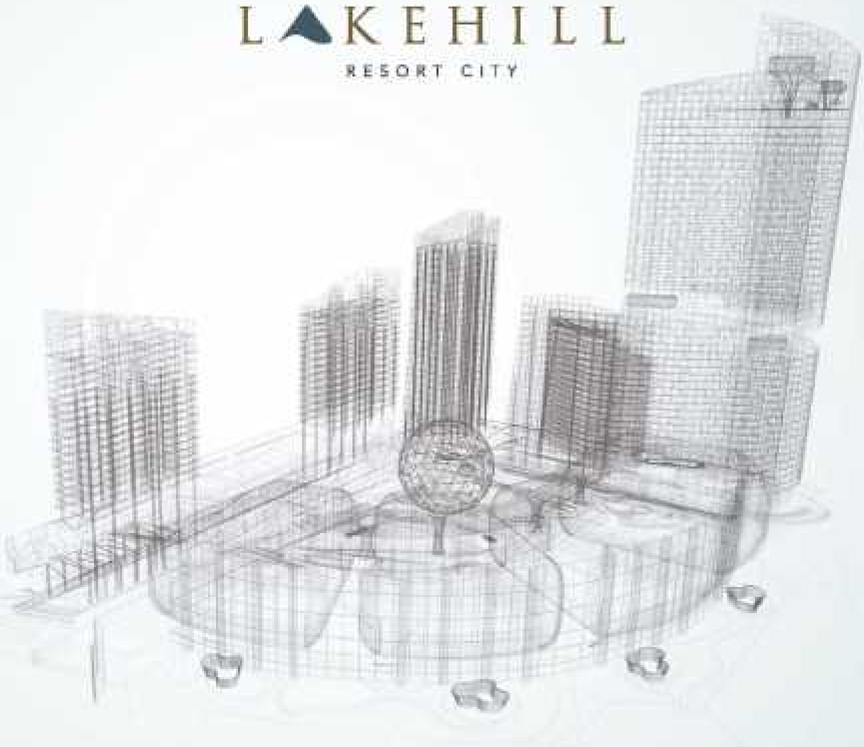
malaysia pacific corporation berhad
(12200-M)

ANNUAL REPORT 2011

CHARTING A NEW SILK ROAD - CONNECTING CHINA, ASEAN, INDIA & THE MIDDLE EAST

APTEC
ASIA PACIFIC TRADE & EXPO CITY
in
LAKEHILL
RESORT CITY



NOTICE OF THE THIRTY-NINTH (39th) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of the Company will be held at Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 20 December 2011 at 11.00 a.m. to transact the following business:-

AGENDA

A. Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2011 and the Reports of Directors and Auditors thereon.	(Note 2)
2.	To approve the payment of Directors' Fees for the financial year ended 30 June 2011.	(Ordinary Resolution 1)
3.	To re-elect Mr. Ch'ng Soon Sen as Director retiring pursuant to Article 85 of the Company's Articles of Association.	(Ordinary Resolution 2)
4.	To elect Mr. Fong Seow Kee as Director retiring pursuant to Article 92 of the Company's Articles of Association.	(Ordinary Resolution 3)
5.	To re-appoint Mr. Seow Thiam Fatt as Director who is over the age of seventy years retiring pursuant to Section 129(6) of the Companies Act, 1965.	(Ordinary Resolution 4)
6.	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 5)

B. Special Business

7. To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:- (Ordinary Resolution 6)

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

C. Other Business

8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
CHIN LEE CHYEN (MAICSA 7055910)
Company Secretaries

Kuala Lumpur
Date: 29 November 2011

NOTES:-

1. Appointment of Proxy

(i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.

(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

(iii) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(iv) The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

2. Audited Financial Statements for the Financial Year Ended 30 June 2011

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Notes on Special Business

(i) Ordinary Resolution 6 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 6 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Eighth Annual General Meeting held on 22 December 2010 and which will lapse at the conclusion of the Thirty-Ninth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s).

STATEMENT ACCOMPANYING NOTICE OF THE THIRTY-NINTH ANNUAL GENERAL MEETING

Detail of the Director who is standing for election in Agenda 4 of the Notice of the Thirty-Ninth Annual General Meeting is set out in the Director's Profile appearing on page 12 of this Annual Report.

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am pleased to present to you the Annual Report and Financial Statements of your Company for the financial year ended 30 June 2011.

ECONOMIC REVIEW

It cannot be denied that we are facing a challenging global economy. The United States of America and the European region are facing relatively high unemployment rates and national debts level; the weakened consumer demands and sentiments have adversely affected most industries and sectors within the regions, with spill-over effects across the world. Despite the gloomy outlook it was reported that the Malaysian economy was able to record a Gross Domestic Product ("GDP") growth of approximately 7.2% in 2010 compared to 2009 where GDP experienced a contraction of 1.7%. Malaysia's domestic demand will remain strong due to supportive government policies and healthy private consumption. Furthermore, private investment is also slowly growing, as reported.

The Malaysia Institute of Economic Research projected Malaysia's GDP growth to be 5.2% in 2011 and the GDP Growth to be consistent at 6% or thereabouts annually right up to 2020 in tandem with the aspiration of Malaysia becoming a high income economic nation by 2020.

The Government's initiative via the Economic Transformation Programme ("ETP") to transform Malaysia into a high income economy by year 2020, with major development plans in particular certain identified infrastructure and tourism projects, and other key growth areas/sectors such as finance, agriculture and commodities sectors will be pivotal for the local economy as a whole.

FINANCIAL PERFORMANCE

For the financial year ended 30 June 2011 ("FYE2011") the Group registered a higher revenue of RM16.2 million, an increase of 67% from RM9.7 million in the previous corresponding financial year ended 30 June 2010 ("FYE2010"). The increase in revenue of RM6.5 million for the FYE2011 was due to the sales of LakeHill Resorts City's Phase 5C vacant bungalow land which derived a revenue of RM5.1 million. The contract value for the disposal of the vacant bungalow land is for RM16.8 million. The balance contract value of RM11.7 million will be recognised according to the stages of completion over a period of up to 36 months.

The Group's recorded a loss before tax of RM19.1 million for FYE2011 as compared to a profit before tax of RM42 million in FYE2010 mainly due to an exceptional gain of approximately RM60 million due to the revaluation of Wisma MPL.

The overall low revenue of RM16.2 million and loss before tax of RM19.1 million in FY2011 was largely due to the sales launching and joint-venture of APTEC and LakeHill Resort City were put on hold, pending obtaining the necessary approval and support from the relevant authorities. These approvals and support will highly influence the sales pricing and the strategic marketing and joint-venture planning of the entire development.

The FYE2011 results have slightly reduced the net asset per share ("Net Asset") from RM1.26 in FYE2010 to RM1.20. The reported FYE2011 Net Asset has not taken into account the increase in land valuation of LakeHill's landbank of 638 acres. The Lakehill's land was valued at RM450 million in 2008 against the reported FYE2011 book value of RM201.2 million; the revaluation surplus was not recognised due to accounting standards and policies as the said land has been categorised as land held for property development.

OPERATIONS REVIEW

A. Wisma MPL

The Group's revenue for FYE2011 was largely dependent on the rental income of Wisma MPL which derived an increase of RM1.4 million. The increase was due to gradual higher occupancy rates and increase in rental rates. We expect further increases in rental revenue in the next financial year when more tenancies are due for renewal. Two full floors were taken up by CIMB Bank Berhad in April 2011 and other vacant lots have since being tenanted which will be reflected in the next financial year.

Wisma MPL has potential for refurbishment and redevelopment due to it's prime location. The Company will continue to explore various avenues to unlock Wisma MPL's investment property value of RM300 million.

B. LakeHill Resort City and APTEC City in Iskandar Malaysia

The Company's main investment and development project is the LakeHill Resort City and APTEC trade 'Hub' in Iskandar Malaysia. It will be the largest investment undertaking by the Company with an anticipated Gross Development Cost (GDC) of RM4.9 billion. Due to the size of the project management is working very hard to secure strong strategic partners and the required financing.

APTEC's Vision and Mission is to be the leading economic platform to spur Malaysia and the rest of ASIA into developed nations by the year 2020, which will in turn bring enormous potential benefits and rapid growth of SMEs and entrepreneurial services through trade and mutual cooperation between the regional countries. It is therefore a high social responsibility to be tasked to create jobs in all sectors related to this industry which APTEC will spearhead.

We are pleased that, our Prime Minister, YAB Dato' Seri Mohd Najib Tun Razak's Message in the 3rd World Chinese Economic Forum (WCEF) 2011 has announced his plan of a "New Economic Corridor - a sort of New Silk Road" which is a pleasant co-incidence that APTEC's theme business concept is also about "THE CHARTING OF A NEW SILK-ROAD-CONNECTING CHINA, ASEAN, INDIA AND THE MIDDLE EAST".

The property prices in Iskandar Malaysia have risen in the past year due to various projects being completed, which will be beneficial to LakeHill and APTEC.

The progress of APTEC and LakeHill Resort City development are as follows:

a) During the financial year, APTEC and LakeHill Resort have qualified for Incentives under the business sectors development for Tourism, Healthcare and Education; and

b) During the year, the Company had participated in exhibitions and accompanied government trade missions to promote APTEC and LakeHill Resort City in China, India, Korea, Singapore and recently at the just concluded World Chinese Economic Forum in Kuala Lumpur. The Management is pleased that the response and acceptance of APTEC's trade concept has received keen interest from various government bodies and countries as well as delegates, viewers and media. International news media such as CNBC, Asia News-Channel, Forbes, CCTN, and China Tianjin TV have written and featured about APTEC.

The Heritage Culture Village

Platinum Residences

LakeHill Medical & Healthcares Specialist Hospital

SIGNIFICANT CORPORATE DEVELOPMENTS

There are no significant corporate developments during the reported financial year.

PROSPECT AND FUTURE

Barring unforeseen circumstances, the Group is cautiously optimistic to unlock the asset value of Wisma MPL, APTEC and LakeHill Resort City in the next financial year.

APPRECIATION

The Company has worked very hard during the past year towards implementing APTEC's Vision and Mission to create a unique corporate transformation for your company.

The Company wishes to record its sincere thanks and appreciation to our patient shareholders, bankers, business associates, the relevant authorities and the Government for their confidence and continued support for the Group.

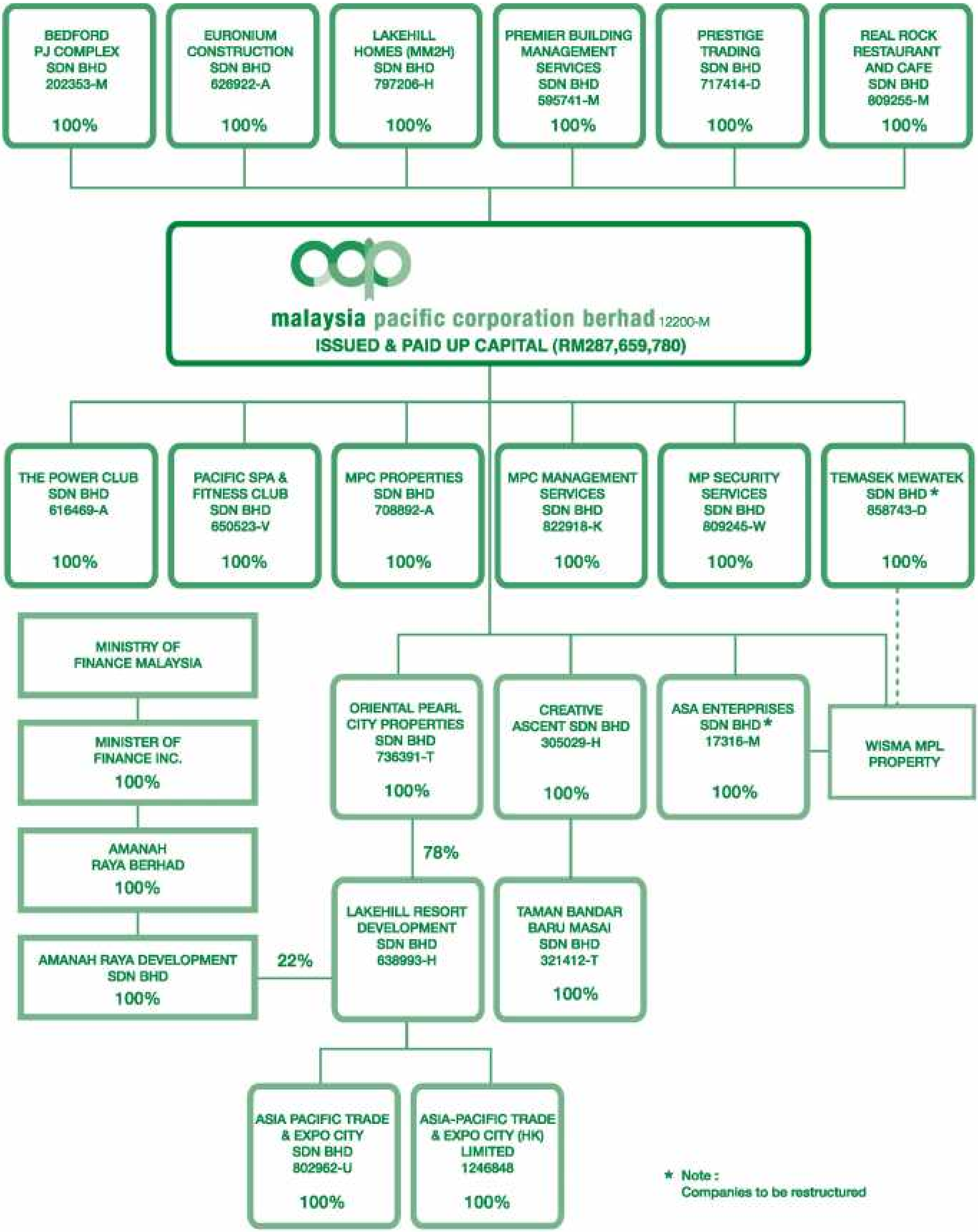
On behalf of the Board of Directors, I wish to express our gratitude to our retired Chairman, YBhg Dato' Seri Zulkifli bin Ali for his invaluable guidance and contribution during his tenure of service. At the same time, we are delighted to welcome Mr. Fong Seow Kee to the Board who is expected to complement the Board with his experience.

To our Board of Directors, Management and our employees, the Company would like to thank each and everyone for their commitment, dedication and contribution to our future success.

for and on behalf of the Board

YBhg Datuk Kamaruddin bin Taib
Chairman
24 October 2011

CORPORATE STRUCTURE



* Note :
Companies to be restructured

BOARD OF DIRECTORS

YBhg Datuk Kamaruddin bin Taib
Chairman and Independent Non-Executive Director

YBhg Datin Kong Yuk Chu
Vice Chairman and Executive Director

YBhg Dato' Syed Hussien bin Abd Kadir
Independent Non-Executive Director

Seow Thiam Fatt
Independent Non-Executive Director

Fong Seow Kee
Independent Non-Executive Director

Ch'ng Soon Sen
Executive Director / Operation

SECRETARIES

Lim Poh Yen (MAICSA 7009745)

Ng Yen Hoong (LS 008016)

Chin Lee Chyen (MAICSA 7055910)

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 8888
Fax : 03 - 2264 8997 / 8

REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03 - 2264 3883
Fax : 03 - 2282 1886

PRINCIPAL PLACE OF BUSINESS

Level 21, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03 - 2070 4488
Fax : 03 - 2070 4489

AUDITORS

Messrs BDO (AF 0206)
12th Floor, Menara Uni. Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03 - 2616 2888
Fax : 03 - 2616 3190

STOCK EXCHANGE LISTING

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

WEBSITE

www.mpcb.com.my
www.aptec.com.my
www.lakehillresortcity.com

Y. BHG DATUK KAMARUDDIN BIN TAIB
PJN

Chairman and Independent Non-Executive Director

Datuk Kamaruddin Bin Taib, aged 53, a Malaysian, was appointed to the Board on 29 December 2004. He is an Independent Non-Executive Director of the Company and was appointed as Chairman of the Company on 18 February 2011. He graduated with a Bachelor of Science Degree in Mathematics from University of Salford (UK).

Datuk Kamaruddin started his career with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private companies as well as companies listed on Bursa Malaysia. He has gained professional experience by serving on the Board of Companies listed on the Stock Exchange of India and on Nasdaq in United States of America.

Datuk Kamaruddin is a shareholder and director of several private companies. He is also an Independent Non-Executive Director of IRIS Corporation Berhad, a company listed on ACE Market, Bursa Malaysia, Independent Non-Executive Chairman of Alkhair International Islamic Bank Malaysia Berhad, Independent Non-Executive Chairman of Great Eastern Takaful Sdn Bhd and Independent Non-Executive Director of Great Eastern Life Assurance (Malaysia) Berhad.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2011.

Y. BHG DATIN KONG YUK CHU

Vice Chairman and Executive Director

Datin Kong Yuk Chu, aged 63, 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 by virtue of her substantial share ownership of Seacrest Land Limited and Top Lander Offshore Inc., jointly with her spouse, Dato' Bill C.P. Ch'ng which jointly have substantial controlling shares in the Company. She was appointed 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 Non-Execuitve Director of IHD Holdings Limited (1986-1993) and Chairperson (1992-1993), Non-Executive Director of China Everbright - IHD Pacific Limited (1993-1996) and an Executive Director in Emporium Department Store and Supermarket (HK) Limited, Hong Kong (1989-1996).

Datin Kong 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 and Jacmoli Design & Jewellers (M) Sdn Bhd, Malaysia.

She has not been convicted of any offence within the past 10 years.

She attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2011.

Y. BHG DATO' SYED HUSSIEN BIN ABD KADIR

Independent Non-Executive Director

Dato' Syed Hussien Bin Abd Kadir, aged 62, a Malaysian, was appointed to the Board on 15 January 2008. He is an Independent Non-Executive Director of the Company.

Dato' Syed Hussien was graduated from the University of Sains Malaysia, is also a respected product of the Fletcher School of Law and Diplomacy, University of Tufts USA where he obtained his M.A in International Relation. Dato' Syed Hussien has been conferred with many awards and titles in recognition of his remarkable achievements especially in his tenure as the first Malaysian Ambassador to the United Arab Emirates. Such awards and titles include Darjah Paduka Mahkota Johor (DPMJ), Darjah Indera Mahkota Pahang (DIMP), Johan Setia Di Raja (JSD), Setia Di Raja Kedah (SDK), Darjah Johan Negeri (DJN), among others.

Dato' Syed Hussien was appointed to the Administrative and Diplomatic Service of Malaysia in 1977 and has served as Assistant Secretary at the Ministry of Foreign Affairs. From there, his credentials grew by leaps and bounds. He has added to his repertoire a host of other posts such as Principal Assistant Secretary (Organization of Islamic Conference) Ministry of Foreign Affairs; First Secretary, Embassy of Malaysia in Rabat, Morocco; Counselor, Embassy of Malaysia in Moscow; Consul General of Malaysia, Jeddah, Saudi Arabia. At the same time also holding the post as Deputy Permanent Representive of the OIC Secretariat in Jeddah.

He is also presently the Secretary-General of the National Chamber of Commerce & Industry Malaysia; Group Chairman Axisjaya Group; Chairman Malaysia/Gulf Business Council; Director Dagang Net, Advisor Yasmin Holding; Chairman Flexoffice; Director of H20 Sports and Advisor M Pol Precision Rubber products.

He is also currently the Secretary General of Malaysia-Republic of Korea Business Council.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2011.

MR SEOW THIAM FATT

Independent Non-Executive Director

Mr. Seow Thiam Fatt, aged 70, a Malaysian, was appointed to the Board on 29 December 2004. He is an Independent Non-Executive Director and the Chairman of the Audit & Risk Management Committee of the Company.

Mr. Seow is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountant in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a past President of MICPA and also served four years as government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He was also a past President of the Lions Club of Petaling Jaya and a past Council Member of the Malaysian Institute of Chartered Secretaries and Administrators.

Mr Seow has more than 20 years professional experience as a practicing accountant in the capacity of a Senior Partner of Larry Seow & Co, Moores & Rowland and a Partner of Arthur Young. He diverted from professional practice in 1994 and was previously on the Board of several private and public companies. He has held senior positions as the Finance Director of AC Nielsen (Malaysia) Sdn Bhd, Business Development Manager of Bolton Berhad and General Manager of the Financial Reporting Surveillance and Compliance Department with the Securities Commission of Malaysia.

He is also an Independent Non-Executive Director of Tan Chong Motor Holdings Bhd Group, Warisan T C Holdings Berhad and ING Funds Berhad.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended four (4) out of five (5) meetings held in the financial year ended 30 June 2011.

MR FONG SEOW KEE

Independent Non-Executive Director

Mr. Fong Seow Kee, aged 54, a Malaysian, was appointed to the Board on 18 February 2011. He is an Independent Non-Executive Director of the Company.

Mr. Fong holds a B.A (Hons) Economics & Social Studies from University of Manchester, England, is a Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

He has over 30 years experience in the finance industry, primarily in investment banking and private equity. After completing his articleship with Ernst & Young, UK in 1983, he worked with several leading investment banks in Malaysia, Hong Kong and Singapore where he advised companies on a variety of corporate finance transactions including M&A, Fund Raising and Corporate Restructuring. In 1992, he joined a US venture capital firm in Singapore where he managed a pan-Asian venture capital fund investing in the US and across Asia. In 2000, he co-founded iSpring Capital Group, a Malaysia based investment management and advisory firm. In 2001, iSpring Capital Group was one of four firms selected by Government owned Malaysian Venture Capital Management to manage a technology focused venture capital fund.

Since returning to Malaysia in 1996, Mr. Fong has been active in the development of the venture capital and private equity in Malaysia. During that time, he has been involved in the Malaysia Venture Capital & Private Equity Association in various capacities and was Chairman from 2008 to 2010. He has also been invited to sit on various government working committees to provide Industry Feedback on regulatory policies, including that pertaining to the Capital Market reforms announced in 2009.

He is also an Independent Non-Executive Director and Chairman of the Audit Committee of GHL Systems Bhd.

He does not have any family relationship with any Director and/or Major Shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offence within the past 10 years.

He attended one (1) out of one (1) Board meeting held in the financial year ended 30 June 2011.

MR CH'NG SOON SEN

Executive Director / Operation

Mr Ch'ng Soon Sen, aged 29, a Malaysian, was appointed to the Board on 20 November 2006 as an Executive Director of the Company.

Mr. Ch'ng holds a degree in Business Management (Hons) from the University of Sunderland, UK and possesses an Advance Diploma in Business Administration accorded by the Association of Business Executives (ABE), UK. He completed a one year course in B.Sc (Hons) in Computing and Business in Kingston University, London, UK, and one year in B.A (Hons) Architecture in University of Brighton, UK.

He is a director of Top Lander Offshore Inc, a company incorporated in the British Virgin Islands which is a substantial shareholder of Malaysia Pacific Corporation Berhad and also a shareholder and director of several private companies in Hong Kong and Malaysia.

In the past 5 years as an Executive Director of Malaysia Pacific Corporation Berhad, LakeHill Resort Development Sdn Bhd and Asia Pacific Trade & Expo City Sdn Bhd ("the Group"), he has understudied and from time to time undertaken several responsible duties accorded by the Chief Executive Officer of the Group, Dato' Bill C.P. Ch'ng.

He is the son of Dato' Bill Ch'ng and Datin Kong Yuk Chu, who are major shareholders of the Company.

He has not been convicted of any offence within the past 10 years.

He attended five (5) out of five (5) Board meetings held in the financial year ended 30 June 2011.

CHIEF EXECUTIVE OFFICER'S PROFILE

Y.BHG DATO' BILL C.P.CH'NG
Chief Executive Officer

B.Arch (Univ NSW), FRAIA, RIBA, APAM
Fellow of the Royal Australian Institute of Architects
Associate of Royal Institute of British Architects
Associate of Pertubuhan Akitek Malaysia

Dato' Bill C.P. Ch'ng, a Malaysian, aged 72, has been appointed the Chief Executive Officer since 30 December 2004. Dato' Bill is a substantial shareholder of Seacrest Land Limited and Top Lander Offshore Inc. which controls 61.5% of Malaysia Pacific Corporation Berhad jointly with his spouse, Datin Kong Yuk Chu who is the current Vice-Chairman and Executive Director of the Company.

- **Council Member of the Malaysia-China Business Council.**
- **Council Member of Malaysia-Republic of Korea Business Council.**
- **Standing Committee member of the Federation of Overseas Chinese Fraternity, Quanzhou, Fujian, Peoples' Republic of China.**
- **Past Council Member and Honorary Treasurer of the Malaysia Institute of Architects.**

- Two times 1st Prize Winners in Architecture in 1971 (Malaysia and Singapore).
- "Asia's 50-Top CEOs Corporate Takeovers" in 1989, by Business International.
- "Asia Pacific Outstanding Entrepreneurs Award 2009", by Asia Enterprise.
- Architect / partner of James Cubitt & Partners in the design and completion of University of Malaya Medical Faculty & the University Teaching Hospital, Petaling Jaya, 1965-1970.
- Master planner and promoter, who conceptualized the first Casino license for Genting Highland Resorts, Kuala Lumpur, 1965-1972.
- Introduced and patented the first aluminium cast-insitu concrete formwork system into Malaysia, Singapore & China, 1978 - 85.
- Advisor to Daya Bay Nuclear Power Plant during preparatory stage in Guangdong, Peoples' Republic of China, in 1984-85.
- Advisor/Arranger of first two (2) foreign imported and financed oil-fired power turbine plants for Xiamen and Fuzhou cities China in 1984-1985.
- Initiated and introduced the advanced purification technology of rare-earth mining and processing in the Peoples' Republic of China, 1984-1985.
- Past Chairman of PRC-Engineering (Malaysia) Sdn Bhd, one of the worlds largest engineering consulting groups.
- Arranger and coordinator on behalf of Wisma Putra Malaysia for the First Official Visit to China by the 4th Prime Minister of Malaysia, Y.A.Bhg. Tun Dr Mahathir Mohamad in 1985.
- Special envoy of Malaysia to negotiate a peaceful Cessation and Truce with the Communist Party of Malaya (CPM) in 1986-87.
- Past Chairman/CEO, IHD Holdings Limited, Hong Kong.
- Past Chairman/CEO, Boustead Co.Singapore.
- Past Director/CEO, Boustead Plc, United Kingdom.
- Past Chairman/CEO, Emporium Department Stores & Supermarket Group, Singapore.
- Presently CEO, Malaysia Pacific Corporation Berhad.
- Presently CEO, Asia Pacific Trade & Expo City Sdn Bhd
- Presently CEO, LakeHill Resort Development Sdn Bhd.

He has not been convicted of any offence within the past 10 years.

MEMBERSHIP AND MEETINGS OF THE BOARD AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

The ARMC currently comprises four (4) members who are all Independent Non-Executive Directors and the position and details of attendance of each member at meetings held during financial year ended 30 June 2011 are as follows:

Directors	Position	No. of Meeting Attended
Seow Thiam Fatt	Independent Non-Executive Director and Chairman of the ARMC	4/5
YBhg Datuk Kamaruddin bin Taib	Independent Non-Executive Director	5/5
YBhg Dato' Syed Hussien bin Abd Kadir	Independent Non-Executive Director	5/5
Fong Seow Kee	Independent Non-Executive Director	1/1

TERMS OF REFERENCE

1. Composition

(a) The ARMC shall be appointed by the Board from amongst their members and shall consist of at least three (3) members, the majority of whom are Independent Directors. All members of ARMC shall be non-executive directors.

(b) The Chief Executive Officer and/or alternate director(s) shall not be a member of ARMC.

(c) The members of the ARMC shall elect a Chairman from amongst its members who shall be an Independent Non-Executive Director.

(d) At least one member of the ARMC should be a member of the Malaysian Institute of Accountants (MIA); or possess at least 3 years of working experience and has passed the examinations sets out in Part I of the First Schedule or a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act, 1967 respectively or fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

(e) In the event of any vacancy which results the number of members in the ARMC reduced to below three (3), the vacancy must be filled within three (3) months.

2. Procedure of Meetings

2.1 Frequency and Proceedings of Meetings

(a) The ARMC shall meet at least four (4) times a year and as many times as the ARMC deem necessary with due notice of issues to be discussed. The meeting and proceedings of any ARMC, where applicable, shall be governed by the provisions of the Articles of Association regulating the meetings and proceedings of Directors.

(b) The quorum for meeting of the ARMC shall be two (2) members of which the majority of members present must be Independent Non-Executive Directors.

(c) A meeting of the ARMC may be held by means of video conference or telephone conference or other telecommunication facilities which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and be counted in a quorum and be entitled to vote and the meeting shall be deemed to have been held in Malaysia.

(d) A notice of meeting may be served by the Company or the Secretary upon any ARMC member as the case maybe either personally, by telephone, facsimile or by sending it through the post addressed to such member as the case maybe, at least seven (7) days before the meeting or such shorter notice as may be mutually agreed upon by all the ARMC members.

(e) Questions arising at any meeting shall be decided by a simple majority of votes except for related party transaction where the interested ARMC members shall abstain from deliberation and voting.

(f) A resolution in writing signed by a majority in number of the ARMC members shall be as effective for all purposes as a resolution passed at a meeting of the ARMC duly convened, held and constituted and may consist of several documents in like form, each signed by one or more of the ARMC members. Any such documents may be accepted as sufficiently signed by an ARMC member if transmitted to the Company by any technology to include a signature and/or electronic signature of the ARMC member.

(g) The Company Secretary shall be the Secretary of the ARMC.

(h) In the event if the elected Chairman is not able to attend a meeting, a member who is an Independent Director shall be nominated as a Chairman for the meeting.

2.2 Minutes

(a) The ARMC shall cause minutes of all proceedings of the ARMC meetings to be duly entered in books provided for the purpose:
- Of all appointments of sub-committees;
- Of all the names of the ARMC present at each meeting of the ARMC;
- Of all resolutions and proceedings of meetings of the ARMC; and
- Of all orders made by the ARMC.

(b) Any such minutes of any meeting of the ARMC, if signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be prima facie evidence of the proceedings to which it relates.

(c) The books containing the minutes of proceedings of any ARMC Meeting shall be kept by the Company at the Registered Office of the Company and shall be opened to the inspection of any ARMC members or Directors of the Company.

3. Authority

The ARMC shall in accordance with the procedure determined by the Board and at the cost of the Company:-

(a) have the authority to appoint the Internal Auditor of the Company and establish an internal audit function which is independent of the activities and ensure that the Internal Auditor reports directly to the ARMC;

(b) have explicit authority to investigate any matter within the terms of reference;

(c) have the resources which the ARMC require to perform the duties;

(d) have full and unrestricted access to any information which the ARMC require in the course of performing the duties;

(e) have unrestricted access to the Chief Executive Officer of the Company;

(f) have direct communication channels with the external auditors and internal auditors;

(g) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;

(h) be able to invite outsiders with relevant experience to attend its meetings, if necessary; and

(i) be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other executive Board members and employees of the Company, whenever deemed necessary.

4 Duties and Responsibilities

4.1 Matters relating to External Audit:-

(a) To nominate and recommend for the approval of the Board a person or persons as external auditors and review audit fee and any question of resignation or dismissal.

(b) To review the nature, scope and quality of external audit plan/arrangements.

(c) To review the external auditors' audit report and audit findings and the management's response thereto.

(d) To review quarterly reports and annual financial statements of the Company and of the Group, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, prior to approval by the Board.

(e) To review the assistance given by the Group's officers to the external auditors.

4.2 Matters relating to Internal Audit

(a) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that has the necessary authority to carry out its work.

(b) To review the Internal Audit programme, processes, results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendation of the internal audit functions.

(c) To review the reports and findings of the Internal Audit Department including any findings of the internal investigations and the managements response thereto.

(d) To review the adequacy and integrity of internal control systems including risk management and management information system.

(e) To approve any appointment or termination of senior staff members of the internal audit functions.

(f) To take cognizance of resignations from internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.3 Roles and Rights of the ARMC

(a) To review and monitor the business and financial risks facing the Group and to ensure that all high impact risks are adequately managed at various levels within the Group;

(b) To review any related party transactions and any other significant transaction which are not within the normal course of business that may arise within the Company or the Group;

(c) To report to Bursa Securities on any matter reported by the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities.

(d) To carry out any other functions that may be mutually agreed by the ARMC and the Board which would be beneficial to the Company and ensure the effective discharge of the ARMC's duties and responsibilities.

SUMMARY OF ACTIVITIES

The activities of the ARMC for the financial year ended 30 June 2011 were summarized as follows:

1) **Financial Results**

   (a) Reviewed the quarterly and yearly unaudited financial results of the Group before recommending them for approval of the Board of Directors.

   (b) Reviewed the annual audited financial statements of the Company and its subsidiaries with the external auditors prior to submission to the Board of Directors for their approval.

2) **Internal Audit**

   (a) Reviewed the annual audit plan to ensure adequate scope on the audit activities of the Group.

   (b) Reviewed the effectiveness of the audit process and resource requirements for the year.

   (c) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations. Where appropriate, the ARMC has directed action to be taken by the management to rectify and improve systems of internal controls and procedures based on the internal auditor's recommendation for improvements.

   (d) Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

   (e) Reviewed the staffing requirements of Internal Audit Department.

3) **External Audit**

   (a) Reviewed the annual audited financial statements of the Group with the external auditors prior to submission to the Board of Directors for their approval.

   (b) Monitored the implementation of the audit recommendations to ensure that all the key risks and controls have been addressed.

   (c) Reviewed with the external auditors:
      (i) their scope of work and audit plan for the year;
      (ii) the results of the annual audit, their audit report and management letter together with management's responses to the findings of the external auditor.

   (d) Reviewed the independence and effectiveness of the external auditors and made recommendations to the Board of Directors on their appointment and remuneration.

   (e) Reviewed the annual report statement inclusive of the Statement on Internal Control.

4) **Related Party Transactions**

   Reviewed the related party transactions entered into by the Group.

SUMMARY OF INTERNAL AUDIT FUNCTION

The Internal Audit Department 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 Board is committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 respectively of the Malaysian Code on Corporate Governance (Revised 2007) [the "Revised Code"].

Compliance Statement

The Group has complied throughout the financial year ended 30 June 2011 with all the best practices of the corporate governance set out in part 2 of the Revised Code.

Principles Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Revised Code. The principles are dealt with under the following headings: Board of Directors, Directors' Remuneration, Shareholders and Accountability and Audit.

A. DIRECTORS

The Board

The Board of Directors ("Board") recognizes the importance of practicing high standards of corporate governance throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders' value and the financial performance of the company and the Group. The Board has established the term of reference to assist in the discharge of its responsibilities.

Board Balance

Currently the Board comprises two (2) Executive Directors and four (4) Independent Non-Executive Directors which constitute more than a third of the total Board Composition.

The profiles of the members of the Board are set out in pages 10 to 12 of this Annual Report. The Board is of the opinion that the composition of the Board fairly reflects the investment of the Company by all the shareholders.

Board Meetings

Attendance of present directors during their office tenure:

Directors	No. of Meetings Attended
YBhg Datuk Kamaruddin bin Taib *(Chairman and Independent Non-Executive Director)*	5/5
YBhg Datin Kong Yuk Chu *(Vice Chairman and Executive Director)*	5/5
YBhg Dato' Syed Hussien bin Abdul Kadir *(Independent Non-Executive Director)*	5/5
Seow Thiam Fatt *(Independent Non-Executive Director)*	4/5
Ch'ng Soon Sen *(Executive Director)*	5/5
Fong Seow Kee *(Independent Non-Executive Director)*	1/1

Director's Training

The directors are encouraged to attend talks, training programmes and seminars as they consider necessary or deem fit to update themselves on new developments in the business environment to enable them to contribute effectively to the Company.

During the financial year, the following Directors have attended various training programmes and seminars as set out below:-

Name of Directors	Name of Training, Conference & Lectures
YBhg Datuk Kamaruddin bin Taib	FIDE Insurance Module 2 Risk Management - Dr. David Bobker Personal Data Protection Act - Professor Abu Bakar Munir FIDE IT Governance & Risk Management - David Brearley Presentation on Leadership Board Effectiveness : Redefining the Roles & Functions of an Independent Director
YBhg Datin Kong Yuk Chu	The World Chinese Economic Forum The 6th Asia Economic Summit
YBhg Dato' Syed Hussien bin Abd Kadir	IT Conference in Riyadh Saudi Arabia Asean Single Window Conference in Kuala Lumpur Attaining Corporate Resilience: Through Governance & Integrity
Seow Thiam Fatt	MAICSA Annual Conference 2010 - Governance & Ethical Practices in the Boardroom Audit Oversight Board - Implications for Public Interest Entities Common offences committed by Co Directors under the Companies Act, 1965 Economic Outlook & Implication on Financial & Banking Industries - Is Another Crisis Imminent? Launch of Corporate Integrity Pledge and Anti-Corruption Principles for Corporations in Malaysia
Fong Seow Kee	Mandatory Accreditation Programme for Directors of Public Listed Companies
Ch'ng Soon Sen	Joint Council Meeting of Malaysia - China Business Council & Shangdong - Malaysia Business Forum The World Chinese Economic Forum Strategic Issues Forum (SIF) The 6th Asia Economic Summit Seminar on Business Opportunities in Malaysia Malaysia - China Trade & Investment Cooperation Forum ASEAN-CHINA SME Conference

Conduct of Meetings

The Board ensures that any potential conflict of interest is avoided by requesting the Director(s) concerned to declare his/their interest and abstain from the decision making process.

Supply of Information

The Directors are provided with the relevant agenda and Board papers detailing the agenda to be discussed at the meeting, in sufficient time prior to the meeting to enable the Directors to obtain further information and clarification before the meeting. The Board papers include reports on the Group's financial, operational and Corporate Development.

Appointment to the Board

The Nomination Committee is responsible for identifying and recommending capable nominees for appointment to the Board. The new appointees for directorship required mix of skills, experience and core competencies for the Board to discharge its duties effectively.

The Committee will put the candidates to be approved and appointed by the Board. The Company Secretary will ensure all appointments are properly made and met with legal and regulatory obligations.

Re-election of Directors

Any Director appointed during the financial year is required under the Company's Articles of Association, to retire and seek re-election by shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require that one-third of the Directors including the Managing Director, if any, to retire by rotation and seek re-election at each AGM and that each Director shall submit himself for re-election at least one in every three years.

B. DIRECTORS' REMUNERATION

The fees for Directors for the financial year ended 30 June 2011 are recommended by the Board for approval by shareholders of the Company at its Annual General Meeting.

I. Aggregate Directors' Remuneration paid or payable to all Directors of the Company by the Group

	Fees RM'000	Salaries and Other emoluments RM'000	Total RM'000
Executive	120	233	353
Non-Executive	240	-	240
	360	233	593

II. Directors' Remuneration bands

	Executive	Non-Executive
RM1 - RM50,000	-	2
RM50,000 - RM100,000	-	3
>RM100,000	2	-

C. BOARD COMMITTEE

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Board Audit & Risk Management Committee (ARMC) and the Nominating & Remuneration Committee in order to enhance business, corporate efficiency and effectiveness. These Committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

Board Audit & Risk Management Committee

Composition of the Board Audit & Risk Management Committee, its terms of reference and a summary of its activities are set out on pages 14 to 17 of this Annual Report.

Nominating & Remuneration Committee

The Nominating & Remuneration Committee consists of three (3) Independent Non-Executive Directors.

The primary function of the Nominating & Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the executive directors. The determination of the remuneration for the Non-executive Directors will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.

The members of the Nominating & Remuneration Committee are as follows:-

YBhg Datuk Kamaruddin bin Taib
Chairman
(Independent Non-Executive Director)

Seow Thiam Fatt
(Independent Non-Executive Director)

YBhg Dato' Syed Hussien bin Abdul Kadir
(Independent Non-Executive Director)

D. SHAREHOLDERS

The Board recognized the important of regular communication with the investors of the Company that enables the Board and the management to convey information about the Group's performance, corporate strategy and other matters affecting the shareholders' interest. Announcements are made through Bursa Securities during the year pertaining to the performance of the Company via quarterly financial reports, circulars to shareholders, press releases and the annual reports.

Forums such as the Annual General Meeting and Extraordinary General Meeting provide an opportunity for dialogue with the shareholders, whereby the shareholders have direct access to the Board and are given the opportunity to raise questions pertaining to the resolutions being proposed or about the Group's operations in general.

Notice of the Annual general Meeting and Extraordinary General Meeting and Annual Reports are sent out with sufficient notice before the date of meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making.

Shareholders, investors and the general public can also obtain information on the Company by accessing the Company's website at www.mpcb.com.my. The shareholders are able to access the latest corporate, financial and market information of the Company via Bursa Securities website at www.bursamalaysia.com

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Company's financial statements are prepared in accordance with the requirements of the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia to ensure that the financial statements of the Company present a balanced and fair assessment of the state of affairs of the Company. In presenting the financial statements, the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and prepared on an ongoing basis.

The ARMC assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness. The composition, summary of activities and terms of reference of the ARMC can be found in the Board Audit & Risk Management Report on page 14 to 17 of this Annual Report.

Internal Control

The Group's internal audit function is independent of the activities. The audit is performed with impartiality, proficiency and due professional care. The internal audit review of the operating units by the internal audit department is an independent and objective assessment of a unit's compliance with internal controls.

An internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements. A statement on Internal Control is set out on pages 23 and 24 of this Annual Report.

Relationship with Auditors

Through the ARMC, the Company has established a transparent and appropriate relationship with the external auditors. The external auditors have an obligation to bring any significant defects in the Group's system of internal control and compliance to the attention of the management and if necessary to the ARMC and the Board. The functions of the ARMC and its relations with the external auditors are set out in the Board Audit & Risk Management Committee Report on pages 14 to 17 of this Annual Report.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Listing Requirements of Bursa Securities require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that, in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2011, the Group used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant accounting standards have been followed in the preparation of these financial statements.

G. RISK MANAGEMENT

The Board of Directors is aware and recognizes the various types of risks, which the Group from time to time. The ARMC is constantly monitoring such risk factors and measures are taken to eliminate, control or manage suck risks. Efforts are being made to establish proper risk management to identify, evaluate and manage the risks.

INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound internal control system to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires directors of listed companies to include a statement in their annual reports on the state of their internal controls. Paragraph 15.23 of the Main Market Listing Requirements states that the external auditors must review the statement made by the Board with regard to the state of internal control and reports the results thereof to the Board.

BOARD RESPONSIBILITIES

Pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on the Bursa Securities, the Board of Directors ("the Board") affirms its responsibility under the Main Market Listing Requirements of Bursa Securities to:-

- Identify principal risks and ensure implementation of appropriate control measures to manage the risks.

- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group's system of internal control is designed to manage rather than to eliminate the risks involved. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has in place an ongoing process, for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period.

RISK MANAGEMENT

Appropriate system of internal control has been implemented to monitor and control risk to ensure the long term viability of the Group. The internal control is embedded in the operations of the Group and forms part of its work culture.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department ("IAD") which assists Audit and Risk Management Committee ("ARMC") to review, appraise and recommend ways of improving the system.

During the financial year under review, the IAD performed departmental risk assessment to identify the level of risks associated throughout the Group. It aims to assess the controls effectiveness and to provide recommendations to improve the controls. It is also to audit, identify gaps and to ensure action plans are in place.

The IAD's activities are based on the annual internal audit plan. The ARMC reviews and approves the annual internal audit plan. It has full access to both the internal and external auditors and receives reports on all audit performed. IAD submits its internal audit reports to the ARMC which reviews the audit findings and recommendations with the management at its Audit and Risk Management Committee Meetings. The IAD adopts a risk-based approach when establishing its audit plan and strategy. The responses from management and action plans are regularly reviewed and followed up by the IAD and the ARMC.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of the Group's Internal Control System include:-

- Clearly defined organization structure and reporting lines; and
- Various Committees have been established to assist the Board in discharging its duties. Among the Committees are:-

  - Audit and Risk Management Committee;
  - Nominating and Remuneration Committee;
  - Policies, Procedures and Standard Operating Procedures for key processes to guide staff;
  - Systems of operational and financial reporting to the Board on quarterly basis;
  - Adequate insurances of the major assets and resources of the Group are in place to ensure that these are sufficiently covered against any mishap that may result in material losses to the Group; and
  - Regular visits to operating units by Directors and Senior Management.

CONCLUSION

The Board is of the opinion that the Group's internal control systems are adequate to achieve its business objectives. There is an ongoing process in evaluating and managing significant risks. The Board continues to take measures to strengthen the internal control environment within the Group.

This statement was authorized for issue in accordance with a resolution by the Board of Directors on 15 November 2011 and had been reviewed by the external auditors.

The Board of Directors of MPCorp is committed in ensuring Corporate Social Responsibility ("CSR") is a fundamental integral part of business activities of the Group and being a socially responsible organization.

The Group has incorporated CSR principles into current and future development and business plans and set exemplary examples for the market players, example, the development of Asia Pacific Trade & Expo City (APTEC) in Iskandar Malaysia, Johor, which is a high impact socio- economic plan to benefit the mass population of Malaysia into urban and rural areas of supply, retailing services and logistic chains and will spearhead SME.

ENVIRONMENT

As Green building is the term used globally on new and existing buildings that are designed, constructed and retrofitted to be sustainable and environmental friendly, nine sustainable and environmental focus areas in green buildings are building management, indoor environment quality, energy, water, transportation management, site planning and management, waste management, materials selection, ecology and emission management. This will be integrated into LakeHill Resort City and APTEC City development, such as use of solar energy technology, waste recycle management, natural cross ventilation, traffic segregation planning, landscaping, lakes and vertical gardens.

The Green Technology implemented in Green buildings and similar green development projects is defined as the development and application of products, equipment and systems used to conserve the nature environment and resources that could minimize and reduce the negative impact of human activities. A large scale solar and renewable energy technology will be incorporated.

As an on-going long term initiative, we are committed to integrate and implement green technology in its design concepts and construction methods for its development at LakeHill Resort City and Asia Pacific Trade & Expo Centre City (APTEC).

A holistic perspective that unites energy, water and waste management could minimize operational costs and eliminate the development environmental footprint. Studies have shown that green buildings generates between 25% to 60% less energy and 60% reduced water consumption and up to 100% waste reduction.

The Green Building Index (GBI) is Malaysia's industry recognized green rating tool for buildings to promote sustainability in the built environment and raise awareness among Developers, Architects, Engineers, Planners, Designers, Contractors and the Public about environmental issues and our responsibility to the future generations.

Having always been an advocate for a greener future, we are dedicated to continuing our efforts in meeting the requirements of GBI.

COMMUNITY

The Group had contributed/donated to the community in the financial year ended 30 June 2011 and the activities are as follows:-

a) Joint Sponsor in Universiti Teknologi Malaysia's "Experience Sharing For Urban Development Between Shenzhen China and Iskandar Malaysia" Programme;
b) Donation to Malaysia Red Crescent Society for flood victims;
c) Donation to Perdana Global Peace Foundation;
d) Sponsorship for Sekolah Dato' Jaafar 50th Anniversary Gala Dinner; and
e) Promoted "active" retirement scheme in APTEC and LakeHill Resort City.

Our yearly community care activities continue to drive communities within our future development projects to pursue healthy lifestyles through the provision of recreational parks and other facilities such as LakeHill Resort City.

WORKPLACE

The Group pursues a corporate culture of caring for its employees by providing careers with growth opportunities, fair performance evaluation and reward systems, caring of staff welfare and knowledge and skills enhancement staff training.

We believe that our employees are essential assets who contribute to our development and growth.

1. UTILISATION OF PROCEEDS

The gross proceeds of RM51,778,344 raised from the two-calls Right Issue of 115,062,987 of the Company Rights Shares of RM1.00 each at an issue price of RM0.45, which was completed on 28 April 2010 have been fully utilised as follow:-

	Proceed raised RM'000	(Note) Utilised as at 20 October 2010 RM'000	Utilised as at 30 June 2011 RM'000	Balance as at 30 June 2011 RM'000
Repayment of Advances	30,028	30,028	30,028	-
Working Capital	21,330	16,026	21,330	-
Estimated expenses in relation to the Right Issue	420	420	420	-
Total	51,778	46,474	51,778	-

Note : Reported in the Annual Report 2010

2. SHARE BUY-BACKS

There were no Share Buy-Backs by the Company during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Pursuant to the Renounceable Two-Call Rights Issue which was successfully completed on 28 April 2010, the Group issued 115,062,987 ordinary shares of RM1.00 each in the Company ("Rights Shares") together with 115,062,987 free detachable warrants ("Warrants") at an issue price of RM1.00 per Rights Share on the basis of two (2) Rights Shares together with two (2) Warrants for every three (3) existing ordinary shares of RM1.00 each in the Company held on 31 March 2010 of which the first call of RM0.45 per Rights share shall be payable in cash on application and the second call of RM0.55 per Rights Share shall be capitalised from the Company's retained earnings ("Right Issue").

The exercise price of each Warrant shall be RM1.00 per ordinary share subject to provisions of Deed Poll. The exercise period shall commence from the date of issue of the Warrants and will expire on 21 April 2015 at 5.00 p.m.

As at 30 June 2011, 115,062,987 Warrants B have yet to be converted to ordinary shares.

Save as above, there were no amount of options or other convertible securities exercised in respect of the financial year. The Company had not issued any new options or convertible securities during the financial year.

4. AMERICAN DEPOSITORY RECEIPT ("ADR")/GLOBAL DEPOSITORY RECEIPT ("GDR")

There were no ADT/GDR programme sponsored by the Company during the financial year.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions or materials penalties imposed by any of the regulatory bodies on the Company and its subsidiaries, directors or management during the financial year.

6. NON-AUDIT FEES

There were no non-audit fees paid to the external auditors during the financial year.

7. VARIATION IN RESULTS

There is no significant variance result between the audited results for the financial year and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the financial year, there were no profit guarantee given by the Company.

9. MATERIAL CONTRACT

There were no material contract entered into by the Company and its subsidiaries which involved Director's and major shareholders' interest still subsisting, entered into since the end of the previous financial year.

10. REVALUATION POLICY

The Group's revaluation policy is stated in Note 4.5 on pages 47 of this Annual Report.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The details of the transaction with related parties undertaken by the Group during the financial year are disclosed in Note 31 on pages 92 to 94 of this Annual Report.

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	20,237	4,329
Attributable to:		
Owners of the parent	19,022	4,329
Non-controlling interests	1,215	-
	20,237	4,329

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company.

DIRECTORS

The Directors who have held for office since the date of the last report are:

YBhg. Datuk Kamaruddin Bin Taib
YBhg. Datin Kong Yuk Chu
YBhg. Dato' Syed Hussien Bin Abd Kadir
Seow Thiam Fatt
Fong Seow Kee (Appointed on 18 February 2011)
Ch'ng Soon Sen
YBhg. Dato' Seri Zulkifli Bin Ali (Retired on 22 December 2010)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 30 June 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	--- Number of ordinary shares of RM1.00 each ---			
	Balance as at 1.7.2010	**Bought**	**Sold**	**Balance as at 30.6.2011**
Shares in the Company				
Direct interests:				
Seow Thiam Fatt	150,000	-	-	150,000
Ch'ng Soon Sen	469,000	-	-	469,000
Indirect interests:				
YBhg. Datin Kong Yuk Chu	175,029,061	1,964,100	-	176,993,161

By virtue of her interests in the ordinary shares of the Company, YBhg. Datin Kong Yuk Chu is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Ch'ng Soon Sen is deemed interested in the ordinary shares of the Company and of its related corporations by virtue of his mother, YBhg. Datin Kong Yuk Chu's shareholding pursuant to Section 6A of the provisions of the Companies Act, 1965 as stated above.

	---------- Number of Warrants B ----------				
	Balance as at 1.7.2010	**Granted**	**Exercised**	**Sold**	**Balance as at 30.6.2011**
Warrants B in the Company					
Direct interests:					
Seow Thiam Fatt	60,000	-	-	-	60,000
Indirect interests:					
YBhg. Datin Kong Yuk Chu	68,765,804	-	-	-	68,765,804

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in 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 except for any benefit which may be deemed to have arisen by virtue of the remuneration received and receivable by the Directors from the related corporations in their capacity as directors of those corporations and the significant related party transactions as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and

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

(iii) 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.

(d) In the opinion of the Directors:

(i) there has not arisen 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; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve (12) 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.

Report on the Financial Statements

We have audited the financial statements of Malaysia Pacific Corporation Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of 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 103.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 4.1 to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/12 (J)
Chartered Accountant

Kuala Lumpur

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	4,170	4,225	2,742	2,867
Investment property	8	300,000	300,000	268,970	268,970
Investments in subsidiaries	9	-	-	8,551	8,551
Land held for property development	10	78,529	77,945	-	-
		382,699	382,170	280,263	280,388
Current assets					
Property development costs	11	122,676	123,853	-	-
Trade and other receivables	12	2,477	1,837	215,664	202,482
Current tax assets		287	544	239	496
Cash and cash equivalents	13	988	9,538	299	9,033
		126,428	135,772	216,202	212,011
TOTAL ASSETS		509,127	517,942	496,465	492,399
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	287,660	287,660	287,660	287,660
Reserves	15	56,799	75,823	82,020	86,349
		344,459	363,483	369,680	374,009
Non-controlling interests		26,406	27,621	-	-
TOTAL EQUITY		370,865	391,104	369,680	374,009
LIABILITIES					
Non-current liabilities					
Bank borrowings	16	1,166	892	855	704
Deferred tax liabilities	20	19,618	19,880	-	262
		20,784	20,772	855	966

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current liabilities					
Trade and other payables	21	35,109	27,877	45,370	39,552
Bank borrowings	16	80,741	77,932	80,560	77,872
Provision for liquidated and ascertained damages	22	257	257	-	-
Current tax liabilities		1,371	-	-	-
		117,478	106,066	125,930	117,424
TOTAL LIABILITIES		138,262	126,838	126,785	118,390
TOTAL EQUITY AND LIABILITIES		**509,127**	**517,942**	**496,465**	**492,399**

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

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	23	16,151	9,662	9,077	9,302
Cost of sales	24	(9,273)	(6,393)	(5,382)	(5,699)
Gross profit		6,878	3,269	3,695	3,603
Other operating income					
- interest income from subsidiaries		-	-	4,975	4,501
- changes in fair value of investment property	8	-	59,817	-	60,110
- other		351	956	233	74
Administrative expenses		(15,480)	(9,989)	(5,498)	(3,526)
Other operating expenses		(1,898)	(902)	-	(65)
Selling and distribution costs		(323)	(460)	(129)	(138)
Finance costs	25	(8,656)	(10,691)	(7,867)	(10,077)
(Loss)/Profit before tax	26	(19,128)	42,000	(4,591)	54,482
Taxation	27	(1,109)	1,608	262	(216)
(Loss)/Profit for the financial year		(20,237)	43,608	(4,329)	54,266
Other comprehensive (loss)/income :					
Foreign currency translations		(2)	68	-	-
Total comprehensive (loss)/income		(20,239)	43,676	(4,329)	54,266
(Loss)/Profit attributable to:					
Owners of the parent		(19,022)	45,174	(4,329)	54,266
Non-controlling interest		(1,215)	(1,566)	-	-
		(20,237)	43,608	(4,329)	54,266
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(19,024)	45,242	(4,329)	54,266
Non-controlling interest		(1,215)	(1,566)	-	-
		(20,239)	43,676	(4,329)	54,266

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

		Group	
		2011	2010
	Note	RM'000	RM'000
(Loss)/Earnings per ordinary share attributable to equity holders of the Company (sen):			
Basic (loss)/earnings per ordinary share	28	(6.61)	23.43
Diluted earnings per ordinary share	28	-	-

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

Group	Note	Share capital RM'000	Exchange translation reserve RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 30 June 2009		172,597	24	-	93,842	266,463	29,187	295,650
Total comprehensive income/(loss)		-	68	-	45,174	45,242	(1,566)	43,676
Transactions with owners								
Ordinary shares issued pursuant to rights issue	14	115,063	-	-	(63,285)	51,778	-	51,778
Issue of warrants	15	-	-	10,011	(10,011)	-	-	-
Total transactions with owners		115,063	-	10,011	(73,296)	51,778	-	51,778
Balance at 30 June 2010		287,660	92	10,011	65,720	363,483	27,621	391,104
Total comprehensive loss		-	(2)	-	(19,022)	(19,024)	(1,215)	(20,239)
Balance at 30 June 2011		287,660	90	10,011	46,698	344,459	26,406	370,865

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

	Note	Share capital RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company					
Balance at 30 June 2009		172,597	-	95,368	267,965
Total comprehensive income		-	-	54,266	54,266
Transactions with owners					
Ordinary shares issued pursuant to rights issue	14	115,063	-	(63,285)	51,778
Issue of warrants	15	-	10,011	(10,011)	-
Total transaction with owners		115,063	10,011	(73,296)	51,778
Balance at 30 June 2010		287,660	10,011	76,338	374,009
Total comprehensive loss		-	-	(4,329)	(4,329)
Balance at 30 June 2011		287,660	10,011	72,009	369,680

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

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(19,128)	42,000	(4,591)	54,482
Adjustments for:					
Impairment loss on receivables	12	1,864	781	-	65
Reversal of impairment losses on receivables	12	-	(11)	-	(23)
Depreciation of property, plant and equipment	7	1,065	1,039	705	748
Deposits written off	-	-	120	-	-
Deposits forfeited		(47)	(693)	-	-
Property, plant and equipment written off	7	5	-	-	-
Unrealised gain on foreign exchange		-	(92)	-	-
Changes in fair value of investment property	8	-	(59,817)	-	(60,110)
Gain on disposal of property, plant and equipment		(151)	(2)	(151)	(2)
Interest expense	25	8,656	10,691	7,867	10,077
Interest income		(69)	(103)	(5,042)	(4,547)
Operating (loss)/profit before working capital changes		(7,805)	(6,087)	(1,212)	690
Decrease/(Increase) in property development costs		1,177	(638)	-	-
(Increase)/Decrease in trade and other receivables		(2,504)	1,495	104	2,240
Increase/(Decrease) in trade and other payables		2,895	(2,833)	2,441	(2,042)
Cash (used in)/generated from operations		(6,237)	(8,063)	1,333	888
Interest received		67	52	66	46
Interest paid					
- bank borrowings		(5,996)	(6,462)	(5,996)	(6,462)
- related party		(125)	(190)	-	-
Tax refunded/(paid)		257	(50)	257	(50)
		(5,797)	(6,650)	(5,673)	(6,466)
Net cash used in operating activities		(12,034)	(14,713)	(4,340)	(5,578)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of subsidiaries	9	-	-	-	-*
Advances from related parties		1,936	5,013	1,574	4,723
Advances to subsidiaries		-	-	(8,327)	(10,414)
Proceeds from disposal of property, plant and equipment		251	2	251	2
Development expenditure incurred in land held for property development		(584)	(666)	-	-
Purchase of property, plant and equipment	7	(173)	(373)	(145)	(220)
Net cash from/(used in) investing activities		1,430	3,976	(6,647)	(5,909)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid on bank borrowings		(87)	(36)	(51)	(21)
Proceeds from issue of ordinary shares pursuant to rights issue	14	-	51,778	-	51,778
Repayments to related parties		-	(30,840)	-	(30,264)
Repayments of hire-purchase creditors		(530)	(190)	(367)	(135)
Net cash (used in)/from financing activities		(617)	20,712	(418)	21,358
Net (decrease)/increase in cash and cash equivalents		(11,221)	9,975	(11,405)	9,871
Cash and cash equivalents at beginning of financial year		(42,425)	(52,400)	(42,930)	(52,801)
Cash and cash equivalents at end of financial year	13	(53,646)	(42,425)	(54,335)	(42,930)

** Represents amount less than RM1,000*

The accompanying notes form an integral part of the financial statements

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 registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 21st Floor, Wisma MPL, Jalan Raja Chulan, 50200 Kuala Lumpur.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

These financial statements were approved and authorised for issue by the Board of Directors on 24 October 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs'') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 36 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and also on the basis of accounting principles applicable to a going concern.

The Group and Company incurred net losses of RM20,237,000 and RM4,329,000 respectively for the financial year ended 30 June 2011 and as of that date, the Group's and Company's short term borrowings mainly comprised bank overdraft and revolving credit of RM54,634,000 and RM25,704,000 respectively, which had been restructured and are subject to renewal.

The Directors are confident that the existing financial institutions would continue to extend the facilities currently enjoyed by the Group and the Company and where necessary, would restructure the facilities to enable the Group and Company to meet their financial obligations.

In addition, the substantial shareholder of the Group, Top Lander Offshore Inc., has been providing continuous financial support to the Group and Company to meet their liabilities as and when they fall due.

In view of the above, the Directors have considered the application of the going concern basis in the preparation of financial statements to be appropriate in these circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of accounting (continued)

In the event that the going concern basis of preparing the financial statements of the Group and the Company be inappropriate, adjustments will have to be made to reclassify non-current assets and non-current liabilities as current assets and current liabilities, to restate the carrying value of the assets to their recoverable amounts and to provide for further liabilities which may arise.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the Group's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 Business Combinations in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 Financial Instruments: Recognition and Measurement or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation is calculated to write off the cost of the assets to their residual values on the straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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 items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Lease and hire purchase

(a) Hire purchase

Assets acquired under hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the term of the hire-purchase to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the end of the reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair values of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investments properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with FRS 5 Non-current Assets Held for Sale and Discontinued Operations when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.7 Property development activities

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development cost

Property development cost comprises all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

When revenue recognised in profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current asset. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

4.8 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract, and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), property development costs and investment property measured at fair value, 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.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 risk specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss except for the investments or financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which shall be measured at cost.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.