	10	94	400	63	567

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Company					
30.6.2019					
Cost					
At 1 July 2018	**8,982**	**4,607**	**834**	**4,058**	**18,481**
Additions	**-**	**91**	**-**	**-**	**91**
At 30 June 2019	**8,982**	**4,698**	**834**	**4,058**	**18,572**
Accumulated depreciation					
At 1 July 2018	**8,975**	**4,513**	**834**	**3,687**	**18,009**
Charge for the financial year	**3**	**22**	**-**	**47**	**72**
At 30 June 2019	**8,978**	**4,535**	**834**	**3,734**	**18,081**
Carrying amount					
At 30 June 2019	**4**	**163**	**-**	**324**	**491**
30.6.2018					
Cost					
At 1 July 2017	8,982	4,596	1,480	3,696	18,754
Additions	-	11	-	362	373
Disposals	-	-	(646)	-	(646)
At 30 June 2018	8,982	4,607	834	4,058	18,481
Accumulated depreciation					
At 1 July 2017	8,973	4,490	1,480	3,632	18,575
Charge for the financial year	2	23	-	55	80
Disposals	-	-	(646)	-	(646)
At 30 June 2018	8,975	4,513	834	3,687	18,009
Carrying amount					
At 30 June 2018	7	94	-	371	472
At 1 July 2017	9	106	-	64	179

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Assets held under finance leases

As at 30 June 2019, the net carrying amounts of leased motor vehicles of the Group and the Company are RM371,000 and RMNil (30.6.2018: RM495,000 and RMNil; 1.7.2017: RM278,000 and RMNil) respectively.

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 18.

(b) The aggregate additional cost for the property, plant and equipment of the Group and of the Company under finance lease financing and cash payments are as follows:

	Group	
	30.6.2019 RM'000	30.6.2018 RM'000
Aggregate costs	**91**	688
Less: Finance lease financing	**-**	(256)
Cash payments	**91**	432

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
Aggregate costs	**91**	373
Less: Finance lease financing	**-**	-
Cash payments	**91**	373

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
In Malaysia			
Unquoted shares, at cost	**8,501**	8,551	8,551
Less: Accumulated impairment losses	**(501)**	(451)	(451)
	8,000	8,100	8,100

Movement in the allowance for impairment losses of investment in subsidiary companies are as follows:

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**451**	451
Impairment loss recognised	**100**	-
Write off	**(50)**	-
At 30 June	**501**	451

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective equity interest 30.6 2019 %	30.6.2018 %	1.7.2017 %	Principal activities
MPC Properties Sdn. Bhd. *	Malaysia	**100**	100	100	Letting of investment properties and property development
Bedford PJ Complex Sdn. Bhd.	Malaysia	**100**	100	100	Dormant
Euronium Construction Sdn. Bhd. *	Malaysia	**100**	100	100	Dormant
Pacific Spa & Fitness Club Sdn. Bhd. *	Malaysia	**100**	100	100	Dormant
Premier Building Management Services Sdn. Bhd. *	Malaysia	**100**	100	100	Dormant
Prestige Trading Sdn. Bhd.	Malaysia	**100**	100	100	Dormant
The Power Club Sdn. Bhd. @	Malaysia	**-**	100	100	Dormant
Lakehill Homes (MM2H) Sdn. Bhd. @	Malaysia	**-**	100	100	Dormant
MPC Management Services Sdn. Bhd. *	Malaysia	**100**	100	100	Management services
MP Security Sdn. Bhd. @	Malaysia	**-**	100	100	Dormant
Real Rock Restaurant Cafe Sdn. Bhd. @	Malaysia	**-**	100	100	Dormant
Temasek Mewatek Sdn. Bhd. @	Malaysia	**-**	100	100	Dormant

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Place of business/ Country of incorporation	Effective equity interest 30.6 2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Subsidiary companies of MPC Properties Sdn. Bhd.					
ASA Enterprises Sdn. Bhd.	Malaysia	**100**	100	100	Letting of investment properties
Oriental Pearl City Properties Sdn. Bhd. ("OPCP") #	Malaysia	**100**	100	100	Investment holding
Creative Ascent Sdn. Bhd. ("CASB") *	Malaysia	**100**	100	100	Investment holding, project management and property co-development
Subsidiary company of Oriental Pearl City Properties Sdn. Bhd.					
Lakehill Resort Development Sdn. Bhd. ("LHRD") #	Malaysia	**100**	100	100	Property management and property development
Subsidiary company of Creative Ascent Sdn. Bhd.					
Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") *	Malaysia	**100**	100	100	Property development

5. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Investment in subsidiary companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Place of business/ Country of incorporation	Effective equity interest 30.6 2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Subsidiary companies of Lakehill Resort Development Sdn. Bhd.					
Asia Pacific Trade and Expo City Sdn. Bhd. *	Malaysia	**100**	100	100	Trade and distribution and property development
Asia Pacific Trade & Expo City (HK) Limited ^	Hong Kong	**100**	100	100	Provision of corporate management services, marketing and promotion to Greater China

^ Subsidiary company not audited by UHY

* The auditors' report on the financial statements contained a paragraph relating to the appropriateness of the going concern assumption in the preparation of the financial statements.

The auditors' report on the financial statements contained a disclaimer of opinion.

@ Struck off during the financial year.

(b) Winding up of subsidiary companies

The effect of winding up of the above-mentioned subsidiary companies on the financial position of the Group as at the date of winding up as follows:

	30.6.2019 RM'000
Other payables	**(91)**
Total net liabilities	**(91)**
Gain on winding up	**91**
	-

(i) On 14 June 2019, The Power Club Sdn. Bhd., Lakehill Homes (MM2H) Sdn. Bhd., MP Security Services Sdn. Bhd. and Temasek Mewatek Sdn. Bhd., were stuck off in accordance with Section 551(3) of the Companies Act, 2016. These subsidiary companies were struck off from the register of The Companies Commission of Malaysia with publication of the Gazette pursuant to Section 551(3) of the Companies Act, 2016 on 3 July 2019.

(ii) On 11 July 2019, Real Rock Restaurant and Café Sdn. Bhd. was stuck off in accordance with Section 551(3) of the Companies Act, 2016. The subsidiary company shall be struck off from the register of The Companies Commission of Malaysia upon publication of the Gazette pursuant to Section 551(3) of the Companies Act, 2016, which is pending as at the date of the report.

6. INVESTMENT IN AN ASSOCIATE

	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000
In Malaysia		
Unquoted shares, at cost	**87**	-
Share of post-acquisition loss	**(37)**	-
	50	-

Details of the associate is as follow:

Name of company	Place of business/ Country of incorporation	Effective equity interest 30.6 2019 %	30.6.2018 %	1.7.2017 %	Principal activity
Held through					
Lakehill Resort Development Sdn. Bhd.					
Chun Fu Lakehill Sdn. Bhd.	Malaysia	**35**	-	-	Property development

Acquisition of Chun Fu Lakehill Sdn. Bhd. ("Chun Fu")

On 12 July 2017, LHRD, a wholly-owned subsidiary company of the Company, entered into a joint venture agreement to acquire 35% equity interest, representing 87,500 ordinary shares in Chun Fu for a total consideration of RM87,500 only. The acquisition was completed on 18 October 2018 and consequently Chun Fu became an indirect associate of the Company.

The summarised financial information of the associate, not adjusted for the percentage of ownership held by the Group is as follows:

	Chun Fu 30.6.2018 RM'000
Summarised statement of financial position	
Current assets, representing total assets	2,379
Current liabilities, representing total liabilities	(2,260)
Total net assets	119

	Chun Fu 2018 RM'000
Summarised statement of profit or loss and other comprehensive income	
Financial results	
Revenue	-
Loss for the financial year	(106)

7. INVENTORIES

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current				
Land held for property development and property development costs	(a)	**217,761**	218,790	213,055
Current				
Land held for property development and property development costs	(b)	**8,935**	12,853	21,282

(a) Non-current land held for property development and property development costs

	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current			
Freehold land, at cost			
At 1 July	**108,160**	102,627	101,952
Additions	**(967)**	518	1,174
Reversal of land held for property development due to cancellation of transaction	**-**	6,290	-
Reclassification to property development costs	**-**	(639)	-
Transfer to current portion	**(37)**	(636)	-
Recognised in profit or loss	**-**	-	(499)
At 30 June	**107,156**	108,160	102,627
Property development costs			
At 1 July	**110,630**	110,428	110,428
Reclassification from land cost	**-**	639	-
Transfer to current portion	**(25)**	(437)	-
At 30 June	**110,605**	110,630	110,428
Total non-current land held for property development and property development costs	**217,761**	218,790	213,055

As disclosed in Note 31(a), seven (7) undeveloped plots of land measuring approximately 188 acres in Mukim of Plentong, Daerah Johor Bahru, Johor have been charged to a creditor [Note 15(a)] of the Group in previous financial year. Based on the independent valuer's report dated 25 November 2014, the market value for the seven (7) undeveloped plots of land is approximately RM139,000,000.

On 16 October 2014, the creditor had served a Notice of Default with Respect to a Charge ("Notice") to TBBM, pursuant to the charge of seven (7) undeveloped plots of land in Mukim of Plentong, Dearah Johor Bahru, Johor. The creditor can apply for an order for sale on the seven (7) undeveloped plots of land if the Group is unable to settle the balance outstanding of RM115,000,000 within one (1) month from the date of the service of the Notice dated 16 October 2014.

7. INVENTORIES (CONT'D)

(a) Non-current land held for property development and property development costs (Cont'd)

On 27 November 2014, TBBM was served with an Originating Summon for an application of order for public auction of the seven (7) parcels of land in Mukim Plentong, Johor which were charged to the creditor under the provision of the National Land Code.

The creditor had on 15 May 2015 agreed to suspend the foreclosure action of the seven (7) parcels of land in Johor for four (4) months effective from 27 May 2015, in view of the ongoing disposal deal with a potential buyer. However, the disposal deal did not materialised and the Company continue to default in the repayment of the outstanding amount of RM115,000,000.

On 12 April 2016, the creditor had filed a Notice of Application to the High Court to fixed an auction price at RM139,500,000 for the sale of the seven (7) parcels of land in Johor which were pledged to the creditor. On 29 September 2016, the Defendants have obtained the stay of execution of the Order for Sale. The court has fixed the hearing of the Plaintiff's application to fix the auction date on 3 November 2016.

On 31 October 2016, the Court of Appeal has allowed the Company's appeal and the Order for Sales dated 29 February 2016 has been set aside and the Originating Summons for Order for Sale be remitted back to Johor Bahru Court for rehearing.

On 12 September 2017, the case management was vacated pending disposal of the creditor's motion for leave to appeal to the Federal Court on 14 November 2017.

On 14 November 2017, the Court allows creditor's motion for leave to appeal and set aside the Order of Court of Appeal with no order as to costs and deposit is refunded. The case be heard de novo before the Court of Appeal.

A valuation had been performed by an independent firm of professional valuer, DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd. ("DTZ") on the development land based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. Based on the valuation report dated 19 December 2014, the market value for these parcels of land approximately RM18.82 per square foot.

Based on the certificate of update valuation issued by Ian Scott International (M) Sdn. Bhd. dated 10 October 2019 (30.6.2018: issued by Raine & Horne International Zaki + Parners Sdn. Bhd. dated 30 June 2018; 1.7.2017: issued by Raine & Horne International Zaki + Parners Sdn. Bhd. dated 11 September 2017), the market value of 34 (30.6.2018: 34; 1.7.2017: 36) parcels of freehold agricultural and commercial lands with an approximate aggregate land area of 17.72 million (30.6.2018: 17.72 million; 1.7.2017: 16.63 million) square foot amounting to RM413.09 million (30.6.2018: RM434.79 million; 1.7.2017: RM409.62 million), based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. As such, the management is in view that no impairment is required for land held for property development and property development costs.

7. INVENTORIES (CONT'D)

(b) Current land held for property development and property development costs

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Current			
Freehold land, at cost			
At 1 July	**6,060**	10,141	10,211
Additions	**-**	-	239
Reclassification to property development costs	**-**	(239)	-
Transfer from non-current portion	**37**	636	-
Recognised in profit or loss	**(1,877)**	(4,478)	(309)
At 30 June	**4,220**	6,060	10,141
Property development costs			
At 1 July	**6,793**	11,141	11,487
Addition	**-**	1,220	-
Reclassification from land costs	**-**	239	-
Transfer from non-current portion	**25**	437	-
Recognised in profit or loss	**(2,103)**	(6,244)	(346)
At 30 June	**4,715**	6,793	11,141
Total current land held for property development and property development costs	**8,935**	12,853	21,282

A valuation had been performed by an independent firm of professional valuer, DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd. ("DTZ") on the development land based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. Based on the valuation report dated 19 December 2014, the market value for these parcels of land approximately RM18.82 per square foot.

Based on the certificate of update valuation issued by Ian Scott International (M) Sdn. Bhd. dated 30 June 2019 (30.6.2018: issued by Raine & Horne International Zaki + Parners Sdn. Bhd. dated 30 June 2018; 1.7.2017: issued by Raine & Horne International Zaki + Parners Sdn. Bhd. dated 11 September 2017), the market value of 34 (30.6.2018: 34; 1.7.2017: 36) parcels of freehold agricultural and commercial lands with an approximate aggregate land area of 17.72 million (30.6.2018: 17.72 million; 1.7.2017: 16.63 million) square foot amounting to RM413.09 million (30.6.2018: RM434.79 million; 1.7.2017: RM409.62 million), based on "as is" basis by using comparison method, making reference to relevant comparable transactions in the market. As such, the management is in view that no impairment is required for land held for property development and property development costs.

In financial year 2011, a subsidiary company, LHRD entered into a sale and purchase agreement ("SPA") to dispose 46 plots of vacant bungalow land within Lakehill Resort City, Iskandar Malaysia, Pasir Gudang, Johor Darul Ta'zim, of approximately 375,351 square foot of freehold land in Mukim Plentong, District of Johor Bahru, State of Johor to a related party, Optima Mewah Sdn. Bhd. ("Optima Mewah") for a sale consideration of RM16.89 million.

7. INVENTORIES (CONT'D)

(b) Current land held for property development and property development costs (Cont'd)

In financial year 2016, LHRD had received a letter from Optima Mewah to mutually terminate the SPA ("Proposed Mutual Termination") and the Board of Directors of Company has subsequently approved the Proposed Mutual Termination. The total revenue and cost recognised in previous financial years amounted to RM10.74 million and RM6.29 million respectively.

In financial year 2018, LHRD had made reversal of revenue and cost of sales of RM10.74 million and RM6.29 million respectively upon obtaining solicitors' confirmation that no legal consequences will arise on the mutual termination.

8. TRADE RECEIVABLES

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Trade receivables	**8,577**	5,080	6,130
Less: Accumulated impairment losses	**(502)**	(2,844)	(2,179)
	8,075	2,236	3,951

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Trade receivables	**251**	174	1,966
Less: Accumulated impairment losses	**(214)**	(74)	(14)
	37	100	1,952

Trade receivables are non-interest bearing and the normal credit term is 7 days (30.6.2018: 7 days; 1.7.2017: 7 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

8. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group		
	Lifetime allowance RM'000	Credit impaired RM'000	Loss allowance RM'000
At 1 July 2018	-	2,844	2,844
Effect of adopting MFRS 9 [Note 2(a)(i)(4)]	9	-	9
At 1 July 2018, as restated	9	2,844	2,853
Impairment losses recognised	27	171	198
Impairment losses reversed	(9)	(126)	(135)
Written off	-	(2,414)	(2,414)
At 30 June 2019	27	475	502
At 1 July 2017	-	2,179	2,179
Impairment losses recognised	-	838	838
Impairment losses reversed	-	(153)	(153)
Write off	-	(20)	(20)
At 30 June 2018	-	2,844	2,844

	Company		
	Lifetime allowance RM'000	Credit impaired RM'000	Loss allowance RM'000
At 1 July 2018	-	74	74
Impairment losses recognised	7	156	163
Impairment losses reversed	-	(23)	(23)
At 30 June 2019	7	207	214
At 1 July 2017	-	14	14
Impairment losses recognised	-	74	74
Written off	-	(14)	(14)
At 30 June 2018	-	74	74

The loss allowance amount in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

The Group's and the Company's credit exposures are concentrated mainly on 1 debtor and Nil (30.6.2018: 1 debtor and Nil, 1.7.2017: 3 debtors and 1 debtor) respectively, which accounted for 99.5% and Nil (30.6.2018: 95% and Nil, 1.7.2017: 90% and 75%) of the total trade receivables at the end of the reporting period.

8. TRADE RECEIVABLES (CONT'D)

The aged analysis of the trade receivables as at the end of the reporting period are as follows (Cont'd):

	Group		
	Gross amount RM'000	Loss allowances RM'000	Net amount RM'000
30.6.2019			
Past due			
Less than 30 days	**21**	**(2)**	**19**
31 to 60 days	**3,742**	**(14)**	**3,728**
61 to 90 days	**4**	**(2)**	**2**
More than 90 days	**4,348**	**(22)**	**4,326**
	8,115	**(40)**	**8,075**
Credit impaired			
Individually impaired	**462**	**(462)**	**-**
	8,577	**(502)**	**8,075**
30.6.2018			
Neither past due	2	-	2
Past due			
Less than 30 days	78	-	78
31 to 60 days	2,152	-	2,152
61 to 90 days	4	-	4
	2,234	-	2,234
Credit impaired			
Individually impaired	2,844	(2,844)	-
	5,080	(2,844)	2,236
1.7.2017			
Neither past due	1,404	-	1,404
Past due			
Less than 30 days	505	-	505
31 to 60 days	12	-	12
61 to 90 days	14	-	14
More than 90 days	2,016	-	2,016
	2,547	-	2,547
Credit impaired			
Individually impaired	2,179	(2,179)	-
	6,130	(2,179)	3,951

8. TRADE RECEIVABLES (CONT'D)

The aged analysis of the trade receivables as at the end of the reporting period are as follows (Cont'd):

	Company		
	Gross amount RM'000	Loss allowances RM'000	Net amount RM'000
30.6.2019			
Past due			
Less than 30 days	**20**	**(2)**	**18**
31 to 60 days	**20**	**(3)**	**17**
61 to 90 days	**4**	**(2)**	**2**
	44	**(7)**	**37**
Credit impaired			
Individually impaired	**207**	**(207)**	**-**
	251	**(214)**	**37**
30.6.2018			
Past due			
Less than 30 days	78	-	78
31 to 60 days	22	-	22
	100	-	100
Credit impaired			
Individually impaired	74	(74)	-
	174	(74)	100
1.7.2017			
Past due			
Less than 30 days	505	-	505
31 to 60 days	12	-	12
61 to 90 days	14	-	14
More than 90 days	1,421	-	1,421
	1,952	-	1,952
Credit impaired			
Individually impaired	14	(14)	-
	1,966	(14)	1,952

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

As at 30 June 2019, the Group and the Company have trade receivables of RM8,075,000 and RM37,000 (30.6.2018: RM2,234,000 and RM100,000; 1.7.2017: RM2,547,000 and RM1,953,000) respectively were past due but not impaired. These relate to a number of independent customers with slower repayment records.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM462,000 and RM207,000 (30.6.2018: RM2,844,000 and RM74,000; 1.1.2017: RM2,179,000 and RM14,000) respectively, related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

9. OTHER RECEIVABLES

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Other receivables	**48**	33	151
Less: Accumulated impairment losses	**-**	(21)	(88)
	48	12	63
Deposits	**9,889**	8,252	8,198
Prepayments	**27**	3	12
GST receivables	**98**	244	341
	10,062	8,511	8,614

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Other receivables	**29**	-	48
Less: Accumulated impairment losses	**-**	-	(45)
	29	-	3
Deposits	**9,771**	8,101	8,080
Prepayments	**27**	2	11
GST receivables	**11**	143	341
	9,838	8,246	8,435

Included in the deposits of the Group and of the Company is an amount of RM7,650,000 and RM7,650,000 (30.6.2018: RM7,650,000 and RM7,650,000, 1.7.2017: RM7,650,000 and RM7,650,000) respectively, which charged by a financial institution for the 3% deposit required for the auction proceedings pursuant to the Court's direction. Any surplus of the deposit shall be refunded to the Company after the payment of the Court's commission for successful auction. The Court has fully refunded the auction deposit to the Company subsequent to the financial year.

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**21**	88
Impairment losses recognised	**-**	4
Written off	**(21)**	(71)
At 30 June	**-**	21

9. OTHER RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of other receivables are as follows (Cont'd):

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**-**	45
Written off	**-**	(45)
At 30 June	**-**	-

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties and have defaulted on payments.

10. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

(a) Amount due from subsidiary companies

		Company	
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Amount due from subsidiary companies	**259,270**	256,837	253,216
Less: Accumulated impairment losses	**(202,132)**	(200,837)	(195,873)
	57,138	56,000	57,343

This represents advances and payments made on behalf, which are unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**200,837**	195,873
Impairment losses recognised	**1,367**	5,093
Reversal of impairment losses	**-**	(129)
Written off	**(72)**	-
At 30 June	**202,132**	200,837

(b) Amount due to subsidiary companies

		Company	
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Amount due to subsidiary companies	**24,264**	25,554	26,263

This represents unsecured, non-interest bearing advances and repayable on demand.

11. AMOUNT DUE FROM AN ASSOCIATE

This represents unsecured, non-interest bearing advances and repayable on demand.

12. ASSET HELD FOR SALE

	Group	
	30.6.2019 RM'000	30.6.2018 RM'000
Office buildings and shoplots		
At 1 July	**252,000**	256,000
Impairment losses recognised	**(63,000)**	(5,299)
Reversal of impairment losses	**-**	1,299
At 30 June	**189,000**	252,000

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
Office buildings and shoplots		
At 1 July	**236,689**	241,988
Impairment losses recognised	**(59,172)**	(5,299)
At 30 June	**177,517**	236,689

(a) On 11 March 2019, the Company entered into a sale and purchase agreement ("SPA") with Asia New Venture Capital Holdings Sdn Bhd ("Purchaser"), in relation to the disposal part of the investment property, namely Wisma MPL, owed by the Company and certain of its subsidiary companies for a total consideration of RM 189,000,000.

The Company has received refundable earnest deposit of RM3,760,000 and balance deposit of RM15,140,000 from the purchaser on 23 January 2019 and 9 March 2019 respectively.

The Company has obtained the approval from shareholders at the Extraordinary General Meeting held on 28 August 2019 for the disposal of Wisma MPL.

The disposal is pending completion as at the date of this report.

(b) The asset held for sale of the Group and of the Company are charged to a financial institution for credit facilities granted to the Company as disclosed in Notes 17 and 19.

(c) The income and expenses recognised in profit or loss in respect of asset held for sale are as follows:

	Group	
	30.6.2019 RM'000	30.6.2018 RM'000
Rental income	**5,862**	6,185
Direct operating expenses:		
Income generating investment properties	**1,408**	2,501
Non-income generating investment properties	**3,606**	2,257

12. ASSET HELD FOR SALE (CONT'D)

(c) The income and expenses recognised in profit or loss in respect of asset held for sale are as follows (Cont'd):

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
Rental income	**5,148**	5,543
Direct operating expenses:		
Income generating investment properties	**1,189**	2,292
Non-income generating investment properties	**3,319**	2,269

13. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	30.6.2019 Units ('000)	30.6.2018 Units ('000)	30.6.2019 RM'000	30.6.2018 RM'000
Issued and fully paid ordinary shares				
At 1 July/30 June	**287,660**	287,660	**287,660**	287,660

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

14. RESERVES

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Exchange translation reserve (Non-distributable)	**(1,274)**	(694)	(700)
Accumulated losses	**(231,511)**	(150,428)	(148439)
	(232,785)	(151,122)	(149,139)

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Accumulated losses	**(297,537)**	(215,265)	(199,411)

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the Group's presentation currency.

15. OTHER PAYABLES

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current			
Other payables	**9,915**	9,831	-
Current			
Other payables	**166,588**	156,390	170,230
Deposits	**27,939**	8,540	8,777
Accruals	**2,478**	4,769	18,136
GST payable	**-**	3	50
	197,005	169,702	197,193

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current			
Other payables	**9,915**	9,831	-
Current			
Other payables	**49,920**	38,058	48,442
Deposits	**20,711**	1,399	250
Accruals	**2,186**	3,704	8,127
GST payable	**-**	-	1
	72,817	43,161	56,820

Included in other payables are the following:

		Group		
	Note	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Amount due to AmanahRaya Development Sdn. Bhd. ("AmanahRaya")	15(a)	**115,000**	115,000	115,000
Amount due to companies in which certain Directors have substantial financial interests	15(b)	**46,202**	35,131	33,250
Amount due to Wisma MPL JMB	15(c)	**17,014**	16,957	12,673
Provision for litigation claims	15(d)	**-**	-	8,561
Amount due to Directors	15(e)	**-**	-	500

		Company		
	Note	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Amount due to companies in which certain Directors have substantial financial interests	15(b)	**42,067**	30,996	29,115
Amount due to Wisma MPL JMB	15(c)	**16,625**	15,727	11,830
Provision for litigation claims	15(d)	**-**	-	2,587

15. OTHER PAYABLES (CONT'D)

(a) As disclosed in the Note 31(a), on 10 March 2014, the Company and its subsidiary companies, OPCP, TBBM and LHRD had entered into a Settlement Agreement with AmanahRaya to settle the Judgement Sum for RM120,000,000.

In financial year 2014, the Company had made a payment of RM5,000,000 to AmanahRaya through advances from the Company's shareholder, Top Lander Offshore Inc. and this payment has been duly accounted for in the financial statements of the Group and the Company for the financial year ended 30 June 2014. However, the due date for the full settlement had lapsed and no payments had been made to AmanahRaya for the remaining amount of RM115,000,000.

On 10 October 2014, AmanahRaya has served TBBM a Notice of Default With Respect to a Charge ("Notice") pursuant to Section 254 of the National Land Code 1965 for a breach of the provisions of the Charge for failing to settle the outstanding amount due to AmanahRaya of RM120,000,000; and TBBM was required to remedy the breach within the period of one (1) month from the date of the service of the Notice.

On 16 October 2014, AmanahRaya retracted the Notice issued on 10 October 2014 and served the same "Notice of Default With Respect to Charge" on TBBM for the outstanding amount of RM115,000,000 whereby TBBM is required to remedy the breach within one (1) month from the date of the service of the Notice dated 16 October 2014. The Company had applied to AmanahRaya for extension of time to pay the outstanding amount and is also seeking legal opinion on the Notice.

On 27 November 2014, TBBM was served with an Originating Summon for an application of order for public auction of the seven (7) parcels of land in Mukim Plentong, Johor which were charged to the Plaintiff under the provision of the National Land Code.

AmanahRaya had on 15 May 2015 agreed to suspend the foreclosure action of the seven (7) parcels of land in Johor for four (4) months effective from 27 May 2015, in view of the ongoing disposal deal with a potential buyer. However, the disposal deal did not materialised and the Company continue to default in the repayment of the outstanding amount of RM115,000,000. On 12 April 2016, the creditor had filed a Notice of Application to the High Court to fixed an auction price at RM139,500,000 for the sale of the seven (7) parcels of land in Johor which were pledged to the creditor. On 29 September 2016, the Defendants have obtained the stay of execution of the Order for Sale. On 5 October 2016, the court has fixed the hearing of the Plaintiff's application to fix the auction date on 3 November 2016.

On 31 October 2016, the Court of Appeal has allowed the Company's appeal and the Order for Sales dated 29 February 2016 has been set aside. The Court set the matter for further case management on 12 September 2017.

On 12 September 2017, the case management was vacated pending disposal of the Applicant's motion for leave to appeal to the Federal Court on 14 November 2017.

On 14 November 2017, the Federal Court allowed AmanahRaya's appeal against the decision of the Court of Appeal setting aside the Court of Appeal order dated 13 October 2016.

On 23 August 2019, the Company, OPCP, TBBM and LHRD entered into a settlement agreement with AmanahRaya ("Proposed Land Disposal") which involves the effective disposal of land measuring a total of approximately 131.95 acres in the Mukim of Plentong, District of Johor Bahru, State of Johore as settlement of debt due to AmanahRaya amounting to RM115,000,000.

The Proposed Land Disposal is pending approval from shareholders of the Company and the relevant authorities as at the date of this report.

15. OTHER PAYABLES (CONT'D)

(b) The amount due to companies in which certain Directors of the Company have substantial financial interests are unsecured, non-interest bearing and repayable on demand.

(c) As at 30 June 2019, the amount due to Wisma MPL JMB by the Group and the Company amounting to RM17,014,000 and RM16,625,000 respectively. The Company and certain of its subsidiary companies have entered into settlement agreements with Wisma MPL JMB for settlement of all outstanding maintenance charges and sinking fund contribution together with Car Parks Settlement Sum. However, the Company has not complied with the repayment within the agreed date stated in the now terminated settlement agreement. The Company undertake to fully settle the amount due to Wisma MPL JMB upon receiving full balance of proceeds from purchaser on disposal of Wisma MPL by 25 November 2019.

(d) This represents provision of litigation claim with Wisma MPL JMB.

On 8 March 2018, pursuant to the settlement agreement between JMB and the Company dated 28 February 2018, JMB has withdrawn the Committal Proceedings against the Company and its officers.

(e) The amount due to Directors is unsecured, non-interest bearing and repayable on demand.

16. BANK BORROWINGS

		Group		
	Note	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current liability				
Secured				
Finance lease liabilities	18	**316**	385	244
Current liabilities				
Secured				
Revolving credit	17	**50,695**	48,368	46,071
Finance lease liabilities	18	**68**	104	110
Bank overdrafts	19	**93,046**	101,254	91,182
		143,809	149,726	137,363
Total bank borrowings				
Secured				
Revolving credit	17	**50,695**	48,368	46,071
Finance lease liabilities	18	**384**	489	354
Bank overdrafts	19	**93,046**	101,254	91,182
		144,125	150,111	137,607

16. BANK BORROWINGS (CONT'D)

	Note	Company 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current liability				
Secured				
Finance lease liabilities	18	**-**	-	38
Current liabilities				
Secured				
Revolving credit	17	**50,695**	48,368	46,071
Finance lease liabilities	18	**-**	38	82
Bank overdrafts	19	**93,046**	101,254	91,182
		143,741	149,660	137,335
Total bank borrowings				
Secured				
Revolving credit	17	**50,695**	48,368	46,071
Finance lease liabilities	18	**-**	38	120
Bank overdrafts	19	**93,046**	101,254	91,182
		143,741	149,660	137,373

(a) On 8 March 2013, the Company was served with a Declaration of Default by a financial institution on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdrafts facilities pursuant to Practice Note 1 ("PN 1") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As at 30 June 2019, the revolving credit and bank overdrafts facilities of the Group and of the Company amounted to RM143,742,000 (30.6.2019: RM149,622,000; 1.7.2017: RM137,253,000).

The details of litigation with the financial institution are disclosed in Note 31(d), (e), (f), (h) and (j).

On 2 July 2019, the Company has fully settled redemption amount to the financial institution. The matter between the Company and the financial institution have been settled upon the receipt of sealed copy of Consent Order from Court on 6 August 2019 that the winding up order initiated by the financial institution no longer continuing.

(b) The bank borrowings of the Group and of the Company are denominated in Ringgit Malaysia.

17. REVOLVING CREDIT

	Group and Company 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Secured			
Revolving credit	**50,695**	48,368	46,071

The revolving credit is secured by a fixed charge over the asset held for sale of the Group and of the Company as disclosed in Note 12(b). Subsequently to the financial year, the Company has fully settled the redemption sum to the financial institution as disclosed Note 16.

The interest rate of revolving credit for the Group and for the Company is 9.04% (30.6.2018: 9.04%; 1.7.2017: 8.87%) per annum.

18. FINANCE LEASE LIABILITIES

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Minimum lease payments			
Within one year	**84**	125	123
Between one and five years	**84**	339	208
After five years	**262**	92	66
	430	556	397
Less: Future finance charges	**(46)**	(67)	(43)
Present value of minimum lease payments	**384**	489	354
Present value of minimum lease payments			
Within one year	**68**	104	110
Between one and five years	**72**	295	181
After five years	**244**	90	63
	384	489	354
Analysed as:			
Repayable within twelve months	**68**	104	110
Repayable after twelve months	**316**	385	244
	384	489	354

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Minimum lease payments			
Within one year	**-**	39	85
Between one and five years	**-**	-	39
	-	39	124
Less: Future finance charges	**-**	(1)	(4)
Present value of minimum lease payments	**-**	38	120
Present value of minimum lease payments			
Within one year	**-**	38	82
Between one and five years	**-**	-	38
	-	38	120
Analysed as:			
Repayable within twelve months	**-**	38	82
Repayable after twelve months	**-**	-	38
	-	38	120

The interest rates of finance lease liabilities for the Group and for the Company are range from 2.4% to 2.6% and Nil (30.6.2018: 2.4% to 2.6% and 2.4%; 1.7.2017: 2.4% to 2.6% and 2.4% to 2.6%) per annum respectively.

19. BANK OVERDRAFTS

	Group and Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Secured			
Bank overdrafts	**93,046**	101,254	91,182

The bank overdrafts are secured by a charge over the asset held for sale of the Group and of the Company as disclosed in Note 12(b). Subsequently to the financial year, the Company has fully settled the redemption sum to the financial institution as disclosed Note 16.

The interest rate of bank overdrafts for the Group and for the Company is 10.35% (30.6.2018: 10.35%; 1.7.2017: 10.10%) per annum.

20. DEFERRED TAX LIABILITIES

	Group	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**28,662**	29,561
Recognised in profit or loss (Note 26)	**4,436**	(899)
At 30 June	**33,098**	28,662

	Company	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**10,668**	10,933
Recognised in profit or loss (Note 26)	**5,751**	(265)
At 30 June	**15,419**	10,668

The net deferred tax liabilities and asset shown in the statements of financial position after appropriate offsetting are as follows:

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Deferred tax liabilities	**33,115**	28,662	29,561
Deferred tax asset	**(17)**	-	-
	33,098	28,662	29,561

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Deferred tax liabilities	**15,436**	10,668	10,933
Deferred tax asset	**(17)**	-	-
	15,419	10,668	10,933

20. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and asset of the Group and of the Company are as follows:

Deferred tax liabilities of the Group

	Accelerated capital allowances RM'000	Revaluation surplus arising from subsidiary companies's development properties RM'000	Temporary differences arising from interest capitalised into development properties RM'000	Revaluation surplus arising from asset held for sale RM'000	Total RM'000
At 1 July 2018	-	10,884	6,737	11,041	28,662
Recognised in profit or loss	(4)	(188)	(117)	4,741	4,432
Under provision in prior year	21	-	-	-	21
At 30 June 2019	17	10,696	6,620	15,782	33,115
At 1 July 2017	-	11,316	7,004	11,241	29,561
Recognised in profit or loss	-	(432)	(267)	(200)	(899)
At 30 June 2018	-	10,884	6,737	11,041	28,662

Deferred tax liabilities of the Company

	Accelerated capital allowances RM'000	Revaluation surplus arising from asset held for sale RM'000	Total RM'000
At 1 July 2018	-	10,668	10,668
Recognised in profit or loss	(4)	4,751	4,747
Under provision in prior year	21	-	21
At 30 June 2019	17	15,419	15,436
At 1 July 2017	-	10,933	10,933
Recognised in profit or loss	-	(265)	(265)
At 30 June 2018	-	10,668	10,668

20. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax asset of the Group and of the Company

	Unutilised capital allowances RM'000
At 1 July 2018	-
Recognised in profit or loss	4
Under provision in prior year	(21)
At 30 June 2019	(17)

Deferred tax assets have not been recognised in respect of the following items:

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Accelerated capital allowances	**-**	-	(69)
Unutilised capital allowances	**51**	47	177
Unused tax losses	**95,743**	84,502	87,060
	95,794	84,549	87,168

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Accelerated capital allowances	**-**	-	(99)
Unutilised capital allowances	**45**	19	108
Unused tax losses	**20,578**	6,359	3,363
	20,623	6,378	3,372

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

21. TRADE PAYABLES

Credit terms of trade payables of the Group and of the Company range from 30 to 90 days (30.6.2018: 30 to 90 days, 1.7.2017: 30 to 90 days) depending on the terms of the contracts.

22. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group	
	30.6.2019 RM'000	30.6.2018 RM'000
At 1 July	**257**	257
Reversal	**(257)**	-
At 30 June	**-**	257

23. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
Property development revenue	**8,769**	8,714	**-**	-
Revenue from other sources				
Rental income	**5,862**	6,185	**5,148**	5,543
	14,631	14,899	**5,148**	5,543
Timing of revenue recognition				
Over time	**8,769**	8,714	**-**	-
Total revenue from contracts with customers	**8,769**	8,714	**-**	-

24. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expenses on:				
Bank overdrafts	**3,663**	9,721	**3,663**	9,721
Finance lease liabilities	**21**	17	**1**	1
Revolving credit	**9,356**	2,298	**9,356**	2,298
	13,040	12,036	**13,020**	12,020

25. LOSS BEFORE TAX

Loss before tax is determined after charging/(crediting):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
- statutory	**140**	148	**85**	85
- non-statutory	**73**	5	**73**	5
Depreciation of property, plant and equipment	**241**	218	**72**	80
Bad debts written off				
- trade receivables	**-**	35	**-**	35
- amount due from subsidiary companies under winding up	**38**	-	**31**	-
Rental of office equipment	**-**	32	**-**	25
Rental of premises	**-**	53	**-**	-
Impairment losses on:				
- amount due from subsidiary companies	**-**	-	**1,367**	5,093
- asset held for sale	**63,000**	5,299	**59,172**	5,299
- trade receivables	**198**	838	**163**	74
- other receivables	**-**	4	**-**	-
- investment in subsidiary companies	**-**	-	**100**	-
Non-executive Directors' remuneration				
- Fee	**125**	174	**125**	174
- Other emoluments	**30**	13	**30**	13
Rental of office equipment	**26**	32	**19**	25
Rental of premises	**41**	53	**-**	-
Reversal of impairment losses on:				
- trade receivables	**(135)**	(153)	**(23)**	-
- amount due from subsidiary companies	**-**	-	**-**	(129)
- asset held for sale	**-**	(1,299)	**-**	-
Fair value adjustment on other payables	**729**	(2,399)	**729**	(2,399)
Gain on disposal of property, plant and equipment	**-**	(74)	**-**	(74)
Gain on winding up of subsidiary companies	**(91)**	-	**-**	-
Interest income	**(176)**	(47)	**(1)**	(47)
Reversal of payables arised from proof of debts	**(1,983)**	(7,168)	**(467)**	(5,089)
Reversal of accruals no longer required	**(13)**	(5,599)	**-**	(782)
Unrealised (gain)/loss on foreign exchange	**(1)**	-	**(248)**	547
Reversal of provision of liquidated damage	**(257)**	-	**-**	-
Waiver of debts income	**(9)**	-	**-**	-

26. TAXATION

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Tax expenses recognised in profit or loss				
Malaysian income tax				
Current tax provision	**44**	955	**-**	740
(Over)/Under provision in prior years	**(952)**	5	**(740)**	-
	(908)	960	**(740)**	740
Deferred tax (Note 20)				
Relating to origination and reversal of temporary differences	**(305)**	(699)	**-**	-
Deferred tax on fair value gain/(loss) on asset held for sale	**4,741**	(200)	**4,751**	(265)
	4,436	(899)	**4,751**	(265)
	3,528	61	**4,011**	475

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to loss before tax at the statutory tax rate to income tax expense at the effective income tax of the Group and of the Company are as follows:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Loss before tax	**(77,546)**	(1,928)	**(78,261)**	(15,379)
At Malaysian statutory tax rate of 24% (2018: 24%)	**(18,611)**	(463)	**(18,783)**	(3,691)
Income not subject to tax	**(811)**	(3,300)	**(194)**	(1,481)
Expenses not deductible for tax purposes	**16,462**	1,474	**15,558**	1,809
Deferred tax assets not recognised	**2,699**	2,545	**3,419**	4,103
Deferred tax on fair value loss on asset held for sale	**(15)**	(265)	**-**	(265)
Deferred tax on fair value gain on asset held for sale	**4,756**	65	**4,751**	-
(Over)/Under provision of income tax in prior years	**(952)**	5	**(740)**	-
Tax expenses for the financial year	**3,528**	61	**4,011**	475

26. TAXATION (CONT'D)

Subject to the agreement of the Inland Revenue Board, the Group and the Company have unutilised capital allowances and unused tax losses available to offset against future taxable income as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised capital allowances	**51**	47	**45**	19
Unused tax losses	**95,743**	84,502	**20,578**	6,359
	95,794	84,549	**20,693**	6,378

27. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the financial year is calculated by dividing the loss for the financial year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019 RM'000	2018 RM'000
Loss attributable to owners of the parent	**(81,074)**	(1,989)
Weighted average number of ordinary shares in issue ('000)	**287,660**	287,660
Basic loss per ordinary share (sen)	**(28.18)**	(0.69)

(b) Diluted loss per share

The Group has no dilution in their loss per share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

28. CASH AND CASH EQUIVALENTS

Included in the Group's cash and bank balances is an amount of RM36,000 (30.6.2019: RM35,000; 1.7.2017: RM34,000) held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

29. STAFF COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries and other emoluments	**3,632**	3,357	**1,398**	344
Defined contribution plans	**399**	446	**142**	48
Other employee benefits	**195**	664	**10**	127
	4,226	4,467	**1,550**	519

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Directors of the Company				
Salaries and other emoluments	**2,223**	1,898	**1,111**	180
Defined contribution plans	**224**	242	**112**	14
Other employee benefits	**11**	547	**2**	-
	2,458	2,687	**1,225**	194
Executive Directors of the subsidiary companies				
Salaries and other emoluments	**185**	185	**-**	-
Defined contribution plans	**22**	24	**-**	-
Other employee benefits	**13**	28	**-**	-
	220	237	**-**	-
	2,678	2,924	**1,225**	194

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1 July RM	Financing cash flows (i) RM	New finance lease [Note 4(b)] RM	Other changes (ii) RM	At 30 June RM
30.6.2019						
Group						
Financial liabilities						
Revolving credit	17	**48,368**	**(10,692)**	**-**	**13,019**	**50,695**
Finance lease liabilities	18	**489**	**(105)**	**-**	**-**	**384**
		48,857	**(10,797)**	**-**	**13,019**	**51,079**
Company						
Financial liabilities						
Revolving credit	17	**48,368**	**(10,692)**	**-**	**13,019**	**50,695**
Finance lease liabilities	18	**38**	**(38)**	**-**	**-**	**-**
		48,406	**(10,730)**	**-**	**13,019**	**50,695**
30.6.2018						
Group						
Financial liability						
Finance lease liabilities	18	354	(121)	256	-	489
Company						
Financial liability						
Finance lease liabilities	18	120	(82)	-	-	38

(i) The financing cash flows include the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other changes include capitalisation of interest on bank overdrafts and revolving credit.

31. MATERIAL LITIGATIONS

(a) AmanahRaya Development Sdn Bhd ("Plaintiff" or "AmanahRaya") vs. Taman Bandar Baru Masai Sdn Bhd ("Defendant" or "TBBM")
Johor Bahru High Court Originating Summons No.: 24FC-1845-11/2014
Johor Bahru High Court A/E No.: JA-38-353-04/2016

On 28 September 2012, the Plaintiff had served a Writ of Summons for the sum of RM113,170,308 together with interest at the rate of 7.20% per annum calculated from 19 September 2012 until the date of full settlement ("Judgement Sum"). The Judgement Sum was allegedly in relation to amount owing to the Plaintiff as a result of a Put Option exercised by the Plaintiff as per a Joint Venture Agreement between the Plaintiff and Oriental Pearl City Properties Sdn. Bhd. ("OPCP") and a Deed of Undertaking between the Plaintiff and the Company.

The matter was fixed for Case Management on 8 November 2012. The Plaintiff had on 31 October 2012 served a Summary Judgement application on the Defendants. The matter was fixed for another Case Management on 22 November 2012.

At the Case Management on 22 November 2012, the Court fixed the matter for Hearing of the Summary Judgment application on 3 January 2013.

On 30 January 2013, the Kuala Lumpur High Court entered a summary judgment against the Defendants for the Judgement Sum.

On 19 October 2013, the Plaintiff had filed a Writ of Summons for an injunction against the Company, OPCP and the Group's wholly owned subsidiary companies, namely, TBBM, Creative Ascent Sdn. Bhd. MPC Properties Sdn. Bhd., prohibiting and preventing the companies from selling, disposing or causing the disposal of certain parcels of land in Johor or entering into any transaction resulting in the disposal or transfer of ownership of the certain parcels of land in Johor.

On 22 October 2013, the Defendants were served with a Statutory Notice pursuant to Section 218(1)(e) of the Companies Act, 1965 ("Statutory Notice") from the Plaintiff whereby the Plaintiff demanded for the amount due together with interest within twenty one (21) days from the date of the delivery of the Statutory Notice.

On 30 October 2013, the solicitors of the Plaintiff have by way of a letter dated 30 October 2013 notified that the Plaintiff has withdrawn its Statutory Notice against the Defendants with immediate effect. Subsequently on 31 October 2013, the Company received a Notice of Discontinuance pertaining to the Writ from the Defendant's solicitors with liberty to file afresh.

On 18 November 2013, the High Court had allowed the Plaintiff to withdraw the Writ of Summon dated 19 October 2013 against the Group with liberty to file afresh and with costs of RM5,000 to be paid to the Group.

The Defendants had further filed an Originating Summons dated 15 November 2013 against the Plaintiff vide Kuala Lumpur High Court Civil Suit No.: 24NCC-365-11/2013 seeking for an injunction to restrain the Plaintiff from filing, presenting and/or proceeding with any statutory notice and winding-up petition pursuant to Section 218 of the Companies Act, 1965 against the Defendants ("Originating Summons").

On 19 November 2013, the Defendants obtained an interim injunction pending disposal of the Originating Summons. The Plaintiff had on 26 November 2013 filed a Notice of Application to strike out the Originating Summons and to set aside the interim injunction respectively.

On 10 March 2014, the Company, OPCP, TBBM and a Group's wholly owned subsidiary company, Lakehill Resort Development Sdn. Bhd. ("LHRD") had entered into a Settlement Agreement with the Plaintiff to settle the Judgement Sum.

31. MATERIAL LITIGATIONS (CONT'D)

(a) AmanahRaya Development Sdn Bhd ("Plaintiff" or "AmanahRaya") vs. Taman Bandar Baru Masai Sdn Bhd ("Defendant" or "TBBM")
Johor Bahru High Court Originating Summons No.: 24FC-1845-11/2014
Johor Bahru High Court A/E No.: JA-38-353-04/2016 (Cont'd)

Pursuant to the Settlement Agreement, the Group and ARDSB have agreed that the above judgement sum shall be settled for RM120,000,000 in accordance to the terms as follows:

(i) The Company to pay the Plaintiff cash payment of RM5,000,000 upon execution of the Settlement Agreement;
(ii) The Company to pay the Plaintiff cash payment of RM115,000,000 within six (6) months from the date of the Settlement Agreement; which is due on 10 September 2014;
(iii) TBBM to create a valid first legal charge in favour of the Plaintiff on the Group's seven (7) parcels of land in Mukim of Plentong, Johor as security of the abovementioned payments ("the Charge");
(iv) The Plaintiff shall withdraw the caveats or any other encumbrances lodged or created by the Plaintiff against the above seven (7) parcels of land;
(v) The Company and OPCP shall discontinue and withdraw the Injunction Suit in the Kuala Lumpur High Court Suit No. 24NCC-365-11/2013 against the Plaintiff; and
(vi) In the event of default of the Settlement Agreement by the Company, OPCP, TBBM, LHRD, the Plaintiff is entitled to terminate the Settlement Agreement and seek legal remedies available in law. Additionally, the Plaintiff shall always be at liberty, in lieu of claiming for termination of the Settlement Agreement and damages, to claim the remedy of specific performance of the Settlement Agreement against the Company, OPCP, TBBM and LHRD, with all costs and expenses relating thereto to be borne by the defaulting parties.

In financial year 2014, the Company had made a payment of RM5,000,000 to the Plaintiff through advances from the Company's shareholder, Top Lander Offshore Inc. and this payment has been duly accounted for in the financial statements of the Company and of the Group for the financial year ended 30 June 2014. However, the due date for the full settlement had lapsed and no payments had been made to the Plaintiff for the remaining amount of RM115,000,000.

On 10 October 2014, the Plaintiff has served TBBM a Notice of Default With Respect to a Charge ("Notice") pursuant to Section 254 of the National Land Code 1965 for a breach of the provisions of the Charge for failing to settle the outstanding amount to the Plaintiff of RM120,000,000; and TBBM was required to remedy the breach within the period of one (1) month from the date of the service of the Notice.

On 16 October 2014, the Plaintiff retracted the Notice issued on 10 October 2014 and served the same "Notice of Default With Respect to a Charge" on TBBM for the outstanding amount of RM115,000,000 whereby TBBM is required to remedy the breach within one (1) month from the date of the service of the Notice dated 16 October 2014.

On 27 November 2014, TBBM was served with an Originating Summon for an application of order for public auction of the seven (7) parcels of land in Mukim Plentong, Johor which were charged to the Plaintiff under the provision of the National Land Code.

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

On 9 March 2015, the Johor Bahru High Court has fixed the case management of the Originating Summon on 2 April 2015.

On 2 April 2015, the High Court had dismissed Application to cross examine & application to transfer with cost of RM1,000 respectively. For Originating Summon, the court had fixed 19 May 2015 as hearing date. On 19 May 2015, the Court had fixed a new hearing date for Originating summon on 26 July 2015.

31. MATERIAL LITIGATIONS (CONT'D)

(a) AmanahRaya Development Sdn Bhd ("Plaintiff" or "AmanahRaya") vs. Taman Bandar Baru Masai Sdn Bhd ("Defendant" or "TBBM")
Johor Bahru High Court Originating Summons No.: 24FC-1845-11/2014
Johor Bahru High Court A/E No.: JA-38-353-04/2016 (Cont'd)

On 26 July 2015, the High Court allowed the request to adjourn the matter pending settlement between the parties and set 3 September 2015 for case management. Due to the impending settlement between the parties, the High Court on 3 September 2015 had set a new mention date on 13 October 2015.

On 13 October 2015, the Johor Bahru High Court fixed a new Mention date for the Originating Summons on 16 November 2015 pending the settlement between the parties.

On 16 November 2015, the Johor Bahru High Court has fixed the final hearing of the Originating Summons on 31 January 2016.

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.

On 12 April 2016, the Plaintiff had filed a Notice of Application (Application No. JA-38-353-04/2016) to the High Court to fixed an auction price at RM139,500,000.00 for the sale of the seven (7) pieces of land located at Mukim Plentong, Daerah Johor Bahru, Negeri Darul Takzim.

The Defendant's Solicitors has proceeded to file the Application for Stay of Execution on the 23 May 2016.

On 29 September 2016, the Defendant has obtained the stay of execution of the Order for Sale pending the appeal with costs of RM500 payable to the Plaintiff.

On 5 October 2016, the Company's solicitors informed that the Court has fixed the hearing of the Plaintiff's application to fix the auction date on 3 November 2016.

On 31 October 2016, the Court of Appeal has allowed the Company's appeal and the Order for Sales dated 29 February 2016 has been set aside and the Originating Summons for Order for Sale be remitted back to Johor Bahru Court for rehearing.

On 3 November 2016, the Plaintiff's application for directions in respect of the auction has been withdrawn.

On 25 January 2017, the hearing date for the AmanahRaya's Originating Summons and Application for Stay of Proceedings has been adjourned to 5 April 2017 for case management.

On 5 April 2017, the matter was further set for case management on 22 May 2017.

On 22 May 2017, the Court has set the matter for case management on 31 July 2017.

On 31 July 2017, the Court had set the matter for further case management on 12 September 2017.

On 12 September 2017, the case management was vacated pending disposal of the Applicant's motion for leave to appeal to the Federal Court on 14 November 2017.

On 14 November 2017, the Court allows AmanahRaya's appeal against the decision of the Court of Appeal, setting aside the Court of Appeal Order dated 31 October 2016. The case be heard de novo before the Court of Appeal.

31. MATERIAL LITIGATIONS (CONT'D)

(b) Wisma MPL JMB ("Plaintiffs" or "JMB") vs. Malaysia Pacific Corporation Berhad ("Defendant")
Kuala Lumpur High Court Originating Summons No. 24 NCVC-1341-08/2013
Federal Court Civil Application No.: 08(f)-312-06/2014

This is an appeal against the Kuala Lumpur High Court Originating Summons No.: 24 NCVC-1341-08/2013 and Court of Appeal Civil Appeal No.: W-02(NCVC)(A)-133-01/2014.

On 16 August 2013, the Plaintiff, a Management and Maintenance Body of Wisma MPL established under the Building and Common Property (Maintenance and Management) Act, 2007 concerning the maintenance and management of common property of Wisma MPL had served an Originating Summons dated 14 August 2013 on the Defendant seeking for all monies and income derived from the operation of the car parks of the investment property of the Defendant.

The Defendant subsequently filed a striking out application on 22 October 2013 to strike out the Originating Summons served by the Plaintiff ("Notice of Application").

Following the above, the Kuala Lumpur High Court had on 10 January 2014 dismissed the Notice of Application and allowed the Plaintiff's claim against the Defendant whereby:

(i) It is declared that the ground level car park and the 2 levels basement car park of Wisma MPL (collectively "the Car Parks") form part of the common property of Wisma MPL;
(ii) The Defendant shall cease to operate the Car Parks within seven (7) days from being served the sealed Order herein ("the Handover Date") and thereafter, the Plaintiff shall be entitled to operate the Car Parks, vide its agents and/or servants;
(iii) All monies and income received from the operation of the Car Parks since the formation of the Plaintiff on 5 April 2008 until the Handover Date shall be paid by the Defendant into the Building Maintenance Fund of the Plaintiff within fourteen (14) days from the Handover Date;
(iv) The Defendant shall submit to the Plaintiff, a full audited accounts of all monies and income derived from the Car Parks since 5 April 2008 until the Handover Date within thirty (30) days of the date of the Order herein; and
(v) The Court dismissed the Defendant's Application to strike out the Originating Summons with costs of RM5,000.

The monies and income received from the operation of the Car Parks of the Group and of the Company since the formation of the Plaintiff on 5 April 2008 was estimated by the Directors to be approximately RM6,137,000 and RM2,587,000 respectively based on the assumption of income derived from the operation of the Car Parks net of the related operation expenses since 5 April 2008 until 30 June 2014.

On 15 January 2014, the Defendant filed Notices of Appeal dated 13 January 2014 to the Court of Appeal to appeal against the Kuala Lumpur High Court's Decision in allowing the Plaintiff's Originating Summons ("OS Appeal") and dismissing the Notice of Application ("Striking Out Appeal").

The Defendant had also on 22 January 2014 filed an Application for Stay of Execution of the High Court Order dated 10 January 2014.

On 16 April 2014, the High Court allowed the Defendant's Application for Stay of Execution against the Court Order dated 10 January 2014 until disposal of the Appeals in Court of Appeal.

On 19 May 2014, the Court of Appeal dismissed both the Appeals of the Defendant with costs of RM10,000 each of the Appeal.

On 17 June 2014, the Defendant had filed an Application for Leave to Appeal to the Federal Court.

31. MATERIAL LITIGATIONS (CONT'D)

(b) Wisma MPL JMB ("Plaintiffs" or "JMB") vs. Malaysia Pacific Corporation Berhad ("Defendant")
<u>Kuala Lumpur High Court Originating Summons No. 24 NCVC-1341-08/2013</u>
<u>Federal Court Civil Application No.: 08(f)-312-06/2014</u> (Cont'd)

On 11 September 2014, the Defendant had filed an Application for Stay of Execution in respect of the Court of Appeal Order dated 19 May 2014. The hearing was fixed on 9 October 2014 by the Court of Appeal and adjourned to 4 November 2014. Subsequently, the Court of Appeal fixed the case management on 1 December 2014 for hearing.

Additionally, on 11 September 2014, the Defendant had filed an Application for Stay of Proceeding in respect to the Extension of Time Application.

On 12 September 2014, the High Court had fixed 27 November 2014 as the Hearing Date for both the Plaintiff's Extension of Time Application and the Defendant's Stay of Proceeding Application.

On 27 November 2014, the Kuala Lumpur High Court directed that the Defendant's written submission to be filed on or before 11 December 2014 and the Plaintiff's written submission to be filed on or before 26 December 2014. The decision for both applications is fixed on 7 January 2015.

The gross amount of the income derived from the operation of the Car Parks of the Group and of the Company amounted to approximately RM11,569,000 and RM2,587,000 respectively for the period commencing from the date of the formation of the investment property's joint management body on 5 April 2008 up till 30 June 2015. The Group and the Company had made a provision of RM7,566,000 and RM2,587,000 respectively for the litigation claims. For Car Parks income derived for period 5 April 2008 to 30 June 2014, the Group had made a provision of RM6,137,000 after net of the operating costs of the Car Parks of RM4,003,000; while the Group had made provision of RM1,429,000 based on gross amount of Car Parks income derived for financial year ended 30 June 2015.

CASB, a subsidiary company of the Group had continued to recognise revenue of RM1,429,000 in relation to the rental income from the Car Parks during the financial year ended 30 June 2015. The amount of RM1,429,000 was also provided for by the Group and included in the amount of provision of RM7,566,000 as mentioned above.

On 30 December 2014, the Court of Appeal has fixed the hearing of the Application for Stay of Execution on 12 January 2015.

(i) On 12 January 2015, the Court of Appeal has allowed the Company's Application for Stay of Execution until the hearing of the Application for Leave to Appeal to the Federal Court.
(ii) On 7 January 2015, Kuala Lumpur High Court had adjourned in delivering the decisions in respect of the two applications below to another date which the Kuala Lumpur High Court has yet to fix:
    (a) JMB's Application for Extension of Time for compliance with the Order dated 10 January 2014 ("Extension of Time Application") against the Company; and
    (b) the Company's Application for Stay of Proceeding on the Extension of Time Application.

However on 26 January 2015, the Federal Court had dismissed the Company's Application for Leave to Appeal.

31. MATERIAL LITIGATIONS (CONT'D)

(b) Wisma MPL JMB ("Plaintiffs" or "JMB") vs. Malaysia Pacific Corporation Berhad ("Defendant")
Kuala Lumpur High Court Originating Summons No. 24 NCVC-1341-08/2013
Federal Court Civil Application No.: 08(f)-312-06/2014 (Cont'd)

On 11 March 2015, the Company had received the sealed Orders of Kuala Lumpur High Court dated 10 January 2014 and 28 January 2015 (collectively "Orders") from the Plaintiff's solicitors on the following:

(i) cease to operate the ground level car park and the 2 level basement car park in Wisma MPL (collectively "Car Parks") within seven (7) days from being served with a copy each of the Orders ("Extended Handover Date");
(ii) pay into the Plaintiff's Building Maintenance Fund, all monies and income derived from the operation of the Car Parks since 5 April 2008 until the Extended Handover Date;
(iii) submit to Plaintiff within fourteen (14) days from the Extended Handover Date, a full audited account of all monies and income derived from the Car Parks since 5 April 2008 until the Extended Handover Date; and
(iv) pay the costs of RM10,000 to Plaintiff directly or to Plaintiff's solicitors within seven (7) days from the date hereof.

The Orders were also served by way of service on the Company's Directors and Company Secretaries wherein the Plaintiff's solicitors have instructions from the Plaintiff to commence execution proceedings against the Company and its Directors, Manager and Companies Secretaries to enforce the Orders if the Company does not comply with the Orders.

On 12 March 2015, the Company had obtained a Restraining Order pursuant to Section 176(10) of the Companies Act, 1965 (the "Act") in Shah Alam High Court on 3 March 2015 ("Restraining Order").

Pursuant to the Restraining Order, all further proceedings or actions against the Company by any party including the Scheme Creditors as stated in the Proposed Scheme but not limited to any winding-up proceeding or taking of any action or proceeding or foreclosure proceedings, and so on, or in any way under any form of guarantee or indemnity granted to or conferred by the Company, any enforcement, detention, or any other form of execution of any judgment or order against the Company, any execution of the rights or remedies or powers of appointment of any receiver and manager over the Company (including but not limited to the taking of any actions or proceedings or continuing with the exercise of the rights or remedies under any Debenture), the sale of any asset that is the subject of any security interest created by the Company and/or its subsidiary company, repossession of any plant, equipment or machinery under lease or hire purchase and any arbitration proceedings, be restrained for a period of 90 days from the date of the Restraining Order, subject to terms as may be determined by the Shah Alam High Court pursuant to Section 176 (10) of the Act.

On 1 September 2015, the Kuala Lumpur High Court directed JMB to file the Application to strike out by 1 September 2015 and the Company to file the Affidavit in Reply by 2 September 2015 (for the Originating Summons and the Application for security for costs).

On 16 November 2015, an application or stay was filed by the Company to stay the execution of the Writ of Possession ("the "application for stay") pending the full and final disposal of the court proceeding filed in the High Court of Malaya at the Kuala Lumpur vide Originating Summons No.: 24NCVC-1055-07/2015.

On 17 November 2015, the Court had granted an interim stay pending the disposal of application for stay which has now been fixed for hearing on 18 December 2015.

On 18 December 2015, the High Court dismissed the Company's application for stay pending the full and final disposal of the High Court's proceedings.

31. MATERIAL LITIGATIONS (CONT'D)

(b) Wisma MPL JMB ("Plaintiffs" or "JMB") vs. Malaysia Pacific Corporation Berhad ("Defendant")
Kuala Lumpur High Court Originating Summons No. 24 NCVC-1341-08/2013
Federal Court Civil Application No.: 08(f)-312-06/2014 (Cont'd)

On 6 January 2016, the High Court has allowed the plaintiffs to strike out the Company's Originating Summons with cost of RM3,000.00.

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

On 10 April 2017, the Plaintiff filed a Notice of Application against the officers of the Company for not complying to the Court order dated 10 January 2014 and 28 January 2015. The court has fixed the application for case management on 1 June 2017.

On 1 June 2017, the court set the matter for further case management on 26 June 2017. Affidavits were filed on 13 July 2017.

On 14 July 2017, the court has set the matter for case management on 18 August 2017.

On 18 August 2017, the court has set the matter for case management on 15 September 2017.

On 15 September 2017, the Court fixed for further case management on 30 October 2017 pending discussions between parties for amicable settlement.

On 30 October 2017, the Court fixed for further case management on 29 November 2017 to update Court on the status of settlement between JMB and the Company.

On 29 November 2017, the Court fixed for cases management on 5 January 2018 as JMB and the Company required another meeting to discuss for settlement.

On 5 January 2018, the Court fixed further case management on 25 January 2018 pending status settlement between JMB and the Company.

On 25 January 2018, the Court fixed 22 February 2018 as the final date for Case Management pending terms of settlement between JMB and the Company.

On 22 February 2018, the Court fixed another case management on 27 February 2018 pending finalizing settlement agreement between JMB and the Company.

On 27 February 2018, the case management was adjourned to 8 March 2018 as the Court had an emergency meeting.

On 8 March 2018, pursuant to the Settlement Agreement between JMB and the Company dated 28 February 2018, JMB has withdrawn the Committal Proceedings against the Company and its officers.

31. MATERIAL LITIGATIONS (CONT'D)

(c) Malaysia Pacific Corporation Berhad ("Appellant" or "Company") vs. Wisma MPL JMB ("Respondent" or "JMB")
Court of Appeal No.: W-02(IM)(NCVC)-898/05/2016

This is an appeal against the Kuala Lumpur High Court Civil Suit No. 22NCVC-691-12/2015.

The Respondent had served the Appellant a Writ of Summons dated 18 December 2015 claiming against the Appellant on the following:

(i) The sum of RM8,200,519.66 due as at 30 June 2015;
(ii) Late payment interest at the rate of 10% per annum on the sum of RM7,396,611.80 from 1 July 2015 until the date of full settlement;
(iii) Costs; and
(iv) Such further and/or other relief as this Honourable Court deems fit.

On 15 April 2016, the High Court has allowed the Respondent's Summary Judgment Application with costs on the following:

(i) RM7,863,758.26 as at 31 December 2015
(ii) Interest of 10% per annum on the sum of RM7,059,850.40 calculated from 1 January 2016 until the date of settlement; and
(iii) Costs of RM5,000.00 subject to allocator fee.

The Appellant has since filed a Notice of Appeal to the Court of Appeal on 11 May 2016 to appeal against the High Court's decision.

On, 12 July 2016, the Appellant has filed a Supplementary Record of Appeal inclusive of the Grounds of Judgment, Sealed Order and Sealed Judgment and further filed the Notice of Motion to amend the Memorandum of Appeal on 20 July 2016.

The Notice to amend the Memorandum of Appeal has been fixed for hearing on 17 October 2016.

On 17 October 2016, the Court has directed the Parties to file the common chronology and written submission on or before 13 January 2017 and the Next case management to ensure compliance of the directions is fixed on 18 January 2017. The hearing of the appeal is fixed on 6 February 2017.

On 6 February 2017, the Court of Appeal has allowed our appeal and set aside the summary judgment dated 15 April 2016 for the sum of RM7,863,758.26 and awarded the costs of RM10,000.00. The matter is now fixed for case management on 21 February 2017 before the High Court.

On 21 February 2017, the application is fixed for another case management on 13 March 2017.

On 13 March 2017, the Court directed the parties on the filing of Affidavits and Written Submissions in respect to the Plaintiffs application for amendment of the Writ and Re-amendment of the Statement of Claim. The Hearing of the Application and the Case Management was fixed on 21 April 2017.

On 21 April 2017, the Plaintiffs Notice of Application for amendment was allowed with costs in the cause. The Court has fixed the next case management on 2 June 2017.

On 13 July 2017, the Federal High Court has set case management on 13 October 2017.

For Court of Appeal has set final case management on 18 September 2017 and hearing on 5 October 2017.

31. MATERIAL LITIGATIONS (CONT'D)

(c) Malaysia Pacific Corporation Berhad ("Appellant" or "Company") vs. Wisma MPL JMB ("Respondent" or "JMB")
Court of Appeal No.: W-02(IM)(NCVC)-898/05/2016 (Cont'd)

On 5 October 2017, the appeal is dismissed by the Court of Appeal with costs in the cause.

The Trial for set off amounting to RM15,240,589.14 at Kuala Lumpur High Court has been fixed on 6 November 2017 until 10 November 2017.

On 13 October 2017, the High Court has fixed 3 November 2017 for final case management before the Trial on 6 November 2017 until 10 November 2017.

On 3 November 2017, the Court proceeded to confirm the documents filed, list of witnesses to be called and marked the documents for the upcoming Trial on 6 November 2017 until 10 November 2017.

The Trial on 6 November 2017 to 10 November 2017 will continue on 27 November 2017. Meanwhile, the Court further fixed Case Management on 17 November 2017 to update on the service of subpoena of the witnesses to be called for the continued Trial.

On 17 November 2017, the Company has informed the Court that we are unable to serve the subpoena to the witnesses to be called for the Continued Trial on 27 November 2017. However, the Court does not take cognizance of the Company's Affidavit of Non-Service and the Supplementary Affidavit. As such, Continued Trial on 27 November 2017 is maintained and the Company main witness must be present to give further evidence on the subpoenaed witnesses regards on the non-availability of the subpoenaed witnesses.

On 27 November 2017, the Court directed the parties to file Written Submissions on 11 December 2017. The Court further fixed the Decision on 16 January 2019.

On 16 January 2018, in respect of JMB's claim, the Court allowed with cost of RM10,000 and the Company's counter claim is dismissed. The Court hereby order the Company to pay RM10,000 to JMB.

Pursuant to the decision of the High Court on 16 January 2018, the Company had filed an appeal to the Court of Appeal and the Court of Appeal has fixed the Case Management for the appeal on 22 March 2018.

On 22 March 2018, the Court of Appeal further fixed the Case Management on 18 April 2018 pending filing of the Record of Appeal, extraction of the sealed Judgment, Grounds of Judgment from the High Court and filing of the Respondent's Notice of Motion.

On 18 April 2018, the Court of Appeal has fixed the Hearing for Respondent's Notice of Motion for Security for Costs on 16 July 2018. The Court of Appeal also fixed the Case Management for the Company's appeal on 16 July 2018.

Pursuant to the Settlement Agreement between the Respondent and the Company dated 18 June 2018, the Company has filed a Notice of Withdrawal of the Appeal to the Court of Appeal on 4 July 2018 without liberty to file afresh and no order as to costs and the deposit to be refunded to the Company.

(d) RHB Bank Berhad ("Plaintiff" or "RHB") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "Company")
Kuala Lumpur High Court Originating Summons No.: 24FC-30-01/2016

On 15 February 2016, the Company has received from the Plaintiff's solicitor the sealed Originating Summons dated 8 January 2016 on the Claim for Order for Sale of Wisma MPL which is charged to the Plaintiff vide Presentation No.: 17565/1996, 14858/1998 and 11693/2001 ("Property") by Public Auction.

On 10 August 2016, the High Court has made an Order for Sale of the Property and the auction to be held on 21 November 2016. The Company has since filed the Notice of Application for Stay of Execution on 6 September 2016.

31. MATERIAL LITIGATIONS (CONT'D)

(d) RHB Bank Berhad ("Plaintiff" or "RHB") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "Company")
Kuala Lumpur High Court Originating Summons No.: 24FC-30-01/2016 (Cont'd)

The High Court has directed the Plaintiff to file the Affidavit in Reply on 30 September 2016 and the Defendant to file the Reply to the Plaintiff's Affidavit in Reply on 14 October 2016.

The Court has fixed the case management on 26 October 2016.

On 26 October 2016, the Court has fixed the hearing on 8 December 2016.

On 8 December 2016, the Court has allowed the Company's Application to stay the Order for Sale dated 10 August 2016 pending the disposal of the Appeal to the Court of Appeal.

Further, the Court fixed 12 October 2017 for the Decision for Hearing of Stay of Application and Notice of Appeal to the Judge in Chambers for direction of auction which the matter was heard on 21 August 2017.

On 12 October 2017, the Court dismissed the Company's application to appeal to the Judge in Chambers for direction of auction with costs of RM 3,000.

(e) Malaysia Pacific Corporation Berhad ("Plaintiff" or "Company") vs. RHB Bank Berhad ("Defendant" or "RHB")
Court of Appeal No. W-02(IM)(BCC)-1811-10/2016 and W-02(IM)(NCC)-1812-10/2016

This is an appeal against the Kuala Lumpur High Court Originating Summons No.: 24NCC-292-07/2016.

On 14 June 2016, the Company had received a notice of statutory demand pursuant to Section 218 of the Companies Act 1965 dated 8 June 2016 from the Defendant's solicitors.

On 4 July 2016, the Company has successfully obtained the injunction on an ex-parte basis and on 18 July 2016, the High Court has granted an ad interim injunction to the Company.

On 8 September 2016, the High Court has allowed the Company's application for Fortuna Injunction and the Company's application in the Originating Summons. The High Court has held that it was an abuse of process for the Defendant to serve the Company the Notice under Section 218 of the Companies Act 1965. In addition, the Company has also been rewarded with the cost of RM2,500 for the inter-parte application for the Fortuna Injunction and RM2,500 for the Amended Originating Summons.

On 29 September 2016, the Company's solicitors informed that RHB has filed an appeal to the Court of Appeal against the High Court's decision.

Subsequently, on 4 October 2016, the Company has instructed their solicitors to resist the appeal.

On 11 January 2017, the Court has fixed the RHB's Notice of Motion to adduce fresh evidence for hearing on 28 February 2017.

On 28 February 2017, the Court had fixed the matter for case management is on 13 March 2017. Further, on 13 March 2017, the matter was fixed for case management on 17 May 2017.

On 17 May 2017, the Court had fixed the matter for case management on 9 June 2017.

On 9 June 2017, the matter was fixed for hearing on 15 September 2017.

31. MATERIAL LITIGATIONS (CONT'D)

(e) Malaysia Pacific Corporation Berhad ("Plaintiff" or "Company") vs. RHB Bank Berhad ("Defendant" or "RHB")
Court of Appeal No. W-02(IM)(BCC)-1811-10/2016 and W-02(IM)(NCC)-1812-10/2016 (Cont'd)

On 15 September 2017, the Court of Appeal allowed the appeal of the Bank and reversed the decision of the High Court and ordered cost of RM10,000 against the Company. This means that notice under Section 218 of the Companies Act 1965 dated 8 June 2016 is valid and the Bank entitled to file the Winding Up petition against the Company.

The Company has filed leave application to appeal to the Federal Court and the case management is fixed on 23 October 2017.

On 23 October 2017, the Federal Court has fixed 13 February 2018 for the Hearing date for appeal to the decision of the Court of Appeal on 15 September 2017. Meanwhile, the Court also has fixed the Hearing date for the application of Stay of Execution at the Court of Appeal on 6 November 2017.

On 6 November 2017, the Court of Appeal dismissed the application of Stay Execution. Meanwhile, the Hearing date of Leave Application to Appeal to Federal Court remains on 13 February 2018.

On 13 February 2018, the Court has fixed the date as the case management and further fixed a Hearing date on 19 June 2018 for leave application to appeal to the Federal Court.

On 19 July 2018, Federal Court has vacated the Hearing on 10 August 2018 and further fixed 26 July 2018 for Case Management to fix a new Hearing date.

On 20 July 2018, the Federal Court has re-fixed the Case Management to 27 July 2018 to fix a new Hearing date.

On 27 July 2018, the Federal Court has fixed a new Hearing date on 18 September 2018.

The Board of Directors of the Company has announced that on 18 September 2018 the Federal Court has granted the Company's leave application to appeal to the Federal Court against Court of Appeal Order dated 15 September 2017.

Pursuant to Federal Court has granted the Company's leave application to appeal against Court of Appeal Order dated 15 September 2017 on 18 September 2018, the Company has filed Notice of Appeal to Federal Court on 21 September 2018.

The Federal Court vides its letter dated 25 September 2018 informed that the case management for the Appeal to Federal Court has fixed on 26 October 2018.

On 26 October 2018, the Federal Court fixed the Hearing on 13 March 2019.

On 13 March 2019, the Federal Court has adjourned the Hearing and will fix a Case Management date.

On 19 March 2019, the Federal Court has fixed the Case Management on 19 April 2019.

On 19 April 2019, the Federal Court fixed further Case Management on 05 July 2019.

On 5 July 2019, the Federal Court fixed another Case Management on 19 July 2019 pending filing of the Notice of Discontinuance.

On 11 July 2019, the Company had filed the Notice of Discontinuance to the Federal Court. The Company has withdrawn the appeal.

31. MATERIAL LITIGATIONS (CONT'D)

(f) RHB Bank Berhad ("Plaintiff" or "RHB") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "Company")
Kuala Lumpur High Court A/E No.: WA-38-550-09/2016

On 25 October 2016, the Company has received the sealed copy of the Notice of Application to proceed with the Order for Sale dated 26 September 2016 from the Plaintiff's solicitors.

The hearing of the Application has been fixed on 17 November 2016.

On 17 November 2016, the Court has further fixed the case management on the 1 December 2016.

The Court has further fixed the case management on 19 December 2016 for both parties to exhaust the Affidavits.

On 19 December 2016, the Court has fixed the matter for mention on 28 February 2017.

On 28 April 2017, the Court was informed on the outcome of the appeal against the Order for Sale and the matter is now fixed for Case Management on 19 May 2017.

On 19 May 2017, the Court had fixed the decision date on 23 May 2017. However, the Deputy Registrar was on emergency leave on that date and the decision was postponed to 24 May 2017.

On 24 May 2017, the Court had allowed the Plaintiff's Notice of Application for Court's direction pertaining to the conduct of the auction was allowed with costs of RM1,000 and the Court further fixed the auction date of Wisma MPL on 10 July 2017.

On 23 June 2017 we were informed that the Notice of Appeal was fixed for case management on 4 July 2017.

On 5 July 2017 the Hearing of the Stay Application was fixed on 21 August 2017.

On 10 July 2017, the auction was called off as there was no bidder.

Further, the Court fixed 12 October 2017 for the Decision for Hearing of Stay of Application and Notice of Appeal to the Judge in Chambers for direction of auction which the matter was heard on 21 August 2017.

On 12 October 2017, the Court dismissed the Company's application to appeal to the Judge in Chambers for direction of auction with costs of RM3,000.

On 2 November 2017, RHB has filed a fresh application for auction. The Company has reply to their affidavit on 30 November 2017. The Court is now fix for case management for the application of auction on 6 December 2017.

On 6 December 2017, the Court fixed next case management on 20 December 2017 pending filling of the affidavit in Reply by RHB to the Company's affidavit dated 30 November 2017.

On 20 December 2017, the Court further fixed the case management on 5 January 2018 pending filling of the Affidavit in Reply by the Company to RHB's Affidavit.

On 5 January 2018, the Court fixed the case management on 19 January 2018 for RHB to reply to the Company's Affidavit in Reply.

On 19 January 2018, the Court fixed the Hearing for RHB's application for auction on 19 March 2018.

On 19 March 2018, the Court has adjourned the Hearing for the auction to 5 April 2018.

31. MATERIAL LITIGATIONS (CONT'D)

(f) RHB Bank Berhad ("Plaintiff" or "RHB") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "Company")
Kuala Lumpur High Court A/E No.: WA-38-550-09/2016 (Cont'd)

On 5 April 2018, the Court fixed the Decision for Hearing on 6 April 2018.

On 6 April 2018, the Court had allowed the RHB's Notice of Application for Court's direction pertaining to the conduct of the auction with costs of RM2,000 and the Court further fixed the auction date of Wisma MPL on 30 May 2018.

On 30 May 2018, the auction was aborted as there were no bidders.

On 26 July, RHB has filed a fresh application for auction at Kuala Lumpur High Court. The Court has fixed the Hearing for the application of auction on 27 August 2018.

On 27 August 2018, the Court further fixed the Hearing for the application of auction on 21 September 2018.

On 21 September 2018, the Court has fixed the auction date of Wisma MPL on 29 November 2018.

The Company has filed the Notice of Appeal to Judge in Chambers against part of the decision of the Registrar given on 21 September 2018 and the Court has fixed 8 October 2018 for the hearing of the Notice of Appeal.

Pursuant to the Company's Notice of Appeal to Judge in Chambers, the Company has filed the Notice of Application for Stay of Execution of the Order dated 21 September 2018 pending appeal to the Judge in Chambers and the Court has fixed 31 October 2018 for hearing.

For the Appeal to Judge in Chambers on 8 October 2018, the Court has fixed case management on 25 October 2018.

On 25 October 2018, the Court fixed the next Case Management on 31 October 2018.

On 31 October 2018, the Registrar dismissed the Company's application for Stay of Execution of the Order dated 21 September 2018. Meanwhile in respect of Appeal to Judge in Chambers, the Court fixed Case Management on 19 November 2018.

Pursuant to dismissal of MPCorp's Stay of Execution of the Order dated 21 September 2018 given by the Registrar on 31 October 2018, the Company has filed the appeal to Judge in Chambers against the dismissal of the stay of execution on 07 November 2018 whereby the Case Management has fixed on 23 November 2018 and Hearing on 27 November 2018.

On 19 November 2018, the Case Management for the Appeal to Judge in Chambers for the Auction Direction, the Court fixed another Case Management on 27 November 2018.

At the Case Management on 23 November 2018 for the dismissal of the Company's Stay of Execution of the Order dated 21 September 2018, the Hearing before the Judge fixed on 27 November 2018 was maintained.

On 27 November 2018, at the Hearing of the appeal to Judge in Chambers against the dismissal of the Company's Stay of Execution of the Order dated 21 September 2018, the Court has struck out the Company's said appeal due to the Order granted by the High Court on 21 November 2018 inter alia directing court convened meetings be held for creditors and contributories with a restraining order against all legal proceedings against the Company.

Meanwhile, in respect of the Appeal to Judge in Chambers for the Auction Direction, the Court has fixed another Case Management on 26 February 2019.

31. MATERIAL LITIGATIONS (CONT'D)

(f) RHB Bank Berhad ("Plaintiff" or "RHB") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "Company")
Kuala Lumpur High Court A/E No.: WA-38-550-09/2016 (Cont'd)

On 29 November 2018, the Auction has been called off and there is no next date given by the Court.

RHB had filed a fresh application for auction and the Court then fixed the Hearing for the application of auction on 9 April 2019.

On 9 April 2019, the Court further fixed Hearing on 08 July 2019 pending settlement between the Company and RHB.

On 5 July 2019, the Company has received a sealed copy of Notice of Discontinuance in relation to the auction filed by RHB. RHB has withdrawn the matter against the MPCorp with no order as to costs.

(g) Wisma MPL JMB ("Plaintiff" or "JMB") vs. Malaysia Pacific Corporation Berhad ("Defendant" or "Company")
Kuala Lumpur High Court Originating Summons No.: 24NCVC-1341-08/2013

On 10 April 2017, the Plaintiff filed a Notice of Application against the officers of the Company for not complying to the Court order dated 10 January 2014 and 28 January 2015.

The court has fixed the application for case management on 1 June 2017.

On 18 August 2017, the Court has set the matter for case management on 15 September 2017.

On 15 September, the Court fixed for further case management on 30 October 2017 to update Court on the status of amicable settlement.

On 30 October 2017, the Court fixed for further case management on 29 November 2017 to update Court on the status of settlement between JMB and the Company.

On 29 November 2017, the Court fixed for cases management on 5 January 2018 as JMB and the Company required another meeting to discuss for settlement.

On 5 January 2018, the Court fixed further case management on 25 January 2018 pending status settlement between JMB and the Company.

On 25 January 2018, the Court fixed 22 February 2018 as the final date for Case Management pending terms of settlement JMB and the Company.

On 22 February 2018, the Court fixed another case management on 27 February 2018 pending finalising settlement agreement between JMB and the Company.

On 27 February 2018, the case management was adjourned to 8 March 2018 as the Court had an emergency meeting.

On 8 March 2018, pursuant to the Settlement Agreement between JMB and the Company dated 28 February 2018, JMB has withdrawn the Committal Proceedings against the Company and its officers.

31. MATERIAL LITIGATIONS (CONT'D)

(h) Malaysia Pacific Corporation Berhad ("Company" or "Plaintiff") vs RHB Bank Berhad ("RHB" or "Defendant")
Court or Appeal No. W-02(NCC)(A)1312-06/2019 and W-02(NCC)-1311-06/2019
Kuala Lumpur High Court No. WA-28NCC-131-02/2019
Kuala Lumpur High Court Originating Summons No. 24NCC-292-07/2016

The Company previously on 14 June 2016 received a notice of statutory demand pursuant to Section 218 of the Companies Act 1965 (Act 125) dated 8 June 2016 from Gibb & Co.

On 20 February 2018, the Company received a Winding-Up Petition pursuant to Sect 465 of the Companies Act 2016 (Act 777) dated 6 February 2018 from Messrs Gibbs & Co. and the case management is fixed on 21 February 2018.

On 21 February 2018, the Court fixed the next case management on 27 March 2018.

On 27 March 2018, the Court fixed further case management on 5 April 2018.

On 5 April 2018, the Court fixed the Hearing for Winding-Up Petition on 12 April 2018.

The Company had on 6 April 2018 filed a Notice of Motion to Strike Out the Winding-Up Petition. The Court thereafter fixed the matter for Hearing on 12 April 2018 together with the Hearing for Winding-Up Petition.

On 12 April 2018, the Hearing for Winding-Up Petition and Notice of Motion to Strike Out the Winding-Up Petition was adjourned to 30 May 2018.

On 30 May 2018, pursuant to the Hearing for the applications of Winding-Up Petition, Stay of Winding-Up Proceedings and Notice of Motion to Strike Out the Winding-Up Petition, the Court has fixed the Decision for the applications on 13 June 2018.

On 13 June 2018, the Court allowed RHB'S Winding-Up Petition and dismissed the Company application to Stay the Winding-Up Petition and application for Notice of Motion to Strike Out the Winding-Up Petition. The Company is appealing against the decision.

On 14 June 2018, the Company filed an appeal to the Court of Appeal against the Winding-Up Order and also application for a stay of Winding-Up Order pending the appeal.

On 17 June 2018, the Court of Appeal has acknowledged receipt of the Company's appeal and has registered the appeal under Civil Appeal No. W-02(NCC)(A)1312-06/2018.

The Court of Appeal has fixed 10 July 2018 for the Hearing of the Stay of Winding-Up Proceedings.

On 10 July 2018, the Court of Appeal had allowed the Company's application for the Stay of Execution of the Winding-Up Order dated 13 June 2018 with no order as to costs. The Court has further fixed the appeal against the Winding-Up Order for Case Management on 1 August 2018.

On 1 August 2018 the Court of Appeal fixed the next Case Management on 13 September 2018.

On 13 September 2018, the Court of Appeal further fixed the next Case Management on 7 November 2018.

On 7 November 2018, the Court of Appeal fixed the Hearing on 22 March 2019.

On 22 March 2019, the Court of Appeal adjourned the Hearing and fixed the Case Management instead. The next date for Case Management is on 18 April 2019.

31. MATERIAL LITIGATIONS (CONT'D)

(h) Malaysia Pacific Corporation Berhad ("Company" or "Plaintiff") vs RHB Bank Berhad ("RHB" or "Defendant")
Court or Appeal No. W-02(NCC)(A)1312-06/2019 and W-02(NCC)-1311-06/2019
Kuala Lumpur High Court No. WA-28NCC-131-02/2019
Kuala Lumpur High Court Originating Summons No. 24NCC-292-07/2016 (Cont'd)

On 18 April 2019, the Court of Appeal fixed the Case Management on 8 July 2019 for parties to update the progress of the settlement vide the consent Validation Order dated 03 April 2019 (under Kuala Lumpur High Court Post Winding Up Suit No.WA-28PW-222-03/2019). The Court of Appeal also fixed Hearing date on 14 November 2019.

On 8 July 2019, the Court of Appeal further fixed Case Management on 29 July 2019 pending the filing of the Notice of Discontinuance by the Company.

On 11 July 2019, the Company had filed the Notice of Discontinuance to Court of Appeal. the Company has withdrawn the appeal.

(i) Malaysia Pacific Corporation Berhad ("Company" or "Plaintiff") vs Wisma MPL JMB ("JMB" or "Defendant")
Court of Appeal No. W-02(NCVC)(W)-361-02-2018
Kuala Lumpur High Court Suit No. 22NCVC-691-12/2015

On 22 March 2018, the Court of Appeal further fixed the Case Management on 18 April 2018 pending filling of the Record of Appeal, extraction of the sealed Judgment, Grounds of Judgment from the High Court and filling of the Respondent's Notice of Motion.

On 18 April 2018, the Court of Appeal has fixed the Hearing for Respondent's Notice of Motion for Security for Costs on 16 July 2018. The Court of Appeal also fixed the case Management for the Company's appeal on 16 July 2018.

On 4 July 2018, pursuant to the Settlement Agreement between the Respondent and the Company dated 18 June 2018, the Company has filed a Notice of Withdrawal of the Appeal to the Court of Appeal without liberty to file afresh and no order as to costs and the deposit to be refunded to the Company.

(j) Malaysia Pacific Corporation Berhad ("Company" or "Applicant") vs RHB Bank Berhad ("RHB" or "Respondent").
Kuala Lumpur High Court Post Winding Up Suit No.WA-28PW-462-07/2019
Kuala Lumpur High Court Post Winding Up Suit No.WA-28PW-222-03/2019
[Companies Winding Up Petition No. WA-28NCC-131-02/2018]

On 15 March 2019, the Company filed an application for validation and termination of winding-up order dated 13 June 2018 pursuant to Sections 472 and 493 of the Act. On 3 April 2019, the parties entered into a consent order wherein the parties consented to the disposition of the land pursuant to the sale and purchase agreement dated 11 March 2019 entered between the Company and the Purchaser ("Consent Order"). Under the terms of the Consent Order, the Company reserved the right to proceed with the termination of winding-up order dated 13 June 2018 upon full payment of the redemption sum to RHB.

The matter was fixed for case management on 23 April 2019 for the parties to update the Court on the status of settlement. On 23 April 2019, as the Company and RHB has recorded validation order on 3 April 2019, the application to intervene by Top Lander Offshore Inc. as proposed intervener was redundant and the application was struck out with liberty to file afresh.

On 19 July 2019, the Company has filed an ex-parte application for termination of the winding up order dated 13 June 2018 pursuant to Section 493 of the Act. Pursuant to the application filed by the Company, the Court has registered the Company's application under Post Winding-Up Suit No. WA-28PW-462-07/2019 and fixed the hearing for the application on 26 July 2019.

31. MATERIAL LITIGATIONS (CONT'D)

(j) Malaysia Pacific Corporation Berhad ("Company" or "Applicant") vs RHB Bank Berhad ("RHB" or "Respondent").
Kuala Lumpur High Court Post Winding Up Suit No.WA-28PW-462-07/2019
Kuala Lumpur High Court Post Winding Up Suit No.WA-28PW-222-03/2019
[Companies Winding Up Petition No. WA-28NCC-131-02/2018] (Cont'd)

On 26 July 2019, the parties entered into a consent order in the terms, inter alia, as follows:

(i) the winding-up order of the Company dated 13 June 2018 vide the Kuala Lumpur High Court, Companies (Winding-Up) Petition No.: WA-28NCC-131-02/2018 shall be terminated with immediate effect; and

(ii) Mr. Mok Chew Yin and Mr. Ong Hock An of BDO Consulting Sdn Bhd be released as the liquidators of the Company.

32. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other parties.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Related parties of the Group include:

Related parties	**Relationships**
Top Lander Offshore Inc.	A substantial corporate shareholder of the Company.
Ocean Power Enterprises Limited and Power View Holdings Limited (Incorporated in Hong Kong)	A company in which Datin Kong Yuk Chu, an Executive Director of the Company, who is also substantial shareholders of the Company have substantial shareholding interests.
Optima Mewah Sdn. Bhd.	A company in which Datin Kong Yuk Chu and Ch'ng Soon Sen, both Executive Directors of the Company, who are also substantial shareholders of the Company, have substantial shareholding interests.
Jacmolli Design & Jewellers (M) Sdn. Bhd.	A company in which Datin Kong Yuk Chu, an Executive Director of the Company, who is also substantial shareholders of the Company have substantial shareholding interests.

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Advances from/ Repayment to				
Top Lander Offshore Inc. (net)	**11,071**	1,400	**11,071**	1,400

(c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fee	**125**	174	**125**	174
Short-term employee benefits	**2,462**	2,671	**1,143**	193
Defined contribution plans	**246**	266	**112**	14
	2,833	3,111	**1,380**	381

33. SEGMENT INFORMATION

The Company and its subsidiary companies are principally engaged in the business of property development, investment property and construction. The Group's property development activity is mainly undertaken by LHRD, a wholly-owned subsidiary company of the Company.

The Group has arrived at three (3) reportable segments that are organised and managed separately, which require different business and marketing strategies. The segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the nature of its businesses. The reportable segments are summarised as follows:

(i) Property development : Development of residential and commercial properties

(ii) Investment property : Letting of investment properties

(iii) Construction : Construction of buildings

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax. Segment assets and liabilities exclude tax assets and tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

33. SEGMENT INFORMATION (CONT'D)

	Property development RM'000	Investment property RM'000	Construction RM'000	Total RM'000
Group				
2019				
Revenue				
Revenue from external customers	8,769	5,862	-	14,631
Interest income	175	1	-	176
Finance costs	(20)	(13,020)	-	(13,040)
Net finance expense	155	(13,019)	-	(12,864)
Depreciation of property, plant and equipment	167	74	-	241
Segment profit/(loss) before tax	(6,378)	(71,390)	222	(77,546)
Other material non-cash items				
Bad debts written off	7	31	-	38
Impairment losses on:				
- asset held for sale	-	63,000	-	63,000
- trade receivables	27	171	-	198
Fair value adjustment on other payables	-	729	-	729
Reversal of impairment losses on:				
- trade receivables	-	(135)	-	(135)
Reversal of payables arised from proof of debts	(1,272)	(483)	(228)	(1,983)
Reversal of accruals no longer required	-	(13)	-	(13)
Reversal of provision of liquidated damage	(257)	-	-	(257)
Waiver of debts income	(9)	-	-	(9)
Gain on winding up of subsidiary companies	-	(91)	-	(91)
Segment assets	253,118	286,494	10	539,622
Segment liabilities	93,771	591,129	1,612	686,512

33. SEGMENT INFORMATION (CONT'D)

	Property development RM'000	Investment property RM'000	Construction RM'000	Total RM'000
Group				
2018				
Revenue				
Revenue from external customers	8,714	6,185	-	14,899
Interest income	-	47	-	47
Finance costs	(16)	(12,020)	-	(12,036)
Net finance expense	(16)	(11,973)	-	(11,989)
Depreciation of property, plant and equipment	136	82	-	218
Segment profit/(loss) before tax	6,005	(7,986)	53	(1,928)
Other material non-cash items				
Bad debts written off	-	35	-	35
Impairment losses on:				
- asset held for sale	-	5,299	-	5,299
- trade receivables	-	838	-	838
- other receivables	-	4	-	4
Unrealised gain/(loss) on foreign exchange	-	547	-	547
Gain on disposal of property, plant and equipment	-	(74)	-	(74)
Fair value adjustments on other payables	-	(2,399)	-	(2,399)
Reversal of impairment losses on:				
- trade receivables	-	(153)	-	(153)
- asset held for sale	-	(1,299)	-	(1,299)
Reversal of payables arised from proof of debts	(2,018)	(5,150)	-	(7,168)
Reversal of accruals no longer required	-	(5,599)	-	(5,599)
Segment assets	262,172	356,652	10	618,834
Segment liabilities	94,550	580,055	1,834	676,439

33. SEGMENT INFORMATION (CONT'D)

Major customers

The following are major customers with revenue equal or more than ten (10%) percent of the Group's revenue:

	Revenue		Segment
	2019 RM'000	2018 RM'000	
Customer A	**8,769**	-	Property development
Customer B	**-**	19,101	Property development
Customer C	**-**	(10,743)	Property development

Reconciliations of reportable segment revenue, loss for the financial year, assets and liabilities to the Group's corresponding amounts are as follows:

	Group	
	2019 RM'000	2018 RM'000
Revenue		
Group's revenue as per statements of profit or loss and other comprehensive income	**14,631**	14,899
Loss for the financial year		
Segment loss before tax	**(77,546)**	(1,928)
Taxation	**(3,528)**	(61)
Loss for the financial year	**(81,074)**	(1,989)
Assets		
Total assets for reportable segments	**539,622**	618,834
Elimination of inter-segment assets	**(101,079)**	(121,552)
Current tax assets	**1,244**	275
Group's assets	**439,787**	497,557
Liabilities		
Total liabilities for reportable segments	**686,512**	676,439
Elimination of inter-segment liabilities	**(334,740)**	(344,082)
Current tax liabilities	**42**	-
Deferred tax liabilities	**33,098**	28,662
Group's liabilities	**384,912**	361,019

34 FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets measured at amortised cost RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Group			
30.6.2019			
Financial Assets			
Trade receivables	**8,075**	**-**	**8,075**
Other receivables	**9,937**	**-**	**9,937**
Amount due from an associate	**21**	**-**	**21**
Cash and bank balances	**3,752**	**-**	**3,752**
	21,785	**-**	**21,785**
Financial Liabilities			
Trade payables	**-**	**727**	**727**
Other payables	**-**	**206,920**	**206,920**
Bank borrowings	**-**	**144,125**	**144,125**
	-	**351,772**	**351,772**

	Loans and receivables RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Group			
30.6.2018			
Financial Assets			
Trade receivables	2,236	-	2,236
Other receivables	8,264	-	8,264
Cash and bank balances	1,855	-	1,855
	12,355	-	12,355
Financial Liabilities			
Trade payables	-	2,456	2,456
Other payables	-	179,530	179,530
Bank borrowings	-	150,111	150,111
	-	332,097	332,097

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Loans and receivables RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Group			
1.1.2017			
Financial Assets			
Trade receivables	3,951	-	3,951
Other receivables	8,261	-	8,261
Cash and bank balances	810	-	810
	13,022	-	13,022
Financial Liabilities			
Trade payables	-	2,814	2,814
Other payables	-	197,143	197,143
Bank borrowings	-	137,607	137,607
	-	337,564	337,564

	Financial assets measured at amortised cost RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Company			
30.6.2019			
Financial Assets			
Trade receivables	**37**	**-**	**37**
Other receivables	**9,800**	**-**	**9,800**
Amount due from subsidiary companies	**57,138**	**-**	**57,138**
Cash and bank balances	**2,032**	**-**	**2,032**
	69,007	**-**	**69,007**
Financial Liabilities			
Other payables	**-**	**82,732**	**82,732**
Amount due to subsidiary companies	**-**	**24,264**	**24,264**
Bank borrowings	**-**	**143,741**	**143,741**
	-	**250,737**	**250,737**

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Loans and receivables RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
Company			
30.6.2018			
Financial Assets			
Trade receivables	100	-	100
Other receivables	8,101	-	8,101
Amount due from subsidiary companies	56,000	-	56,000
Cash and bank balances	1,189	-	1,189
	65,390	-	65,390
Financial Liabilities			
Other payables	-	52,992	52,992
Amount due to subsidiary companies	-	25,554	25,554
Bank borrowings	-	149,660	149,660
	-	228,206	228,206
1.7.2017			
Financial Assets			
Trade receivables	1,952	-	1,952
Other receivables	8,083	-	8,083
Amount due from subsidiary companies	57,343	-	57,343
Cash and bank balances	437	-	437
	67,815	-	67,815
Financial Liabilities			
Other payables	-	56,819	56,819
Amount due to subsidiary companies	-	26,263	26,263
Bank borrowings	-	137,373	137,373
	-	220,455	220,455

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from an associate and deposits with banks. The Company's exposure to credit risk arises principally from receivables from customers, amount due from subsidiary companies and deposits with banks. There are no significant changes as compared to prior period.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk. The Group has no significant concentration of credit risk except as disclosed in Note 8. The Company has no significant concentration of credit risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

As disclosed in Note 16, the Group had defaulted in the repayment of principal sums and interest in respect of banking facilities, amounting to RM143,741,000 (30.6.2018: RM149,622,000; 1.7.2017: RM137,253,000).

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Repayable on demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
30.6.2019					
Non-derivative financial liabilities					
Trade payables	**727**	**-**	**-**	**727**	**727**
Other payables	**197,005**	**9,915**	**-**	**206,920**	**206,920**
Revolving credit	**50,695**	**-**	**-**	**50,695**	**50,695**
Finance lease liabilities	**84**	**84**	**262**	**430**	**384**
Bank overdrafts	**93,046**	**-**	**-**	**93,046**	**93,046**
	341,557	**9,999**	**262**	**351,818**	**351,772**
30.6.2018					
Non-derivative financial liabilities					
Trade payables	2,456	-	-	2,456	2,456
Other payables	169,699	9,831	-	179,530	179,530
Revolving credit	48,368	-	-	48,368	48,368
Finance lease liabilities	125	339	92	556	489
Bank overdrafts	101,254	-	-	101,254	101,254
	321,902	10,170	92	332,164	332,097

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	Repayable on demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
1.7.2017					
Non-derivative financial liabilities					
Trade payables	2,814	-	-	2,814	2,814
Other payables	197,143	-	-	197,143	197,143
Revolving credit	46,071	-	-	46,071	46,071
Finance lease liabilities	123	208	66	397	354
Bank overdrafts	91,182	-	-	91,182	91,182
	337,333	208	66	337,607	337,564

	Repayable on demand or within 1 year RM'000	1 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company				
30.6.2019				
Non-derivative financial liabilities				
Other payables	**72,817**	**9,915**	**82,732**	**82,732**
Amount due to subsidiary companies	**24,264**	**-**	**24,264**	**24,264**
Revolving credit	**50,695**	**-**	**50,695**	**50,695**
Bank overdrafts	**93,046**	**-**	**93,046**	**93,046**
	240,822	**9,915**	**250,737**	**250,737**
30.6.2018				
Non-derivative financial liabilities				
Other payables	43,161	9,831	52,992	52,992
Amount due to subsidiary companies	25,554	-	25,554	25,554
Revolving credit	48,368	-	48,368	48,368
Finance lease liabilities	39	-	39	38
Bank overdrafts	101,254	-	101,254	101,254
	218,376	9,831	228,207	228,206

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	Repayable on demand or within 1 year RM'000	1 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company				
1.7.2017				
Non-derivative financial liabilities				
Other payables	56,819	-	56,819	56,819
Amount due to subsidiary companies	26,263	-	26,263	26,263
Revolving credit	46,071	-	46,071	46,071
Finance lease liabilities	85	39	124	120
Bank overdrafts	91,182	-	91,182	91,182
	220,420	39	220,459	220,455

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in foreign currency. The currency giving rise to this risk is primarily Hong Kong Dollar (HKD).

The Group has not entered into any derivative instruments for hedging or trading purposes. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in HKD RM'000	Total RM'000
Group		
30.6.2019		
Cash and bank balances	**19**	**19**
30.6.2018		
Cash and bank balances	12	12
1.7.2017		
Cash and bank balances	24	24

<u>Foreign currency sensitivity analysis</u>

The exposure of currency risk of an entity in the Group which does not have RM as its functional currency is not material and hence, sensitivity analysis is not presented.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and creditors and it is managed through effective negotiation with financial institutions for best available rates. The Group does not use derivative financial instruments to hedge its risk.

The carrying amounts of the Group's and the Company's financial instruments that are exposed to interest rate risk is as follows:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Group			
Fixed rate instruments			
Financial liabilities	**384**	489	354
Floating rate instruments			
Financial liabilities	**143,741**	149,622	137,253
Company			
Fixed rate instruments			
Financial liabilities	**-**	38	120
Floating rate instruments			
Financial liabilities	**143,741**	149,622	137,253

Interest rate sensitivity analysis

A change in 0.25% interest rate at the end of the reporting period would have increased/decreased the Group's and the Company's loss before tax by RM359,000 and RM359,000 (2018: RM374,000 and RM343,000) respectively, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (Cont'd)

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000
Group				
30.6.2019				
Financial liabilities				
Finance lease liabilities (non-current liabilities)	**-**	**264**	**-**	**316**
30.6.2018				
Financial liabilities				
Finance lease liabilities (non-current liabilities)	-	323	-	385
1.7.2017				
Financial liabilities				
Finance lease liabilities (non-current liabilities)	-	243	-	244
Company				
1.7.2017				
Financial liabilities				
Finance lease liabilities (non-current liabilities)	-	37	-	38

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at the end of the reporting period are as follows:

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Total loans and borrowings	**144,125**	150,111	137,607
Less: Cash and bank balances	**(3,752)**	(1,855)	(810)
Net debt	**140,373**	148,256	136,797
Total equity	**54,875**	136,538	138,521
Gearing ratio (time)	**2.56**	1.09	0.99

	Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Total loans and borrowings	**143,741**	149,660	137,373
Less: Cash and bank balances	**(2,032)**	(1,189)	(437)
Net debt	**141,709**	148,471	136,936
Total equity	**(9,877)**	72,395	88,249
Gearing ratio (time)	**N/A**	2.05	1.55

N/A – The gearing ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's approach to capital management during the financial year.

As disclosed in 2(c), on 17 July 2019, the Company has obtained approval from Bursa Securities for extension of time up to 31 December 2019 for the Company to submit its proposed regularisation plan to the regulatory authorities.

36. SIGNIFICANT AND SUBSEQUENT EVENTS

The following significant and subsequent events took place for the Company and its subsidiary company:

(a) Malaysia Pacific Corporation Berhad ("the Company")

(i) TA Securities Holdings Berhad had on 26 June 2019 submitted to Bursa Securities an application for further extension of time up to 31 December 2019 for the Company to make the requisite announcement and submit the regularisation plan. On 17 July 2019, Bursa Securities had approved the application for an extension of time up to 31 December 2019 for the Company to submit its proposed regularisation plan to the regulatory authorities.

(ii) On 23 August 2019, the Company and its subsidiary companies namely Oriental Pearl City Properties Sdn. Bhd., Lakehill Resort Development Sdn. Bhd. and Taman Bandar Baru Masai Sdn. Bhd. entered into a settlement agreement with Amanahraya Development Sdn. Bhd. ("AmanahRaya")("Proposed Land Disposal") which involves the effective disposal of land measuring a total of approximately 131.95 acres in the Mukim of Plentong, District of Johor Bahru, State of Johore as settlement of debt owing to AmanahRaya amounting to RM115,000,000.

The Proposed Land Disposal is pending approval from shareholders of the Company and the relevant authorities as at the date of this report.

(b) Lakehill Resort Development Sdn. Bhd. ("LHRD")

(i) On 26 May 2015, LHRD entered into a Joint Development Agreement ("JDA") with Bina Puri Properties Sdn. Bhd. ("BPPSB"). LHRD, as a land owner will grant BPPSB, the sole and exclusive rights to carry out a housing development project on the land with total area of 1,063,299.55 square feet. As a return, LHRD is entitled to RM21,265,991 as consideration together with an agreed proportion of profit sharing. The development project has a gross development value of RM169.96 million. As at the latest practicable date, 247 sale and purchase agreements for the sale of double-storey terrace houses have been signed by purchasers. As at 30 June 2019, the development project is 39% completed and it is scheduled to be fully completed in 2021.

(ii) On 27 February 2017, LHRD and TBBM entered into a non-binding term sheet with Chunfu for a joint development project on 13 pieces of land measuring 144.91 hectares in Mukim of Plentong, District of Johor Bahru, State of Johore ("Development Project"). This was followed by a joint venture agreement ("JVA") dated 12 July 2017 and a supplemental joint venture agreement ("Supplemental JVA") dated 26 March 2018 to vary certain terms of the JVA such that the Development Project will be limited to the 7 pieces of land measuring 65.47 hectares held as part of GRN 293414 lot 96802, GRN 293593 lot 96803, GRN 293632 lot 96804, GRN 293418 lot 96805, GRN 293308 lot 96811, GRN 293309 lot 121216 and HSD 310462 PTD 149718 in the Mukim of Plentong, District of Johor Bahru, State of Johore. The Group intends to finance its share of the Development Project via internally-generated funds and/or bank borrowings.

On 21 September 2018, LHRD, TBBM and Chunfu entered into the following agreements:

(a) amended and restated JVA to vary certain terms of the JVA and Supplemental JVA whereby the Development Project will be carried out on 2 pieces of land with the master title GRN 293586, Lot 96791 in Mukim of Plentong, District of Johor Bahru, State of Johore, measuring 17.31 hectares ("Phase 1 Land"); and

36. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

The following significant and subsequent events took place for the Company and its subsidiary company: (Cont'd)

(b) Lakehill Resort Development Sdn. Bhd. ("LHRD") (Cont'd)

(ii) On 27 February 2017, LHRD and TBBM entered into a non-binding term sheet with Chunfu for a joint development project on 13 pieces of land measuring 144.91 hectares in Mukim of Plentong, District of Johor Bahru, State of Johore ("Development Project"). This was followed by a joint venture agreement ("JVA") dated 12 July 2017 and a supplemental joint venture agreement ("Supplemental JVA") dated 26 March 2018 to vary certain terms of the JVA such that the Development Project will be limited to the 7 pieces of land measuring 65.47 hectares held as part of GRN 293414 lot 96802, GRN 293593 lot 96803, GRN 293632 lot 96804, GRN 293418 lot 96805, GRN 293308 lot 96811, GRN 293309 lot 121216 and HSD 310462 PTD 149718 in the Mukim of Plentong, District of Johor Bahru, State of Johore. The Group intends to finance its share of the Development Project via internally-generated funds and/or bank borrowings. (Cont'd)

(b) a shareholders' agreement to incorporate a joint venture company, namely Chun Fu Lakehill Sdn. Bhd. ("JVCo"), to carry out the Development Project.

On 12 November 2018, the JVCo entered into a sale and purchase agreement to acquire Phase 1 Land from TBBM and LHRD for a purchase price of RM33.54 million. On 5 December 2018, the title for Lot 97691 of the Phase 1 Land was successfully subdivided and the final title has been obtained from the Pejabat Tanah & Galian Johor. The land has been subdivided into 2 commercial plots, namely PTD 235742 with a size of 9.09 hectares and PTD 235743 with a size of 8.22 hectares.

At the present moment, LHRD is in the process of obtaining approval for the Amended Planning Permission for the Development Project on the Phase I Land from Majlis Perbandaran Pasir Gudang ("MPPG") which are expected to be obtained in the 3rd quarter of 2019.

(iii) Upon obtaining approval for the Amended Planning Permission, LHRD and Chunfu will proceed with the conversion exercise for the category of use for the Phase 1 Land as well as submission of building plan, infrastructure plan and earthwork plan to MPPG for their approval, prior to the commencement of the construction works with the construction of public amenities i.e., middle ring road, sewerage treatment plant, water tank and main substation centre for electricity. Most of the project consultants in relation to the development of the Phase 1 Land have been appointed.

37. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 22 October 2019.

Properties
Held by the Group

	Tenure		Location	Approximately Net Lettable Area/ Land Area (Acres)	Approximate Age of Building (years)	Net Carrying Amount @ 30 June 2019 (RM'000)	Date of Revaluation
1	Freehold	i	19 Level office tower	257,805 sq ft	45	189,000	
		ii	Majority of the floor area of 4 level retail podium at Jalan Raja Chulan 50200 Kuala Lumpur	76,864 sq ft			
2	Freehold		Remaing Land & Development in the Mukim Plentong, District of Johore Bahru, State of Johor;				6/30/2019
			HS (D) 310469 GRN 293428, HS (D) 310468 GRN 293635, HS (D) 310467 GRN 293424, HS (D) 310464 GRN 293306, HS (D) 310463 GRN 293304, HS (D) 310465 GRN 293308, HS (D) 310466 GRN 293309, HS (D) 310461 GRN 293418, HS (D) 310462 HSD 310462, HS (D) 310460 GRN 293632, HS (D) 310459 GRN 293593, HS (D) 310458 GRN 293414, HS (D) 310448 GRN 293586, HS (D) 310450 GRN 293599, HS (D) 310443 GRN 293552, HS (D) 309602 HSD 309602, HS (D) 310442 GRN 293582	407 Acres		226,696	

Analysis of Shareholdings

As at 30 September 2019

Issued and Paid Up Share Capital	:	RM287,659,780
Class of Shares	:	Ordinary Share
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of issued Capital
less than 100	199	6.62	6,968	0.00
100 to 1,000 shares	973	32.36	845,452	0.29
1,001 to 10,000 shares	1,007	33.49	4,873,798	1.69
10,001 to 100,000 shares	650	21.62	24,036,193	8.36
100,001 to less than 5% of issued shares	177	5.89	110,146,797	38.29
5% and above of issued shares	1	0.03	147,750,572	51.36
Grand Total	3,007	100.00	287,659,780	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Top Lander Offshore Inc.	147,750,572	51.36		
Dato' Ch'ng Poh @ Ch'ng Chong Poh	-	-	147,750,572	51.36 [1]
Datin Kong Yuk Chu	-	-	147,750,572	51.36 [1]
Seacrest Land Limited	-	-	147,750,572	51.36 [1]

Notes:-

[1] Deemed interested by virtue of his/her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited, which has in indirect interest in the Company via its wholly-owned subsidiary, Top Lender Offshore Inc. puruant to Section 8(4) of the Companies Act 2016

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Indirect Interest	
Name of Directors	No. of Shares	% of Issued Capital	No. of shares	% of Issued Capital
Dato' Ir. Hj. Md. Nasir Bin Ibrahim	-	-	-	-
Datin Kong Yuk Chu	-	-	147,750,572	51.36 [1]
Ch'ng Soon Sen	469,000	0.16 [2]	-	-
Ch'ng Se Hua	-	-	-	-
Lim Yit Kiong	-	-	-	-
Ho Pui Hold	-	-	-	-

Notes:-

[1] Deemed interested by virtue of his/her substantial interest in Top Lander Offshore Inc and Seacrest Land Limited, which has in indirect interest in the Company via its wholly-owned subsidiary, Top Lender Offshore Inc. puruant to Section 8(4) of the Companies Act 2016

[2] Registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ch'ng Soon Sen (STA 1)

Analysis of Shareholdings

As at 30 September 2019

LIST OF TOP 30 SHAREHOLDERS

No	Name	Shareholding	%
1	TOP LANDER OFFSHORE INC.	147,750,572	51.36%
2	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR TEY POR CHEN	14,300,000	4.97%
3	FONTERN HOLDINGS (M) SDN. BHD.	5,200,000	1.81%
4	TRANSGROW CORPORATION SDN. BHD.	5,090,050	1.77%
5	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,682,989	1.63%
6	NG FAAI @ NG YOKE PEI	3,210,000	1.12%
7	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH AH LOU	2,850,000	0.99%
8	LING KAH CHOK	2,712,000	0.94%
9	YAP LIAN FAR	2,495,700	0.87%
10	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POH CHOO (PENANG-CL)	2,332,800	0.81%
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP LIAN FAR (8039110)	2,145,200	0.75%
12	NAGA ASAS SDN. BHD.	1,994,000	0.69%
13	OON PHAIK SIEW	1,800,000	0.63%
14	SIN BEE LEAN	1,700,000	0.59%
15	LEE SIM HEE	1,576,600	0.55%
16	CHONG HUNG LAI	1,570,600	0.55%
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG HENG LOONG (MY2008)	1,290,000	0.45%
18	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,216,500	0.42%
19	KLUANG BARU PHARMACY SDN.BHD.	1,125,000	0.39%
20	LIM PHEE LIN	1,083,000	0.38%
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WANG CHOON KENG (PENANG)	1,050,000	0.37%
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAY SIN (SECT 52-CL)	972,000	0.34%
23	NG KAI YUAN	936,400	0.33%
24	LEE EE ME	930,200	0.32%
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG KUN TZU @ WONG KING TZU	900,000	0.31%
26	CHEW SWEE SENG	895,000	0.31%
27	TA KIN YAN	881,479	0.31%
28	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. TAIPING RECOVERY SDN BHD - IN LIQUIDATION FOR HO NGAN YIN	871,000	0.30%
29	LIM CHEN TONG	863,300	0.30%
30	WONG AH YONG	802,900	0.28%
		215,227,290	**74.82%**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of MALAYSIA PACIFIC CORPORATION BERHAD ("MPCORP" or "the Company") will be held at at 7th Floor, Multipurpose Hall, The Maple Suite, Menara MapleLee No 1, Changkat Raja Chulan, 50200 Kuala Lumpur on Thursday, 28 November 2019 at 10 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of Directors and Auditors thereon.

2. To approve the payment of Directors' fees for the financial year ended 30 June 2019. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' fees and benefits up to RM156,000 for the financial year ending 30 June 2020 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **(Ordinary Resolution 2)**

4. To re-elect the following Directors who retire in accordance with Article 85 of the Articles of Association of the Company:-

   (1) Datin Kong Yuk Chu **(Ordinary Resolution 3)**
   (2) Ho Pui Hold **(Ordinary Resolution 4)**

5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications:-

6. **Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act")** **(Ordinary Resolution 6)**

   "THAT pursuant to Sections 75 and 76 of the Act and subject always to the approval of the relevant authorities (where applicable), the Directors of the Company be hereby empowered to allot and issue shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of the issued shares of the Company for the time being AND THAT the Board of Directors be hereby also empowered to obtain approval for the listing of and quotation for the additional ordinary shares so issued in Bursa Malaysia Securities Berhad and such authority shall continue in force until the conclusion of the next annual general meeting of the Company"

7. **Proposed adoption of new Constitution** **(Special Resolution 1)**

   "THAT approval be hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new constitution of the Company be hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other ordinary business of which due notice shall have been given.

By order of the Board

PANG KAH MAN (MIA 18831)
Company Secretary

Kuala Lumpur
31 October 2019

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 22 November 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the Forty-Seventh Annual General Meeting ("AGM").

2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.

6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 37-2, 2nd Floor, Jalan Radin Bagus, Bandar Baru Sri Petaling, 57000 W.P. Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Forty-Seventh AGM to vote by poll.

EXPLANATORY NOTES TO THE AGENDA

7. **Item 1 of the Agenda**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") does not require a formal approval of the shareholders and hence, is not put forward for voting.

8. **Item 3 of the Agenda - Ordinary Resolution no. 2**
   Approval of Directors' fees for the financial year ending 30 June 2020

   Directors' fees and benefits (including meeting allowance) approved for the financial year ended 30 June 2019 was RM155,200. The Directors' fees proposed for the financial year ending 30 June 2020 are calculated based on the number of scheduled Board and Committee Meetings for 2020 and assuming that all Non-Executive Directors will hold office until the conclusion of the next annual general meeting.

   This resolution is to facilitate payment of Directors' fees on monthly basis and/or when required. In the event the Directors' fees proposed is insufficient (e.g. due to more meetings), approval will be sought at the next annual general meeting for additional fees to meet the shortfall.

9. **Item 6 of the Agenda - Ordinary Resolution no. 6**
   Authority to Allot and Issue Shares pursuant to Section 75 of the Act

   (a) The proposed resolution, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Forty-Seventh Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding a maximum of ten percent (10%) of the total shares issued of the Company (excluding treasury shares, if any) for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next annual general meeting of the Company.

   (b) The General Mandate is a renewal from the previous mandate obtained at the last annual general meeting held on 29 November 2018 which will expire at the conclusion of the Forty-Seventh Annual General Meeting of the Company.

   (c) As at the date of this Notice, the Company did not issue any new shares based on the previous mandate obtained at the last annual general meeting.

   (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital and/or payment of bank borrowings and acquisition.

10. **Item No. 7 of the Agenda - Special Resolution 1**
    Proposed adoption of new Constitution

    The proposed adoption of new Constitution is intended to align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that may arise from the Act and the Listing Requirements. Please refer to Appendix III of the circular to Shareholders dated 31 October 2019 for further information.

11. **Annual Report**

    The Annual Report for the financial year ended 30 June 2019 is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders upon request within 4 market days from the date of receipt of the written request. The Annual Report can also be downloaded at the Company's corporate website, www.mpcb.com.my.

    Shareholders who wish to receive the printed Annual Report and/or require assistance in viewing the CD-ROM, kindly fax to the Company at fax no. 03-2070 4489 or email your request to enquiry@mpcb.com.my.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

No individual is seeking for election as a Director at the Forty-Seventh Annual General Meeting of the Company.

Proxy Form

MALAYSIA PACIFIC COPRORATION BERHAD (12200-M)

I/We*, ______________________ NRIC No./Passport No./Company No* ______________________

of ____

FULL ADDRESS)

being (a) member(s) of Malaysia Pacific Corporation Berhad hereby appoint(s) ______________________

____

of ____

and/or failing him / her*, ______________________ of ______________________

____

or failing him/her*, the CHAIRMAN OF THIS MEETING as my/our* proxy to vote for me/us* and on my/our* behalf at the Forty-Seventh Annual General Meeting of the Company to be held at 7th Floor, Multipurpose Hall, The Maple Suite, Menara MapleLee No 1, Changkat Raja Chulan, 50200 Kuala Lumpur on Thursday, 28 November 2019 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1	Approval of Directors' fees for the financial year ended 30 June 2019		
2	Approval of Directors' fees for the financial year ending 30 June 2020		
3	Re-election of Datin Kong Yuk chu as Director		
4	Re-election of Ho Pui Hold as Director		
5	Re-appointment of Messrs UHY as Auditors and to authorise the Directors to fix their remuneration		
6	Renewal of authority for Directors to issue ordinary shares pursuant to Section 75 of the Companies Act 2016		
7	Proposed adoption of new Constitution		

Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy(ies) to vote at his/her discretion.

For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy is as follow:

	NRIC No./ Passport No.	No. of Shares	Percentage
Proxy 1			
Proxy 2			
Total			100%

CDS Account No.	
Number of Shares held	

Dated this ______________ day of ______________ 2019

____
Signature of Shareholder(s) or Common Seal

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 22 November 2019 shall be regarded as members and be entitled to attend, participate, speak and vote at the Forty-Seventh Annual General Meeting ("AGM").
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at 37-2, 2nd Floor, Jalan Radin Bagus, Bandar Baru Sri Petaling, 57000 W.P. Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Forty-Seventh AGM to vote by poll.

Personal Data Privacy

By submitting the proxy form, the member or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the Forty-Seventh AGM (including any adjournment thereof).

Fold Here

Affix
Stamp

Company Secretary
Malaysia Pacific Corporation Berhad (12200-M)
37-2, 2nd Floor, Jalan Radin Bagus
Bandar Baru Sri Petaling
57000 Wilayah Persekutuan Kuala Lumpur

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