malaysia pacific corporation berhad
(12200-M)

Annual Report 2013

APTEC
ASIA PACIFIC TRADE & EXPO CITY

LAKEHILL
RESORT CITY

APTEC - A New Silk Road
Connecting China, Asean, India & The Middle East

malaysia pacific corporation berhad (12200-M)

Annual Report 2013

malaysia pacific corporation berhad

Head Office:

Malaysia Pacific Corporation Berhad (12200-M)
21st Floor, Wisma MPL, Jalan Raja Chulan,
50200 Kuala Lumpur, Malaysia
Tel: +603-2070 4488 Fax: +603-2070 4489

www.mpcb.com.my
www.aptec.com.my
www.lakehill.com.my

Sales & Showroom Office:

Lot 96489, Batu 18, Jalan Kong Kong,
81700 Pasir Gudang, Johor Darul Takzim, Malaysia
Tel: +607-252 1133 Fax: +607-255 1815

Hong Kong Office:

17th Floor, Amber Commercial Building,
70-74 Morrison Hill Road, Causeway Bay, Hong Kong.
Tel: (852) 2541 8389 Fax: (852) 2541 8476

CONTENTS

NOTICE OF THE FORTY-FIRST (41ST)
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting of MALAYSIA PACIFIC CORPORATION BERHAD will be held at Tiara Rini Ballroom, The Royale Bintang The Curve, 6, Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan on Monday, 23 December 2013 at 9.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2013 together with the Reports of the Directors and Auditors thereon. **(Note 7)**

2. To approve the payment of Directors' Fees for the financial year ended 30 June 2013. **Ordinary Resolution 1**

3. To re-elect Datin Kong Yuk Chu, a Director who retires by rotation in accordance with Article 85 of the Articles of Association of the Company. **Ordinary Resolution 2**

4. To re-elect Mr Ch'ng Soon Sen, a Director who retires by rotation in accordance with Article 85 of the Articles of Association of the Company. **Ordinary Resolution 3**

5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

To consider and if thought fit, to pass the following Resolution:-

6. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**

   "That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance." **Ordinary Resolution 5**

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
CHAN SU SAN (MAICSA 6000622)

Company Secretaries

Date: 29 November 2013

Notes:

1. A member entitled to attend and vote at 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.

2. 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.

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

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. The instrument appointing a proxy shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 17 December 2013 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. The Audited Financial Statements in Agenda 1 is meant for discussion only as 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.

8. **Explanatory Notes on Special Business**

   Ordinary Resolution 5 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   The Proposed Ordinary Resolution 5 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.

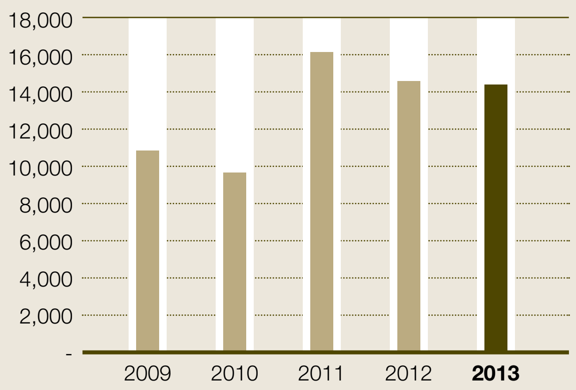
   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fortieth Annual General Meeting held on 28 December 2012 and which will lapse at the conclusion of the Forty-First Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities.

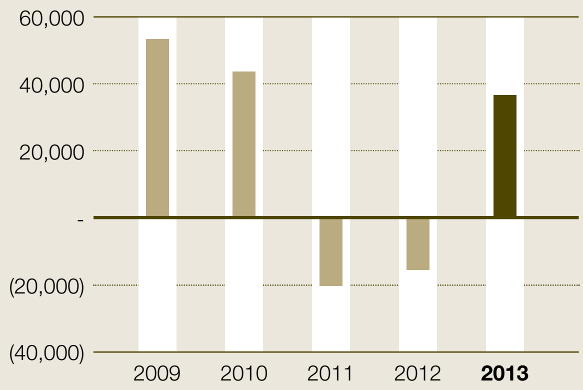
FIVE YEAR
FINANCIAL HIGHLIGHTS

		Year Ended 30 June				
		2013	2012	2011	2010	2009
Revenue	(RM'000)	14,388	14,583	16,151	9,662	10,841
Profit/(Loss) Before Taxation	(RM'000)	36,928	(15,331)	(19,128)	42,000	53,355
Profit/(Loss) After Taxation	(RM'000)	36,610	(15,536)	(20,237)	43,608	53,221
Paid-Up Capital	(RM'000)	287,660	287,660	287,660	287,660	172,597
Equity Attributable To Owners Of The Parent	(RM'000)	281,123	244,491	344,459	363,483	266,463
Total Assets	(RM'000)	565,344	508,236	509,127	517,942	451,291
Basic Earnings Per Share	(Sen)	12.73	(4.83)	(6.61)	23.43	31.02
Net Assets per Share	(RM)	0.98	0.85	1.29	1.36	1.71

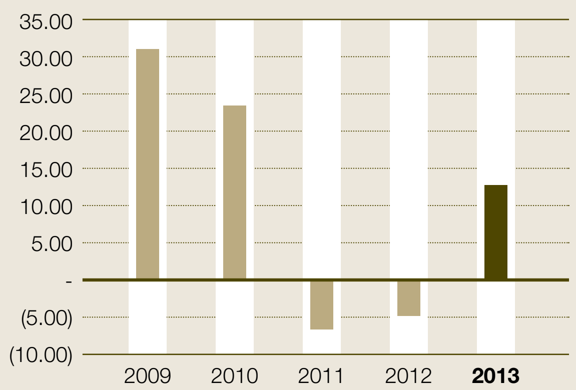
Revenue (RM'000/Year)



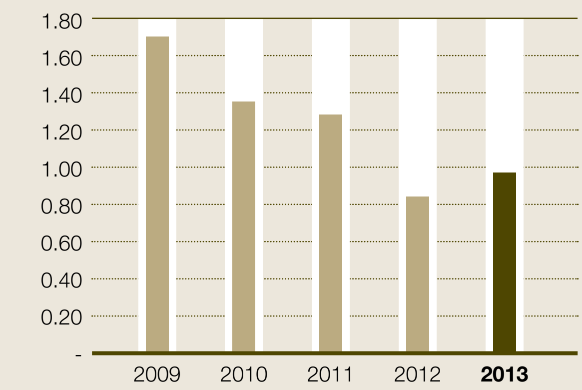
Profit/(Loss) After Taxation (RM'000/Year)



Basic Earnings Per Share (Sen/Year)



Net Assets Per Share (RM/Year)



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am pleased to present to you the Annual Report and Audited Financial Statements of your Company for the financial year ended 30 June 2013.

FINANCIAL & OPERATION REVIEW

There were no significant changes to the Group's principal activities for the current financial year. The main source of revenue for the current financial year was from the rental income of Group's investment property, Wisma MPL, Kuala Lumpur.

For the financial year ended 30 June 2013, the Group revenue decrease by 1.3% to RM14,388,000, as compared to RM14,583,000 registered in previous financial year. The Group, however, recorded a higher profit before taxation of RM36,928,000 for the current financial year, as compared to loss before taxation of RM15,331,000 in the previous financial year. Profit after taxation was also higher at RM36,610,000, as opposed to loss after taxation of RM15,536,000 in the preceding financial year. During the financial year, the net assets per share of the Group have also increased to RM0.98, as compared to RM0.85 in the previous financial year.

The significant increase of profit before tax, profit after tax and net assets per share for the current financial year was largely due to the revaluation of Group's investment property, Wisma MPL and the reversal of the impairment losses on the Group's land held for property development and property development costs for Iskandar Malaysia Johor project.

During the financial year, the investment property of the Group was valued at RM320,000,000 by an independent reputable firm of professional valuers. The valuation has resulted in a fair market value gain of RM20,000,000 to the Group, as compared to the previous valuation in August 2010. The Group also recognised an income of RM40,926,000 from the reversal of previous impairment losses on property development costs as land held for property development. However since 2012, the property prices in Iskandar Malaysia have escalated tremendously and the underlying asset values should have risen more.

Lakehill Resort night scene

LakeHill Resort City

MOU with Black Sea Horizon Investments Holdings Limited

Lakehill Platinum Residence

PROSPECT AND FUTURE

The Group has on-going negotiation of joint-venture to redevelop the investment property of Wisma MPL, which has a carried minimum fair value of RM320,000,000 in the book. The joint venture or disposal of the building will unlock the asset values and generate more than sufficient cash flows for the Group more than enough to settle the bank remaining overdrafts and revolving credits of the Group. The Group has so far received optimistic responses from few strategic potential investors to inject new capital or joint ventures in the properties and projects of the Group which are expected to contribute positive new cash flows to the Group. This is the preferred goal of the Group rather than breakup any assets of the Group. The Group wishes to overcome the debt issues as soon as possible and within the foreseeable future.

In respect of the amount owing to AmanahRaya Development Sdn Bhd (ARDSB), the Group's lawyer is pursuing to finalize the settlement agreement with ARDSB by way of exchange of certain parcels of land under the agreement in lieu of cash as demanded by ARDSB in their Writ of settlement action.

The Group has earmark to launch the development of Lakehill Resort City and Asia Pacific Trade & Expo City ("APTEC") in 2014. On 3rd October 2013, the Group has entered into a Memorandum of Understanding (MOU) with Black Sea Horizon Investment Holdings Limited, a China State-Owned Enterprise of the People's Republic of China under the State Council to develop APTEC in Iskandar Malaysia. The anticipated Gross Development Value ("GDV") of APTEC is RM43 billion.

In the normal course of property development program, the Group has plans to start launching the Lakehill Resort City residential projects of Phases 4M and 1A1 with an anticipated GDV of approximately RM300 million in beginning 2014. In the alternative, these residential projects sales by themselves are expected to generate enough sufficient cash flows to satisfy the remaining bank debt obligations of the Group.

APPRECIATION

On behalf of my fellow Board members, I would like to express sincere appreciation to our bankers, consultants, business associates and regulatory authorities for their contribution, understanding and support.

The Board wishes to extend its sincere appreciation to our shareholders for their continuous understanding, patience, support and confidence. We look forward to your continuing patience and support.

Dato' Syed Hussien bin Abdul Kadir
Chairman

CORPORATE **STRUCTURE**

malaysia pacific corporation berhad
(12200-M)

Issued & Paid Up Capital **(RM287,659,780)**

- **100%** THE POWER CLUB SDN BHD (616469-A)
- **100%** PACIFIC SPA & FITNESS CLUB SDN BHD (650523-V)
- **100%** LAKEHILL HOMES (MM2H) SDN BHD (797206-H)
- **100%** MPC MANAGEMENT SERVICES SDN BHD (822918-K)
- **100%** MP SECURITY SERVICES SDN BHD (809245-W)
- **100%** TEMASEK MEWATEK SDN BHD (858743-D)
- **100%** BEDFORD PJ COMPLEX SDN BHD (202353-M)
- **100%** EURONIUM CONSTRUCTION SDN BHD (626922-A)
- **100%** MPC PROPERTIES SDN BHD (708892-A)
  - **100%** ASA ENTERPRISES SDN BHD (17316-M)
  - **100%** ORIENTAL PEARL CITY PROPERTIES SDN BHD (736391-T)
    - **100%** LAKEHILL RESORT DEVELOPMENT SDN BHD (638993-H)
      - **100%** ASIA PACIFIC TRADE AND EXPO CITY SDN BHD (802962-U)
      - **100%** ASIA-PACIFIC TRADE & EXPO CITY (HK) LIMITED (1246848)
  - **100%** CREATIVE ASCENT SDN BHD (305029-H)
    - **100%** TAMAN BANDAR BARU MASAI SDN BHD (321412-T)
- **100%** PREMIER BUILDING MANAGEMENT SERVICES SDN BHD (595741-M)
- **100%** PRESTIGE TRADING SDN BHD (717414-D)
- **100%** REAL ROCK RESTAURANT AND CAFE SDN BHD (809255-M)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

YBhg Datin Kong Yuk Chu
Vice Chairman and Executive Director

Ch'ng Soon Sen
Executive Director

Norsyahrin bin Hamidon
Independent Non-Executive Director

Da Cruz Sean Nicholas
Non-Independent Non-Executive Director
(Re-designated from Independent Non-Executive Director on 1 November 2013)

YBhg Datuk Ramly bin Ahmad
Executive Director (Resigned on 5 February 2013)

SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Chan Su San (MAICSA 6000622)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 - 7720 1188
Fax : 03 - 7720 1111/1177

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.lakehill.com.my

PROFILE OF

BOARD OF DIRECTORS

YBHG DATO' SYED HUSSIEN BIN ABD KADIR

Chairman and Independent Non-Executive Director

Dato' Syed Hussien Abd Kadir, aged 64, a Malaysian, was appointed to the Board on 15 January 2008. He is an Independent Non-Executive Director of the Company.

Dato' Syed Hussien 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 Diraja (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 an 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) of the Ministry of Foreign Affairs; First Secretary, Embassy of Malaysia in Rabat, Morocco; Counsellor of Embassy of Malaysia in Moscow; Consul General of Malaysia, Jeddah, Saudi Arabia. He is also holding the post as a Deputy Permanent Representative of the OIC Secretariat in Jeddah.

He is presently the Secretary-General of the National Chamber of Commerce & Industry Malaysia; Group Chairman of Axisjaya Group; Director of Dagang Net; Chairman of Shapers Malaysia Sdn Bhd, Retirement Benefit Fund IIUM and Cagnar Engineering Sdn Bhd.

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

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 all 9 Board Meetings held in the financial year ended 30 June 2013.

YBHG DATIN KONG YUK CHU

Vice Chairman and Executive Director

Datin Kong Yuk Chu, aged 65, a Hong Kong SAR National, permanent resident of Malaysia, was appointed to the Board on 15 November 2007. She became an Executive Director of the Company on 1 October 2008 and as Vice Chairman of the Company on 18 February 2011.

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

Datin Kong is the spouse of Dato' Bill Ch'ng, the Chief Executive Officer of the Company, and the mother of Ch'ng Soon Sen, an Executive Director of the Company.

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

She attended all 9 Board Meetings held in the financial year ended 30 June 2013.

MR CH'NG SOON SEN

Executive Director

Mr Ch'ng Soon Sen, aged 31, 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.

He is the sons of Dato' Bill Ch'ng, the Chief Executive Officer of the Company and Datin Kong Yuk Chu, the Vice Chairman and Executive Director of the Company.

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

He attended all 9 Board Meetings held in the financial year ended 30 June 2013.

ENCIK NORSYAHRIN BIN HAMIDON

Independent Non-Executive Director

Encik Norsyahrin Bin Hamidon, aged 38, a Malaysian, was appointed to the Board on 18 July 2012. He is an Independent Non-Executive Director of the Company.

Encik Norsyahrin Bin Hamidon is a Chartered Accountant by qualification and an active member of Malaysian Institute of Accountants. He has started his professional accountancy practice with the Kumpulan FIMA Berhad, responsible for the internal audit of the group both domestic and FIMA's international subsidiary in Papua New Guinea. Commencing his own private practice in 2003, Syahrin & Co (Chartered Accountants) and Syahmas Management (Company Secretarial Advisors) today has a wide spectrum of clienteles from various industries with a portfolio of small to multi million ringgit companies.

Encik Norsyahrin's wide spectrum comprehension of accounting and financial matters has acclaimed his appointments as a director of a few cooperatives, private companies and NGOs. He was invited to become one of the Panelist for Pre and Post Budget 2014 Talk Show broadcasted by the local TV station in 2013. Furthermore, he was also the Panelist for to the National Tax Conference organised by LHDN and Chartered Tax Institute of Malaysia in 2011.

Presently, he is the Treasurer General for the Malay Chamber of Commerce Malaysia (MCCM), Finance Committee member of National Chamber of Commerce and Industry Malaysia (NCCIM), Board Trustee of Yayasan Kajian Dan Pembangunan DPMM and also one of the committee members of Innovation Committee for SMEs of SME Corporation.

Encik Norsyahrin is also currently serving as the Finance and Investment Committee of Majlis Tindakan Ekonomi Melayu Bersatu Berhad (MTEM), a Council that represents 51 Economic NGO's in Malaysia. He represented Malay Chamber of Commerce in an Economic Forum organised by Islamic Development Bank in Ankara, Turkey.

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

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 all 8 Board Meetings held in the financial year ended 30 June 2013 since his date of appointment.

MR DA CRUZ SEAN NICHOLAS

Non-Independent Non-Executive Director

Mr Da Cruz Sean Nicholas, aged 29, a Singaporean, was appointed to the Board on 5 November 2012. He was appointed as an Independent Non-Executive Director and was re-designated as Non-Independent Non-Executive Director of the Company on 1 November 2013.

Mr Da Cruz holds a degree in International Business Management (Hons) from the European Business School London. He completed his National Service in the Singapore Armed Forces in 2005, and has gained exposure and knowledge of corporate banking, investment, trading and property development through work placements at Goldman Sachs, UBS, Nittan Capital and Sino Land in Hong Kong.

Mr Da Cruz is a shareholder and director of several private companies including RedRock Financial Investments Co Ltd, a company incorporated in the British Virgin Islands specialising in investments and consulting in China.

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 all 4 Board Meetings held in the financial year ended 30 June 2013 since his date of appointment.

PROFILE OF
CHIEF EXECUTIVE OFFICER

DATO' BILL C.P. CH'NG
D.I.M.P.

Dato' Bill, aged 74, a Malaysian, was appointed CEO of the Company on 30th December 2004.

He has risen to architectural prominence as the first Asian partner/architect of James Cubitt & Partners in the design of the first largest University Teaching Hospital and University of Malaya Medical campus in the 1960s.

In 1971, he started his own architectural firm and won two 1st prizes in two architectural competitions in Malaysia and Singapore.

He mooted and envisaged the Genting Highland Casino Resort in Malaysia in 1965 to the First Prime Minister of Malaysia and as a much needed tourist economic generator. In 1972, his firm was engaged in drawing up the first master-plan of Sentosa Island (formerly known as "Blankang Mati") into a future holiday tourism and golf resort. Both these projects are today great success stories.

He left a successful architectural practice in 1983 to thrive as an entrepreneur/developer.

In 1984, he was invited by the Fujian government of the Peoples' Republic of China as volunteer/adviser to attract investors into Fujian China and was granted the "special permit" by the Malaysian government. His advisory role soon extended to other provinces and cities in China.

A significant project of note in China was his involvement in the preparatory implementation of Daya Bay Nuclear Power Plant in Guangdong in 1984- 1985. Between 1984 and 1989, he travelled widely around China to many provinces and cities as far as Inner Mongolia meeting with mayors, governors, party secretaries and ministers including giving lectures to officials and promoting foreign investment and introducing technology transfer into Fujian, Guangdong, Shanghai and Beijing.

In his 23 years living and working in China, Hong Kong and overseas he has accumulated vast knowledge and experiences which has brought him fame and successes but also unwary mistakes and blame.

He returned to Malaysia in 2004 with the view of retirement but was invited by Ybhg Tan Sri Quek Leng Chan of Hong Leong Group who was a substantial shareholder of the Company at the time to be the advisor. The Company was in bad shape. He landed to be the sole "white-knight" to save the Company from the brink of bankruptcy.

In 2005 Dato' Bill was made the new CEO. He needed to create "added-value" on the two defunct assets and overcome heavy losses.

It dawn upon him an idea of creating Johor into another "Shenzhen Economic Success Story" to the government of Malaysia. The "visionary concept" of Asia Pacific Trade and Expo City (APTEC) was introduced to the government to capitalize the natural strategic geographic advantage of Johor being in close proximity to Singapore in exemplifying the similarity of "Hong Kong-Shenzhen" economic advantages. Iskandar Malaysia (Special Economic Zone) was announced in November 2006 by the government.

APTEC propagates a "new silk road" encompassing China-ASEAN's established manufacturing "powerhouses" to become a sustainable supply and procurement chain to the market of 600 million consumers in ASEAN and in connecting India, Middle-East, Africa and Europe vast potential.

APTEC's vision is in narrowing the wealth-disparity gap by creating opportunity of increasing household-income while at the same time also reducing inflation is Dato' Bill's dream of corporate social responsibility to society.

Dato' Bill has been a well sought speaker in numerous economic forums and seminars in Malaysia, Singapore and China on the topics of housing, economics, aged-retirement and promotion of regional collaborative partnerships.

His Qualification and achievement:-
- Past Honorary Treasurer of Malaysia Institute of Architects (PAM);
- Member of the Board of Malaysia-China Business Council;
- Malaysia-Republic of Korea Business Council;
- Malaysia-UAE Business Council;
- Malaysia-Thailand Business Council;
- Member of the 1st Standing Committee of the Overseas Chinese Fraternity Association of Guanzhou Fujian PRC;
- Awarded "Asia Pacific Outstanding Entrepreneur 2009";
- A Bachelor of Architect (NSW) Australia;
- Fellow of Royal Australian Institute of Architects (FRAIA);
- Associate of Royal Institute of British Architects (RIBA);
- Associate of Pertubuhan Akitek Malaysia (APAM).

Dato' Bill is the spouse of Datin Kong Yuk Chu, the Vice Chairman and Executive Director of the Company and father of Mr. Ch'ng Soon Sen, an Executive Director of the Company.

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

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

The ARMC currently comprises three (3) members who are all Non-Executive Directors. The position and details of attendance of each member at meetings held during financial year ended 30 June 2013 are as follows:

Directors	Position	No. of Meeting Attended
YBhg Dato' Syed Hussien bin Abd Kadir	*Independent Non-Executive Director and Chairman of the ARMC*	5/5
Norsyahrin bin Hamidon	*Independent Non-Executive Director*	5/5
Da Cruz Sean Nicholas*	*Non-Independent Non-Executive Director*	3/3

* *Re-designated to Non-Independent Non-Executive Director on 1 November 2013. Mr Da Cruz Sean Nicholas attended all 3 ARMC meeting held in the financial year ended 30 June 2013 since his date of appointment.*

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 set out in Part 1 of the First Schedule of the Accountants Act, 1967 or a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act, 1967 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 in the number of members in the ARMC being reduced to below three (3) or non-compliance of 1(d) above, 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 in a financial year and such other additional 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 of the Company 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 expect for related party transaction where the interested ARMC members shall abstain from deliberation and voting.

TERMS OF REFERENCE *(continued)*

2. Procedure of Meetings *(continued)*

2.1 Frequency and Proceedings of Meetings *(continued)*

(f) A resolution in writing signed by all 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 or such other senior official of the Company 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 Audit 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.

TERMS OF REFERENCE *(continued)*

4. Duties and Responsibilities

4.1 Matters relating to External Audit

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

(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, 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.

(f) To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts that cannot be entered into with the external auditors would include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

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 to ensure that the internal auditors have 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 the internal audit staff members and provide the resigning staff member an opportunity to submit his/her 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 the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process.

(c) To review the Group's risk profile and risk tolerance.

(d) 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.

(e) 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.

(f) 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 2013 were summarised 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, 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 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 Risk Management and Internal Control.

SUMMARY OF INTERNAL AUDIT FUNCTION

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

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

STATEMENT OF
CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (the "Board") is committed to ensuring that high standards of corporate governance are practised throughout Malaysia Pacific Corporation Berhad ("MPCORP" or "Company") and its subsidiaries ("Group"). The Board is of the view that this is fundamental towards the protection and enhancement of shareholders' value. The Board fully supports the principles set out in the Malaysian Code on Corporate Governance 2012 ("Code") and is pleased to outline the manner in which the Group has applied the Principles set out in the Code and observed the recommendations set out in the Code, where applicable.

Principle 1 – Establish clear roles and responsibilities of the Board and Management

The Board takes cognizance of its roles and responsibilities in discharging its fiduciary duties and leadership functions. The Board together with Management, have established the division of roles and functions in managing the Group. The Board is responsible for oversight and overall management of the Group, whilst the Management is responsible for the day-to-day operations of the business and effective implementation of Board decisions.

The Board in discharging its duties has adopted the following objectives:-

- reviewing and adopting a strategic plan for our Group;
- overseeing the conduct of our Group's businesses to evaluate whether our businesses are being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- developing and implementing a Corporate Disclosure Policy for our Group;
- reviewing the adequacy and the integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting
- ensuring that the Company's financial statements are true and fair and conform with the accounting standards; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

The Executive Directors are responsible in overseeing the implementation of objectives and plans for the Group whilst Management is responsible for the day-to-day operations of the Group. The Independent Non-Executive Directors, ensures that the Board practises good governance in discharging its duties and responsibilities. The Board, as a whole, retains overall control of the Group.

The Board has established Board Committees as set out below, each with its own functions and responsibilities, to assist the Board in discharging its duties.

- Audit and Risk Management Committee; and
- Nominating and Remuneration Committee.

The Directors in their individual capacity or the Board as a whole, in furtherance of their duties, are entitled to independent professional advice, as and when they deem necessary at the Group's expense in the discharge of their duties.

The Board has unrestricted access to the advice and services of the Company Secretaries who are qualified, experienced and competent on procedural and regulatory requirements. The Board recognises the importance role of the Company Secretary in supporting the Board by advising and ensuring regulatory compliance and development and also board policies and procedures.

Principle 1 – Establish clear roles and responsibilities of the Board and Management *(continued)*

During the year under review, the Board adopted the following corporate policies to be in compliance with the amendments to Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirement ("MMLR") and the Code:

i. Board Charter
ii. Code of Conduct
iii. Code of Ethics
iv. Corporate Disclosure Policies and Procedures
v. Directors' Assessment Policy
vi. Directors' Remuneration Policy
vii. Insider Dealing Policy
viii. Risk Management Policy
ix. Related Party Transactions Policy
x. Succession Planning Policy
xi. Whistle Blower Policy

The Board Charter is available at the corporate website at www.mpcb.com.my.

Principle 2 – Strengthening Composition

Board Composition

MPCORP is led by a team of experienced directors. Each director comes from different professional backgrounds bringing depth and diverse areas of expertise, a wide range of experience and knowledge to the business strategies and operations of the Group.

Presently, the Board comprises two (2) executive directors, two (2) independent non-executive directors and one (1) non-independent non-executive director as set out below.

Name	Directorship
YBhg Dato' Syed Hussien bin Abd Kadir *(Chairman)*	*Independent Non-Executive*
YBhg Datin Kong Yuk Chu *(Vice Chairman)*	*Executive*
Ch'ng Soon Sen	*Executive*
Norsyahrin bin Hamidon	*Independent Non-Executive*
Da Cruz Sean Nicholas	*Non-Independent Non-Executive**

* *Re-designated as Non-Independent Non-Executive on 1 November 2013.*

The profile of each Director is presented on pages 8 to 9 in this Annual Report.

Audit and Risk Management Committee

The composition, the Terms of Reference and activities of the Audit and Risk Management Committee are separately set in the Audit and Risk Management Committee Report of this Annual Report.

Principle 2 – Strengthening Composition *(continued)*

Nominating and Remuneration Committee

The Nominating and Remuneration Committee ('NRC") consists of two (2) independent non-executive directors:

Name	Directorship
YBhg Dato' Syed Hussien bin Abd Kadir *(Chairman)*	*Independent Non-Executive*
Norsyahrin bin Hamidon	*Independent Non-Executive*

The authorities, functions and responsibilities of the NRC are set out in its terms of reference.

The main objectives of the NRC are to review, recommend and consider candidates for appointment to the Board based on skills and experience, to assess the effectiveness and continually seek ways to upgrade the effectiveness of the Board as a whole and the Committees of the Board. It also assesses the contribution of each Director, executive or independent non-executive. In evaluating candidates for directorship, the NRC will consider the following criteria:-

- Mix of skills, experience and diversity;
- Character, integrity, experience, time commitment and competency;
- In the case of independent directors, their abilities to discharge their responsibilities and functions

The Board had not specified any gender policies in its evaluation of candidacy as the focus is on skills, experience, character, knowledge, time commitment and integrity. However, the evaluation will be reviewed and revised from time to time to meet the needs of the Company.

During the year, the NRC met to review the performance of all the Board members, individually and collectively as a Board based on the following key aspects:-

- Size, composition, independence, mix of skills and experience within the Board and Board Committees
- Functions of the Board and Board Committees
- Discharge of responsibilities of the Board and Board Committees
- Character, experience, integrity, competence and time commitment of the Directors.

The NRC had also assessed character, experience, integrity, competency and time commitment of the Chief Executive Officer ("CEO") and the Group Financial Controller ("GFC").

The NRC was satisfied that the Board, Board Committees, each Director, the CEO and the GFC has fulfilled their duties and responsibilities and are suitably qualified in their respective positions.

The NRC also reviewed the remuneration packages of each individual Executive Director from time to time to ensure that the remuneration packages remain competitive in order to attract and retain competent executives who can manage the Group successfully. Executive Directors play no part in decisions on their own remuneration.

The determination of remuneration packages of Independent Non-Executive Directors is a matter of the Board as a whole. The Independent Non-Executive Directors do not participate in decisions affecting their remuneration.

During the year under review, the NRC had met to discuss the remuneration structure and packages for review by the Board.
The aggregate remuneration of Directors for the financial year ended 30 June 2013 is as follows:-

		RM'000		
		Fees	Salaries and Other emoluments	Total
a	Executive	120	604	724
b	Non-Executive	170	15	185
		290	619	909

Principle 2 – Strengthening Composition *(continued)*

Nominating and Remuneration Committee *(continued)*

The number of Directors whose total remuneration falls within the following bands are as follows:-

	Executive	Non-Executive
RM1 – RM50,000	-	1
RM50,001 – RM100,000	1	2
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	-

Principle 3 – Reinforce independence

The NRC has performed review on the performance as well as the independence of Independent Directors to ensure compliance with the requirements of Independent Directors set out in the Bursa Securities MMLR and the effectiveness and contribution of the Independent Directors. In the opinion of the Board as a whole, each Independent Director brings invaluable judgement to bear on issues of strategy, performance, resource allocation, risk management and standards of conduct. The minority shareholders are well represented by the presence of these highly capable and credible Independent Non-Executive Directors.

The Board takes cognisance that the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completion of the 9 years tenure, an Independent Director may continue to serve on the Board subject to the re-designation as a Non-Independent Director. However, the Board shall justify and seek shareholders' approval in the event it retains a person who has served as an Independent Director for a cumulative period of 9 years.

As at the date of this Statement and up to the forthcoming Annual General Meeting, none of the existing Independent Directors has served the Company for a cumulative period of more than 9 years.

The Board recognises the importance of having a clearly accepted division of power and responsibilities to ensure a balance of power and authority. It is the policy of the Board to keep the roles of Chairman and the CEO separate, so that no one individual has unfettered powers of decision making.

Principle 4 – Foster commitment

The Directors are mindful of their responsibilities and committed to carry out their responsibilities. In line with Bursa Securities MMLR, the Directors are required to comply with the restrictions on the number of directorships in public listed companies. The Directors will notify the Board on acceptance of any new board appointments.

Board meetings are structured with pre-determined agendas. Notices of Board meetings are sufficiently given to the Board. Appropriate and complete Board papers are prepared prior to each Board meeting and distributed to the Board before the date of the Board Meeting to enable the Directors to obtain further information and explanation, where necessary. Directors also have unfettered access to all information within the Group in furtherance of their duties.

The Board meets regularly, at least on a quarterly basis, with additional matters addressed by way of circular resolutions and additional meetings held as and when necessary.

Principle 4 – Foster commitment *(continued)*

The Board held 9 meetings during the financial year ended 30 June 2013. The attendance of the directors during the said financial year is set out below.

Directors	Position	No. of Meeting Attended
YBhg Dato' Syed Hussien bin Abd Kadir	*Chairman and Independent Non-Executive Director*	9/9
YBhg Datin Kong Yuk Chu	*Vice Chairman and Executive Director*	9/9
Ch'ng Soon Sen	*Executive Director*	9/9
Norsyahrin bin Hamidon*	*Independent Non-Executive Director*	8/8
Da Cruz Sean Nicholas**	*Independent Non-Executive Director*	4/4
Datuk Ramly bin Ahmad (Resigned on 5/2/2013)***	*Executive Director*	4/4

* *Attended all 8 Board meetings held in the financial year ended 30/6/2013 since his date of appointment.*

** *Attended all 4 Board meetings held in the financial year ended 30/6/2013 since his date of appointment.*

** *Attended all 4 Board meetings held in the financial year ended 30/6/2013 since his date of appointment up to the date of his resignation as Director.*

The Board believes life-long learning is essential to each Director for enhancement of knowledge and skills.

The Directors will continuously review conferences, seminars and forums based on the suitability of subject matter. In addition to attending conferences, seminars and other training programmes, the Directors constantly keep up to date with all types of reading materials concerning market development, industry news, changes in the regulations and related issues. All of the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") as required by Bursa Securities. During the financial year ended 30 June 2013, the training programmes attended by the Directors are as follows:

Name of Directors	Name of Training, Conference & Lectures
YBhg Dato' Syed Hussien bin Abd Kadir	Malaysian Code on Corporate Governance 2012 Updates on Listing Requirements of Bursa Malaysia Securities Guidelines on Statement on Risk Management & Internal Control by the Institute of Internal Auditors Malaysia 5th World Chinese Economic Forum IT Among the Islamic Countries, 2013 Global Muslim Conference Middle East Halal Industry Investment Forum
YBhg Datin Kong Yuk Chu	Malaysian Code on Corporate Governance 2012 Updates on Listing Requirements of Bursa Malaysia Securities Guidelines on Statement on Risk Management & Internal Control by the Institute of Internal Auditors Malaysia 5th World Chinese Economic Forum

Principle 4 – Foster commitment *(continued)*

Name of Directors	Name of Training, Conference & Lectures
Ch'ng Soon Sen	Malaysian Code on Corporate Governance 2012 Updates on Listing Requirements of Bursa Malaysia Securities Guidelines on Statement on Risk Management & Internal Control by the Institute of Internal Auditors Malaysia 5th World Chinese Economic Forum Strata Management Act 2013
Norsyahrin bin Hamidon	Mandatory Accreditation Programme for Directors of Public Listed Companies Malaysian Code on Corporate Governance 2012 Updates on Listing Requirements of Bursa Malaysia Securities Guidelines on Statement on Risk Management & Internal Control by the Institute of Internal Auditors Malaysia Persidangan Cukai Malaysia 2013 Seminar Bajet 2014 Bengkel Cukai: Cukai Pendapatan Syarikat
Da Cruz Sean Nicholas	Mandatory Accreditation Programme for Directors of Public Listed Companies 5th World Chinese Economic Forum Malaysian Code on Corporate Governance 2012 Updates on Listing Requirements of Bursa Malaysia Securities Guidelines on Statement on Risk Management & Internal Control by the Institute of Internal Auditors Malaysia ABN AMRO Investment Outlook 2013

Principle 5 – Uphold integrity in financial reporting

1. **Financial Reporting**

   In presenting the annual financial statements and quarterly results, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

   The ARMC assists the Board in examining information to be disclosed to ensure the accuracy and authenticity of such information and compliance with the applicable financial reporting standards. The ARMC also reviewed the quarterly and annual financial statements with the assistance of the external auditors for Board's approval prior to their release to the regulators.

   In preparing the financial statements, the Directors have ensured that the financial statements have been drawn up in accordance with the applicable approved accounting standards and provisions of the Compliance Act, 1965. The statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 30 of this Annual Report.

Principle 5 – Uphold integrity in financial reporting *(continued)*

2. Relationship with the External Auditors

The ARMC has established a formal and transparent relationship with the auditors of the Company. At least twice a year, the ARMC will meet with the external auditors without the presence of executive directors and management. The role of the Audit Committee in relation to the external auditors is further described in the ARMC Report in this Annual Report.

In the assessment of the performance of the external auditors including independence policies and procedures of the external auditors, the ARMC noted that the external auditors, in accordance with the independence requirements set out in the By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants, evaluate the level of threat to objectivity and potential safeguards to prevent any threats prior to acceptance of any non-audit engagement. The ARMC monitors and reviews the Independence of external auditors by obtaining confirmation from the external auditors that they are, and have been, independent throughout the conduct of the audit engagement with Group.

Principle 6 – Recognise and manage risks

The Board has established an appropriate risk management and internal control to identify and manage risks including Internal Audit Department that reports directly to the ARMC. This is further elaborated in the Statement on Risk Management and Internal Control set out in this Annual Report.

Principle 7 – Ensure timely and high quality disclosure

The Board formalised the corporate disclosure policy and disclosure requirements based on the recommendations contained in the Code and its disclosure in Bursa Securities MMLR. The Company has established its website, www.mpcb.com.my which allows shareholders and the public to access to corporate information, financial statements, announcements released to Bursa Securities, news, and events relating to the Group.

Principle 8 – Strengthen Relationship between Company and Shareholders

The Board values and encourages communications with the shareholders and other investors to establish better understanding of the Company's objectives and performance. Announcements pertaining to the corporate, financial and market information of the Company are made through Bursa Securities.

The Annual General Meeting provides an appropriate forum for the shareholders to participate in questions and answers sessions. Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period. This allows shareholders to make the necessary arrangements to attend and participate either in person or by proxy. Shareholders are also encouraged to participate in a question and answer session regarding to the Group's financial statements. The rights of shareholders to demand to vote by way of a poll at the general meetings are set out in the Articles of Association of the Company.

OTHERS DISCLOSURES

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board recognises the importance of the Group in its role as a responsible corporate citizen. The Group's business and operation practices reflect its values and the interests of all stakeholders including its customers, investors, employees, the community and environment.

The Group is committed in ensuring Environmental, Social and Governance Responsibility is a fundamental integral part of business activities of the Group. As an on-going long term initiative, the Group is committed to integrate and implement the Green Technology in its design concepts and construction methods for its development of Asia Pacific Trade and Expo City ("APTEC") and Lakehill Resort City.

OTHERS DISCLOSURES *(continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE *(continued)*

As an employer, the Group is committed to provide growth opportunities, fair performance evaluation and reward systems, and skills enhancement of its employees, both technical and soft skills. We believe that our employees are essential assets who contribute to our development and growth.

As a conscientious developer, the Group has and will continually support humanitarian causes, educational and social development of the society through donation, sponsorships and participation in fund raising and community events which include the involvement and efforts of the employees of the Group.

The Board is aware that as the Group continues to grow, so will its social responsibility efforts. It will have to make frequent adjustments in response to economic and regulatory changes. The Group is committed to consider and adopt sustainable methods and processes where applicable and feasible, from time to time.

MATERIAL CONTRACTS

There was no material contracts (not being contracts entered into the ordinary course of business) entered into by the Company or its subsidiaries which involved directors and major shareholders' interest, either subsisting at the end of the financial year under review or which were entered into since the end of the previous year.

NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

Non-audit fees paid to the external auditors for the financial year ended 30 June 2013 was RM26,500.

SANCTIONS AND/OR PENALTIES

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Pursuant to the Renounceable Two-Call Rights Issue which was successfully completed on 28 April 2010, the Company 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, 2013, 115,062,987 Warrants have yet to be exercised.

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.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There details of the transaction with related parties undertaken by the Group during the financial year are disclosed in Note 31 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements require directors of listed companies to include a statement in their annual reports on the state of their risk management and internal control. The Bursa Securities' Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. The Board's Risk Management and Internal Control Statement, which has been prepared in accordance with the Guidance, is set out below.

RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system could provide only reasonable, and not absolute assurance, against material misstatement or loss.

The Group had in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. This process is regularly reviewed by the Board, which dedicates time for discussion on this subject.

The Group Chief Executive Officer and Group Financial Controller have provided assurance to the Board in writing that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system put in place. This assurance is further supported by the respective Heads of Department written statements that the respective risk management and internal control systems have operated adequately and effectively, in all material aspects, based on the risk management and internal control system put in place.

RISK MANAGEMENT

The Board has established an organisation structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit and Risk Management Committee ("ARMC") to include the work of monitoring all internal controls and risk management. Its review covers matters such as responses to significant risks identified, output from the monitoring process and changes made to the internal control systems.

There is an on-going risk management process undertaken by Management during the year under review. During the last quarter of the financial year, the Board had engaged an independent external professional firm to review the existing corporate governance practices of the Group and risk assessment. The objective of the risk assessment is to identify, assess and evaluate principal risks and to ensure that appropriate risk treatments are in place to mitigate those risks affecting the achievement of the Group's business objectives.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system and had tasked the ARMC with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The Group has established an Internal Audit Department ("IAD") to conduct the internal audit reviews. During the financial year ended 30 June 2013, the internal audit reviews were disrupted due to resignation of the Internal Auditor and the Group had engaged an independent external firm of professional internal auditors, which reports directly to the ARMC to support the IAD.

IAD reviews the internal control processes in the key activities of the Group's business by adopting a risk-based internal audit approach. The internal audit review was undertaken for the period from 1 April 2012 to 31 March 2013. The scope of work covered by the internal audit function is determined by the ARMC after careful consideration and discussion of the audit plan with the IAD.

Observations from internal audits are presented to the ARMC together with the management's responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the ARMC. The ARMC has reviewed the internal audit reports of the Group during the financial year.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, other key elements of the Group's internal control system include:-

- An organisational structure which clearly defined the lines of accountability and responsibility;
- Establishment of Board Committees, namely Audit and Risk Management Committee and Nominating and Remuneration Committee, to assist the Board in discharging its duties;
- Clearly defined objectives and terms of reference of the various Committees established by the Board;
- Board and management meetings to provide updates on the business operations and performances;
- Reviews on business processes to assess the effectiveness of internal control systems; and

REVIEW BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their reviews as to the factual accuracy of the processes and not their effectiveness of efficiency, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

CONCLUSION

The Board is of the opinion that the Group's risk management and internal control systems in place for the financial year under review are adequate to achieve its business objectives. The Board continues to take appropriate measures to sustain and where required, to improve the Group's risk management and internal control system.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2013.

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
Profit for the financial year	36,610	10,295

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. Datin Kong Yuk Chu
YBhg. Dato' Syed Hussien Bin Abd Kadir
Da Cruz Sean Nicholas
Ch'ng Soon Sen
Norsyahrin Bin Hamidon
Datuk Ramly Bin Ahmad *(Resigned on 5 February 2013)*

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants over ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2013 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 1.7.2012	Bought	Sold	Balance as at 30.6.2013
Shares in the Company				
Direct interests:				
Ch'ng Soon Sen	469,000	-	-	469,000
Indirect interests:				
YBhg. Datin Kong Yuk Chu	177,133,561	-	-	177,133,561

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 as well as warrants in the Company by virtue of his mother, YBhg. Datin Kong Yuk Chu's shareholdings pursuant to Section 6A of the provisions of the Companies Act, 1965 as stated above.

	← Number of Warrants B →				
	Balance as at 1.7.2012	Granted	Exercised	Sold	Balance as at 30.6.2013
Warrants B in the Company					
Indirect interests:					
YBhg. Datin Kong Yuk Chu	68,765,804	-	-	-	68,765,804

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company as well as warrants in the Company and of its related corporations during the financial year.

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 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 the 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 profit or loss and other 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 all known bad debts had been 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 other than the following:

	Note	Group RM'000	Company RM'000
Fair value adjustment on investment property	8	20,000	17,330
Reversal of impairment losses for land held for property development	10	16,902	-
Reversal of impairment losses for property development costs	11	24,024	-
		60,926	17,330

(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 render the amounts written off for bad debts or 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 other than the effects, if any, that may arise from the material litigations as disclosed in Note 30 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *(continued)*

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

YBhg. Dato' Syed Hussien Bin Abd Kadir
Director

Ch'ng Soon Sen
Director

Kuala Lumpur
31 October 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 33 to 99 have been drawn up in accordance with 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 at 30 June 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 37 to the financial statements on page 100 has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

YBhg. Dato' Syed Hussien Bin Abd Kadir
Director

Ch'ng Soon Sen
Director

Kuala Lumpur
31 October 2013

STATUTORY DECLARATION

I, Lai Soon Ong, being the officer primarily responsible for the financial management of Malaysia Pacific Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
31 October 2013)

Lai Soon Ong

Before me:

INDEPENDENT AUDITORS' REPORT

to the Members of Malaysia Pacific Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of Malaysia Pacific Corporation Berhad, which comprise statements of financial position as at 30 June 2013 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 99.

Directors' Responsibility for the Financial Statements

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

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 give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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, notwithstanding that as at 30 June 2013, the current liabilities of the Group exceeded its current assets by RM224,017,000. In addition, the Group and the Company were served with a Declaration of Default on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities amounting to RM25,704,000 and RM61,399,000 of the Group and of the Company respectively.

Furthermore, a creditor of the Group amounting to RM119,398,000 as of the end of the reporting period had obtained a summary judgement against the Group in respect of the amount owing. Subsequently, the creditor filed a Writ of Summons for an injunction against the Group and the Company, prohibiting and preventing the Group and the Company from selling, disposing or causing the disposal of certain parcels of land in Johor or entering into any transaction resulting in the disposal or transfer of ownership of certain parcels of land in Johor. Thereafter, on 22 October 2013, the creditor had served a Statutory Notice pursuant to Section 218(1)(e) of the Companies Act, 1965 ('Statutory Notice') against the Group. However, the creditor withdrew the Statutory Notice on 30 October 2013.

These conditions indicate the existence of material uncertainties, which may cast significant doubt about the ability of the Group and of the Company to continue as going concerns.

As disclosed in Note 4.1 to the financial statements, the Group and the Company are in negotiation to restructure the bank overdrafts and revolving credit facilities into long term facilities while the Group and the Company continue to service an agreed sum of monthly interest payment to the bank. The collateral of the bank overdrafts and revolving credit facilities of the Group and of the Company is the investment property of the Group and of the Company of which its carrying amount based on fair value as at the end of the reporting period is higher than the amount of the borrowings. Furthermore, the Group and the Company have intentions to dispose of or undertake a joint venture to redevelop the investment property of the Group, which is expected to generate sufficient cash flows for the Group and the Company to settle the bank overdrafts and revolving credits of the Group and of the Company.

Report on the Financial Statements *(continued)*

Emphasis of Matter (continued)

In respect of the amount owing to the Group's creditor of RM119,398,000 as at end of the reporting period, the Group will pursue on the settlement agreement with the creditor by way of exchange of certain parcels of land in Johor identified in the settlement arrangement in lieu of cash. Additionally, the Group and the Company also plan to launch certain property development projects in Johor in the next financial year, which are expected to contribute positively to the cash flows of the Group and of the Company.

In view of the foregoing, the Directors consider it appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 37 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 in Malaysia 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
2895/08/14 (J)
Chartered Accountant

Kuala Lumpur
31 October 2013

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2013

		Group		Company	
		30.6.2013	30.6.2012	30.6.2013	30.6.2012
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	2,492	3,498	1,754	2,425
Investment property	8	320,000	300,000	286,300	268,970
Investments in subsidiaries	9	-	-	8,240	8,355
Land held for property development	10	203,210	79,482	-	-
		525,702	382,980	296,294	279,750
Current assets					
Property development costs	11	38,195	121,239	-	-
Trade and other receivables	12	1,020	1,608	229,500	221,913
Current tax assets		39	406	9	357
Cash and cash equivalents	13	388	2,003	85	279
		39,642	125,256	229,594	222,549
TOTAL ASSETS		565,344	508,236	525,888	502,299
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	287,660	287,660	287,660	287,660
Exchange translation reserve	15	154	132	-	-
Warrants reserve	15	10,011	10,011	10,011	10,011
(Accumulated loss)/Retained earnings	15	(16,702)	(53,312)	74,060	63,765
TOTAL EQUITY		281,123	244,491	371,731	361,436
LIABILITIES					
Non-current liabilities					
Bank borrowings	16	944	1,063	874	941
Deferred tax liabilities	20	19,618	19,618	-	-
		20,562	20,681	874	941
Current liabilities					
Trade and other payables	21	175,475	158,103	65,976	56,242
Bank borrowings	16	87,354	83,870	87,307	83,680
Provision for liquidated and ascertained damages	22	257	257	-	-
Current tax liabilities		573	834	-	-
		263,659	243,064	153,283	139,922
TOTAL LIABILITIES		284,221	263,745	154,157	140,863
TOTAL EQUITY AND LIABILITIES		565,344	508,236	525,888	502,299

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

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	23	14,388	14,583	9,760	9,756
Cost of sales	24	(7,580)	(7,916)	(5,594)	(5,325)
Gross profit		6,808	6,667	4,166	4,431
Other operating income					
- interest income from subsidiaries		-	-	4,622	4,424
- others		61,188	277	17,360	139
Administrative expenses		(10,920)	(10,153)	(3,570)	(2,704)
Other operating expenses		(687)	(1,656)	(1,248)	(5,234)
Selling and distribution costs		(10)	(69)	(130)	(128)
Finance costs	25	(19,451)	(10,397)	(11,062)	(9,035)
Profit/(Loss) before taxation	26	36,928	(15,331)	10,138	(8,107)
Taxation	27	(318)	(205)	157	(137)
Profit/(Loss) for the financial year		36,610	(15,536)	10,295	(8,244)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		22	42	-	-
Item that will not be reclassified subsequently to profit or loss		-	-	-	-
Total comprehensive income/(loss)		36,632	(15,494)	10,295	(8,244)
Profit/(Loss) attributable to:					
Owners of the parent		36,610	(13,913)	10,295	(8,244)
Non-controlling interest		-	(1,623)	-	-
		36,610	(15,536)	10,295	(8,244)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		36,632	(13,871)	10,295	(8,244)
Non-controlling interest		-	(1,623)	-	-
		36,632	(15,494)	10,295	(8,244)
Earnings/(Loss) per ordinary share attributable to equity holders of the Company (Sen):					
- Basic and diluted	28	12.73	(4.83)		

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

for the financial year ended 30 June 2013

Group	Note	Share capital RM'000	←Non-distributable→ Exchange translation reserve RM'000	Warrants reserve RM'000	(Accumulated loss)/ Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 July 2011		287,660	90	10,011	46,698	344,459	26,406	370,865
Transactions with owners								
Accretion of interest in a subsidiary	9	-	-	-	24,783	24,783	(24,783)	-
Exercise of put option	9	-	-	-	(110,880)	(110,880)	-	(110,880)
		-	-	-	(86,097)	(86,097)	(24,783)	(110,880)
Loss for the financial year		-	-	-	(13,913)	(13,913)	(1,623)	(15,536)
Foreign currency translations		-	42	-	-	42	-	42
Total comprehensive loss		-	42	-	(13,913)	(13,871)	(1,623)	(15,494)
Balance as at 30 June 2012		287,660	132	10,011	(53,312)	244,491	-	244,491
Profit for the financial year		-	-	-	36,610	36,610	-	36,610
Foreign currency translations		-	22	-	-	22	-	22
Total comprehensive income		-	22	-	36,610	36,632	-	36,632
Balance as at 30 June 2013		287,660	154	10,011	(16,702)	281,123	-	281,123

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2013

	Share capital RM'000	Non-distributable Warrants reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company				
Balance as at 1 July 2011	287,660	10,011	72,009	369,680
Loss for the financial year	-	-	(8,244)	(8,244)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(8,244)	(8,244)
Balance as at 30 June 2012	287,660	10,011	63,765	361,436
Profit for the financial year	-	-	10,295	10,295
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	10,295	10,295
Balance as at 30 June 2013	287,660	10,011	74,060	371,731

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

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		36,928	(15,331)	10,138	(8,107)
Adjustments for:					
Impairment losses on:					
- trade and other receivables	12(d)	680	1,596	14	353
- investment in subsidiaries	9	-	-	115	196
- amounts owing by subsidiaries	12(d)	-	-	1,118	4,685
Reversal of impairment losses on:					
- trade and other receivables	12(d)	(59)	(36)	-	-
- amounts owing by subsidiaries	12(d)	-	-	(1)	(17)
- land held for property development and property development costs		(40,926)	-	-	-
Depreciation of property, plant and equipment	7	1,144	1,105	820	750
Fair value adjustment on investment property	8	(20,000)	-	(17,330)	-
Property, plant and equipment written off	7	5	-	-	-
Gain on disposal of property, plant and equipment		(59)	(104)	(1)	(104)
Interest expense	25	19,451	10,397	11,062	9,035
Interest income		(41)	(73)	(4,635)	(4,437)
Operating (loss)/profit before working capital changes		(2,877)	(2,446)	1,300	2,354
(Increase)/Decrease in property development costs		(695)	1,437	-	-
Increase in trade and other receivables		(33)	(691)	(9)	(315)
Increase in trade and other payables		1,913	3,868	2,304	3,657
Cash (used in)/generated from operations		(1,692)	2,168	3,595	5,696
Interest income received		41	75	13	14
Interest expense paid on bank overdrafts		(5,835)	(4,973)	(5,835)	(4,973)
Tax paid		(212)	(862)	(162)	(257)
		(6,006)	(5,760)	(5,984)	(5,216)
Net cash (used in)/from operating activities		(7,698)	(3,592)	(2,389)	480

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances from related parties		1,935	2,943	1,935	2,943
Advances to subsidiaries		-	-	(3,095)	(6,266)
Proceeds from disposal of property, plant and equipment		160	104	80	104
Increase/(Decrease) in land held for property development		937	(953)	-	-
Purchase of property, plant and equipment	7	(24)	(47)	(8)	(46)
Net cash from/(used in) investing activities		3,008	2,047	(1,088)	(3,265)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest expense paid on hire-purchase		(70)	(79)	(57)	(53)
Repayments of hire-purchase creditors		(470)	(511)	(275)	(332)
Net cash used in financing activities		(540)	(590)	(332)	(385)
Net decrease in cash and cash equivalents		(5,230)	(2,135)	(3,809)	(3,170)
Cash and cash equivalents at beginning of financial year		(55,781)	(53,646)	(57,505)	(54,335)
Cash and cash equivalents at end of financial year	13	(61,011)	(55,781)	(61,314)	(57,505)

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 Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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 authorised for issue in accordance with a resolution by the Board of Directors on 31 October 2013.

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 set out on pages 33 to 99 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 37 to the financial statements set out on page 100 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.

As at 30 June 2013, the current liabilities of the Group exceeded its current assets by RM224,017,000.

As disclosed in Note 16(a) to the financial statements, on 8 March 2013, the Group and the Company were served with a Declaration of Default by RHB Bank Berhad ('RHB') on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities amounting to RM25,704,000 and RM61,399,000 of the Group and of the Company respectively.

As disclosed in Note 21(d) to the financial statements, on 28 September 2012, a creditor of the Group, namely AmanahRaya Development Sdn. Bhd. ('ARDSB') had served a Writ of Summons for a sum of RM113,170,308 together with interest at the rate of 7.2% per annum calculated from 19 September 2012 until the date of full settlement. The amount owing to ARDSB arose from the put option exercised by ARDSB under a joint venture agreement between ARDSB and the Group. Subsequently, on 30 January 2013 the Kuala Lumpur High Court had entered a summary judgement against the Group in respect of the amount owing to ARDSB.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.1 Basis of accounting *(continued)*

On 19 October 2013, ARDSB had filed a Writ of Summons for an injunction against the Group and the Company, prohibiting and preventing the Group and the Company from selling, disposing or causing the disposal of certain parcels of land in Johor or entering into any transaction resulting in the disposal or transfer of ownership of the certain parcels of land in Johor.

On 22 October 2013, the Group and the Company were served with a Statutory Notice pursuant to Section 218(1)(e) of the Companies Act, 1965 ('Statutory Notice') dated 21 October 2013 from ARDSB whereby ARDSB demanded for the amount owing together with interest within twenty one (21) days from the date of the delivery of the Statutory Notice.

On 25 October 2013, the Company announced to Bursa Malaysia that its solicitors were pursuing to finalise a settlement agreement with ARDSB, which is not signed as at the date of this report by both parties. The Company also announced that its legal advisor shall seek ARDSB to withdraw its Statutory Notice or shall file an injunction against ARDSB as the Writ of Summons dated 19 October 2013 itself stated that there was an agreed settlement between the Group and ARDSB and therefore, the Statutory Notice served to the Group was unnecessary.

On 30 October 2013, the Company announced to Bursa Malaysia that the solicitors of ARDSB have by way of letter dated 30 October 2013 notified that ARDSB has withdrawn its Statutory Notice against the Group and the Company with immediate effect.

However, in respect to the application of Writ of Summons dated 19 October 2013 in respect of the settlement agreement, the Court has fixed the hearing of the aforementioned application on 6 December 2013.

On 31 October 2013, the Group and the Company have received a Notice of Discontinuance pertaining to the Writ of Summon dated 19 October 2013 from the solicitors of ARDSB. The Company shall seek the advice from the legal counsel.

These conditions indicate the existence of material uncertainties, which may cast significant doubt about the ability of the Group and of the Company to continue as going concerns.

The Group and the Company are in negotiation with RHB to restructure the bank overdrafts and revolving credits facilities into long term facilities, while the Group and the Company will continue to service an agreed sum of monthly interest payment to the bank. The collateral of the bank overdrafts and revolving credit facilities of the Group and of the Company is the investment property of the Group and of the Company of which the carrying amount based on fair value as at the end of the reporting period is greater than the amount of borrowings.

Furthermore, on 31 October 2013, the Company announced that the Group and the Company have intentions to dispose of or undertake a joint venture to redevelop the investment property of the Group, which is carried at fair value of RM320,000,000 at the end of the reporting period. This will unlock the asset values and generate sufficient cash flows for the Group and the Company to settle the bank overdrafts and revolving credits of the Group and of the Company.

In regards to the joint venture for the redevelopment of the Group's investment property, the Company on 31 October 2013 announced that the Group have so far received responses from strategic potential investors to inject new capital and/or joint ventures in the various properties of the Group and of the Company and are expected to contribute positive cash flows to the Group. This is the preferred objective of the Group and of the Company than disposal of any assets of the Group and of the Company. The Group and the Company wishes to overcome this uncertainty within the foreseeable future.

In respect of the amount owing to the ARDSB, the Group will continue to pursue on the settlement agreement with the creditor by way of exchange of certain parcels of land identified in the settlement arrangement in lieu of cash.

The Group and the Company are continuing their efforts in developing the land held for development and property development costs, namely Lakehill Resort City and Asia Pacific Trade & Expo City ('APTEC'), and subsequent to the end of the reporting period, the Group and the Company have entered into an Memorandum of Understanding with Black Sea Horizon Investment Holdings Limited, a China State-owned enterprise of the People's of Republic China under the State Council to develop the APTEC. The anticipated Gross Development Value ('GDV') of APTEC is approximately RM43 billion.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.1 Basis of accounting *(continued)*

The Group and the Company also plan to launch the Lakehill Resort City residential projects with a GDV of approximately RM300,000,000 in the next financial year. The Lakehill Resort City residential projects are expected to generate sufficient cash flows to satisfy the debt obligations of the Group and of the Company as and when they fall due.

The financial statements of the Group and of the Company have been drawn up on the basis of accounting principle applicable to going concerns. The Directors are of the view that the cash flows from the property development activities and proposed disposal of the Group's assets will be able to fulfill the debt obligations of the Group and of the Company as and when they fall due including the settlement of the amount owing to ARDSB. Furthermore, the substantial shareholder of the Group, Top Lander Offshore Inc., has been providing continuous financial support to the Group and the Company to meet their liabilities and will continue to do so as when they fall due.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts and classification of liabilities or provision for further liabilities that may arise, should the Group and the Company be unable to continue as going concerns. This assumption is premised on future events of which the outcome is inherently uncertain.

The preparation of financial statements in conformity with FRSs 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 may differ from those estimates, barring unforeseen circumstances.

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 and 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 profit or loss and other 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 that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation *(continued)*

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.

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 Business combination

<u>Business combinations from 1 July 2011 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.3 Business combination *(continued)*

Business combinations from 1 July 2011 onwards *(continued)*

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2011

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of the business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost.

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 subsequent costs would 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.4 Property, plant and equipment and depreciation *(continued)*

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 4.10 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 on 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.

4.5 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 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.6 Investment property

Investment property is property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property is initially measured at cost, which includes transaction costs. After initial recognition, investment property is 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 property is the price at which the property 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 each reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair value of investment property is arrived at by reference to market evidence of transaction prices for similar properties.

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

Investments property is derecognised when either they have been disposed of or when they is 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.

4.7 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company have 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.

4.8 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Property development activities *(continued)*

(b) Property development costs

Property development costs comprise 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 professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as 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.

4.9 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.

4.10 Impairment of non-financial assets

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

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.

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 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 exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the 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 for assets 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 reversed only 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 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.

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 (4) 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

(a) Financial assets *(continued)*

(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.

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.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

(b) ***Financial liabilities*** *(continued)*

(i) Financial liabilities at fair value through profit or loss (continued)

Subsequent to initial recognition, financial liabilities 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 liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities 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.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) ***Equity***

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of held-to-maturity investments is directly reduced by the impairment loss whilst the carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary and real property gains taxes payable on the disposal of properties, if any.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by a foreign subsidiary on distribution of retained earnings to company in the Group), and real property gains taxes payable on disposal of properties, if any.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.14 Income taxes *(continued)*

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset, is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.15 Provisions

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

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed as at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and recognise the contributions payable after deducting any contributions already paid as liability and as an expense in the period in which the employees render their services.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of completed properties

Revenue from sale of completed properties is recognised in profit or loss when significant risk and rewards of ownership have been transferred to the customers.

(b) Rental income

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

(c) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of each reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date against the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(d) Revenue from provision of property management services

Revenue from provision of property management services is recognised upon rendering of these services unless collectibility is in doubt.

(e) Construction contracts

Profits from contracts works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.18 Revenue recognition *(continued)*

(f) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(g) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

4.19 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

   (i) the combined reported profit of all operating segments that did not report a loss; and

   (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.20 Operating segments *(continued)*

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRS adopted during the current financial year

The Group and Company adopted the following Standards of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title		Effective Date
Amendments to FRS 1	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7	*Disclosures- Transfers of Financial Assets*	1 January 2012
Amendments to FRS 112	*Deferred Tax: Recovery of Underlying Assets*	1 January 2012
FRS 124	*Related Party Disclosures*	1 January 2012
Amendments to FRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012

There is no impact upon adoption of the Amendments to FRS 1, FRS 7, FRS 112 and FRS 124 during the financial year except for FRS 101.

<u>Amendments to FRS 101 Presentation of Items of Other Comprehensive Income is mandatory for annual periods beginning on or after 1 July 2012.</u>

These Amendments introduce the title 'statement of profit or loss and other comprehensive income' to replace the current title 'statement of comprehensive income'. These Amendments also require the Group to collate items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(continued)*

5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company.

Title		Effective Date
FRS 10	*Consolidated Financial Statements*	1 January 2013
FRS 11	*Joint Arrangements*	1 January 2013
FRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
FRS 13	*Fair Value Measurement*	1 January 2013
FRS 119	*Employee Benefits (revised)*	1 January 2013
FRS 127	*Separate Financial Statements*	1 January 2013
FRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to FRS 1	*Government Loans*	1 January 2013
Amendments to FRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs (2012)		1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 136	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Mandatory Effective Date of FRS 9 and Transition Disclosures		1 January 2015
FRS 9	*Financial Instruments*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year

The Group and Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the MASB during the financial year.

Title		Effective Date
MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2015
Amendments to MFRS 1	*Government Loans*	1 January 2015
MFRS 2	*Share-based Payment*	1 January 2015
MFRS 3	*Business Combinations*	1 January 2015
MFRS 4	*Insurance Contracts*	1 January 2015
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2015
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2015
MFRS 7	*Financial Instruments: Disclosures*	1 January 2015
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2015

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(continued)*

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year *(continued)*

Title		**Effective Date**
MFRS 8	*Operating Segments*	1 January 2015
	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2015
MFRS 11	*Joint Arrangements*	1 January 2015
MFRs 12	*Disclosure of Interests in Other Entities*	1 January 2015
MFRS 13	*Fair Value Measurement*	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127	*Investment Entities*	1 January 2015
MFRS 101	*Presentation of Financial Statements*	1 January 2015
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 January 2015
MFRS 102	*Inventories*	1 January 2015
MFRS 107	*Statement of Cash Flows*	1 January 2015
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2015
MFRS 110	*Events After the Reporting Period*	1 January 2015
MFRS 111	*Construction Contracts*	1 January 2015
MFRS 112	*Income Taxes*	1 January 2015
MFRS 116	*Property, Plant and Equipment*	1 January 2015
MFRS 117	*Leases*	1 January 2015
MFRS 118	*Revenue*	1 January 2015
MFRS 119	*Employee Benefits*	1 January 2015
MFRS 119	*Employee Benefits (revised)*	1 January 2015
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2015
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2015
MFRS 123	*Borrowing Costs*	1 January 2015
MFRS 124	*Related Party Disclosures*	1 January 2015
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2015
MFRS 127	*Separate Financial Statements*	1 January 2015
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2015
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2015
MFRS 132	*Financial Instruments: Presentation*	1 January 2015
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2015
MFRS 133	*Earnings Per Share*	1 January 2015
MFRS 134	*Interim Financial Reporting*	1 January 2015
MFRS 136	*Impairment of Assets*	1 January 2015
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2015

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(continued)*

5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year (continued)

Title		**Effective Date**
MFRS 138	*Intangible Assets*	1 January 2015
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2015
MFRS 140	*Investment Property*	1 January 2015
MFRS 141	*Agriculture*	1 January 2015
Amendments to MFRSs Annual Improvements 2009 – 2011 Cycle		1 January 2015
Improvements to MFRSs (2008)		1 January 2015
Improvements to MFRSs (2009)		1 January 2015
Improvements to MFRSs (2010)		1 January 2015
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2015
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2015
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2015
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2015
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2015
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2015
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2015
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2015
IC Interpretation 12	*Service Concession Arrangements*	1 January 2015
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2015
IC Interpretation 14	*MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2015
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2015
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2015
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2015
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2015
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2015
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2015
IC Interpretation 107	*Introduction* of the Euro	1 January 2015
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*	1 January 2015
IC Interpretation 112	*Consolidation – Special Purpose Entities*	1 January 2015
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2015
IC Interpretation 115	*Operating Leases – Incentives*	1 January 2015
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2015
IC Interpretation 127	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2015
IC Interpretation 129	*Service Concession Arrangements: Disclosures*	1 January 2015
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*	1 January 2015
IC Interpretation 132	*Intangible Assets – Web Site Costs*	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

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

(a) Property development costs

As at end of the reporting period, the management has re-assessed the status of the development activities included within property development costs. In this regard, the management has determined the carrying amounts of the parcels of land with a total carrying amount of RM38,195,000 would be completed within the normal operating cycle. A development order based on approved layout plan has been obtained in December 2012. Management is in the midst of getting approval for conversion of land status from agricultural to residential as well as financing from financial institution to kick off these projects. Therefore, the management has re-classified RM107,763,000 from property development costs to land held for property development.

(b) Contingent liabilities

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

(c) Operating lease commitments - the Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties, which are leased out as operating leases.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets based on common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

(b) Impairment of investments in subsidiaries and amounts due from subsidiaries

The Directors review the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of amounts due from subsidiaries when the receivables are long outstanding. The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the fair value of the underlying assets of the respective subsidiaries.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

(c) Property development

The Group recognised property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred the estimated total property development revenue and costs as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(d) Impairment of land held for property development and property development costs

The Group determines whether there is any impairment for land held for property development and property development costs as at the end of each reporting period. This requires the Directors to estimate the recoverable amount of land held for property development and property development costs.

During the financial year, a valuation had been performed by an independent professional valuer on three (3) parcels of agricultural land with an approximate aggregate land area of 2.35 million square foot out of the total development area of 27.79 million square feet based on 'as is' basis by using the comparison method, which makes reference to relevant comparable transactions in the market. Based on the independent valuer's report dated 27 March 2013, the market value for these parcels of land ranged between RM17.50 per square foot and RM20.00 per square foot.

The carrying amounts of land held for property development and property development costs net of impairment losses amounted to RM186,308,000 and RM14,171,000 respectively, which approximated RM9.17 per square foot.

On that basis, the management is of the view that no impairment is required for land held for property development and property development costs.

Accordingly, the accumulated impairment losses brought forward of the land held for property development and property development, which amounted to RM16,902,000 and RM24,024,000 respectively have been reversed and recognised as income in profit or loss. The carrying amounts of land held for property development and property development costs after the reversal of impairment losses amounted to RM203,210,000 and RM38,195,000 respectively, which approximated RM11.00 per square foot.

The above estimations are made based on certain basis and assumptions. Where expectations differ from the original estimates, the differences will impact the carrying amount of land held for property development and property development costs.

(e) Deferred tax assets

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

(f) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

(g) Fair value of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 34(iii) to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2013	Balance as at 1.7.2012 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2013 RM'000
Carrying amount						
Freehold land	442	-	-	-	-	442
Plant and machinery	350	-	-	(5)	(115)	230
Furniture, fittings and equipment	393	24	-	-	(150)	267
Motor vehicles	1,216	220	(101)	-	(380)	955
Renovation	1,097	-	-	-	(499)	598
	3,498	244	(101)	(5)	(1,144)	2,492

Group 2013	As 30.6.2013 Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	442	-	442
Plant and machinery	9,769	(9,539)	230
Furniture, fittings and equipment	5,068	(4,801)	267
Motor vehicles	2,026	(1,071)	955
Renovation	4,480	(3,882)	598
	21,785	(19,293)	2,492

Group 2012	Balance as at 1.7.2011 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2012 RM'000
Carrying amount					
Freehold land	442	-	-	-	442
Plant and machinery	468	1	(1)	(118)	350
Furniture, fittings and equipment	513	34	-	(154)	393
Motor vehicles	1,164	386	-	(334)	1,216
Renovation	1,583	13	-	(499)	1,097
	4,170	434	(1)	(1,105)	3,498

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group

2012	As 30.6.2012 Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	442	-	442
Plant and machinery	9,786	(9,436)	350
Furniture, fittings and equipment	5,044	(4,651)	393
Motor vehicles	2,176	(960)	1,216
Renovation	4,480	(3,383)	1,097
	21,928	(18,430)	3,498

Company

2013	Balance as at 1.7.2012 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2013 RM'000
Carrying amount					
Plant and machinery	77	-	-	(29)	48
Furniture, fittings and equipment	278	8	-	(104)	182
Motor vehicles	1,149	220	(79)	(336)	954
Renovation	921	-	-	(351)	570
	2,425	228	(79)	(820)	1,754

	As 30.6.2013 Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plant and machinery	8,981	(8,933)	48
Furniture, fittings and equipment	4,503	(4,321)	182
Motor vehicles	1,700	(746)	954
Renovation	3,657	(3,087)	570
	18,841	(17,087)	1,754

Company

2012	Balance as at 1.7.2011 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 30.6.2012 RM'000
Carrying amount				
Plant and machinery	109	1	(33)	77
Furniture, fittings and equipment	352	33	(107)	278
Motor vehicles	1,022	386	(259)	1,149
Renovation	1,259	13	(351)	921
	2,742	433	(750)	2,425

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company 2012	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
	As 30.6.2012		
Plant and machinery	8,981	(8,904)	77
Furniture, fittings and equipment	4,495	(4,217)	278
Motor vehicles	1,619	(470)	1,149
Renovation	3,657	(2,736)	921
	18,752	(16,327)	2,425

(a) Included in property, plant and equipment of the Group and of the Company are plant and machinery and motor vehicles, which were acquired under hire-purchase arrangements with total carrying amounts of RM1,133,100 and RM954,000 (2012: RM1,478,000 and RM1,149,000) respectively.

(b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Purchase of property, plant and equipment	244	434	228	433
Financed by hire-purchase arrangements	(220)	(387)	(220)	(387)
Cash payments on purchase of property, plant and equipment	24	47	8	46

8. INVESTMENT PROPERTY

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Carrying amount				
Balance as at 1 July 2012/2011	300,000	300,000	268,970	268,970
Fair value adjustments	20,000	-	17,330	-
Balance as at 30 June 2013/2012	320,000	300,000	286,300	268,970

(a) The fair value of the investment property of the Group and of the Company, which comprise office buildings and shoplots have been arrived at on the basis of valuation carried out by an independent firm of professional valuers, JB Jurunilai Bersekutu (KL) Sdn. Bhd. on 30 June 2013 who is a member of The Board of Valuers, Appraissers and Estate Agents ('LPPEH') in Malaysia. The independent professional valuer has adopted the comparison and cost methods, making reference to relevant comparable transactions in the market as well as present worth of the improvements and land value. In arriving at the valuation, the independent professional valuer has made adjustments for factors, which would affect the market value of the investment property including but not limited to views, size, floor levels and time factor. The valuation had resulted in a fair value gain of RM20,000,000 and RM17,330,000 to the Group and the Company respectively to reflect their fair values of RM320,000,000 and RM286,300,000 respectively.

8. INVESTMENT PROPERTY *(continued)*

(b) The investment property of the Group and of the Company is charged to financial institutions for credit facilities granted to the Group and the Company as disclosed in Notes 17 and 19 to the financial statements.

(c) Direct operating expenses arising from the investment property generating rental income during the financial year were as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Quit rent and assessment	768	731	753	729
Service charges	3,174	3,290	2,959	2,717

(d) Direct operating expenses arising from the investment property that did not generate rental income during the financial year were as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Quit rent and assessment	344	359	338	359
Service charges	1,427	1,621	1,329	1,338

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted equity shares, at cost	8,551	8,551
Less: Impairment losses	(311)	(196)
	8,240	8,355

(a) Impairment losses on investments in subsidiaries amounting to RM115,000 (2012: RM196,000) have been recognised during the financial year due to declining business operations of the subsidiaries.

(b) Details of the subsidiaries, which are incorporated in Malaysia unless otherwise stated are as follows:

Name of company	Interest in equity held by Company 2013 %	Company 2012 %	Subsidiaries 2013 %	Subsidiaries 2012 %	Principal activities
MPC Properties Sdn. Bhd. #	100	100	-	-	Letting of investment properties and property development
Bedford PJ Complex Sdn. Bhd. #	100	100	-	-	Dormant
Euronium Construction Sdn. Bhd. #	100	100	-	-	Dormant
Pacific Spa & Fitness Club Sdn. Bhd. #	100	100	-	-	Dormant

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

(b) Details of the subsidiaries, which are incorporated in Malaysia unless otherwise stated are as follows *(continued)*:

Name of company	Interest in equity held by Company 2013 %	Company 2012 %	Subsidiaries 2013 %	Subsidiaries 2012 %	Principal activities
Premier Building Management Services Sdn. Bhd. #	100	100	-	-	Dormant
Prestige Trading Sdn. Bhd. #	100	100	-	-	Dormant
The Power Club Sdn. Bhd. #	100	100	-	-	Dormant
Lakehill Homes (MM2H) Sdn. Bhd. #	100	100	-	-	Dormant
MPC Management Services Sdn. Bhd. #	100	100	-	-	Management services
MP Security Services Sdn. Bhd. #	100	100	-	-	Dormant
Real Rock Restaurant and Café Sdn. Bhd. #	100	100	-	-	Dormant
Temasek Mewatek Sdn. Bhd. #	100	100	-	-	Dormant
Subsidiaries of MPC Properties Sdn. Bhd.					
ASA Enterprises Sdn. Bhd. #	-	-	100	100	Letting of investment properties
Oriental Pearl City Properties Sdn. Bhd. #	-	-	100	100	Investment holding
Creative Ascent Sdn. Bhd. #	-	-	100	100	Investment holding, project management and property co-development
Subsidiary of Oriental Pearl City Properties Sdn. Bhd.					
Lakehill Resort Development Sdn. Bhd. #	-	-	100	100	Property management and property development
Subsidiary of Creative Ascent Sdn. Bhd.					
Taman Bandar Baru Masai Sdn. Bhd. #	-	-	100	100	Property development
Subsidiaries of Lakehill Resort Development Sdn. Bhd.					
Asia Pacific Trade and Expo City Sdn. Bhd. #	-	-	100	100	Trade and distribution and property development
Asia Pacific Trade & Expo City (HK) Limited (Incorporated in Hong Kong)	-	-	100	100	Provision of corporate management services, marketing and promotion to Greater China

subsidiaries audited by BDO in Malaysia

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

(c) Acquisition of additional interests in a subsidiary in the previous financial year

Pursuant to the Joint Venture Agreement ('JVA') dated 20 August 2008 between Amanah Raya Development Sdn. Bhd. ('ADSB') and Oriental Pearl City Properties Sdn. Bhd. ('OPCP'), an indirectly wholly-owned subsidiary of the Company, OPCP had granted ADSB an option for ADSB to sell to OPCP to buy back 22% of ADSB's equity interest of 22% in the Joint Venture Entity, Lakehill Resort Development Sdn. Bhd. ('LHRD') ('Put Option').

On 26 March 2012, ADSB exercised the Put option whereby the payment of RM110,880,000 (Option price) became due on 25 May 2012. However, ADSB had agreed to grant OPCP an extension of the Put option Price settlement period to 24 July 2012, subject to late payment compensation interest of 7.2% per annum calculated at daily rest from 25 May 2012 until full settlement date. ADSB has also informed that no further extension will be granted after that.

Accordingly, the Group's effective equity interest in LHRD increased from 78% to 100% as at the end of the previous financial reporting period.

10. LAND HELD FOR PROPERTY DEVELOPMENT

		Group	
	Note	2013 RM'000	2012 RM'000
At beginning of financial year			
Freehold land, at cost		27,378	27,378
Development expenditure		69,006	68,053
		96,384	95,431
Costs incurred during the financial year			
Development expenditure		-	953
Transferred during the financial year			
Transferred from property development cost	11	107,763	-
Recognised as an expense in profit or loss			
During the financial year		(937)	-
Impairment losses			
Balance as at 1 July 2012/2011		(16,902)	(16,902)
Reversal during the financial year		16,902	-
Balance as at 30 June 2013/2012		-	(16,902)
At end of financial year		203,210	79,482
Carrying amount			
Freehold land, at cost		85,423	27,378
Development expenditure		117,787	52,104
		203,210	79,482

10. LAND HELD FOR PROPERTY DEVELOPMENT *(continued)*

(a) During the financial year, a private caveat has been lodged on the freehold land in favour of a creditor (Note 21(d)) of the Group.

(b) During the financial year, a valuation had been performed by an independent professional valuer on three (3) parcels of agricultural land with an approximate aggregate land area of 2.35 million square foot out of the total development area of 27.79 million square feet based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. Based on the independent valuer's report dated 27 March 2013, the market value for these parcels of land ranged between RM17.50 per square foot and RM20.00 per square foot.

The carrying amounts of land held for property development net of impairment losses amounted to RM186,308,000, which approximated RM9.17 per square foot.

On that basis, the management is of the view that no impairment is required for land held for property development.

Accordingly, accumulated impairment losses brought forward of the land held for property development, which amounted to RM16,902,000 have been reversed and recognised as income in profit or loss. The carrying amount of land held for property development after the reversal of impairment losses amounted to RM203,210,000, which approximated RM11.00 per square foot.

(c) In financial year 2011, the Group entered into a sale and purchase agreement to dispose 46 plots of vacant bungalow land within LakeHill Resort City, Iskandar Malaysia, Pasir Gudang, Johor Darul Ta'zim, of approximately 375,351 square foot of freehold land in Mukim Plentong, District of Johor Bahru, State of Johor to a related party, Optima Mewah Sdn. Bhd. ('Optima Mewah') for sales consideration of RM16,890,815. As stated in the sale and purchase agreement dated 28 June 2011, the sales consideration of RM16,890,815 comprised the purchase price of land of RM5,067,244 and construction costs on the land of RM11,823,571. The Group had announced this related party transaction on 28 June 2011 to Bursa Malaysia and had recognised property development revenue and costs of RM5,067,244 and RM2,967,245 respectively in financial year 2011.

During the financial year, the Group had further recognised property development revenue and costs of RM1,600,000 (Notes 23 and 31(b)) and RM937,000 (Note 24) respectively in relation to certain infrastructure, earthworks and sewerage works carried out based on an independent engineer's certification, which was completed and dated 24 June 2013.

11. PROPERTY DEVELOPMENT COSTS

	Note	Group 2013 RM'000	Group 2012 RM'000
At beginning of financial year			
Freehold land, at cost		74,027	74,027
Development expenditure		174,173	174,173
		248,200	248,200
Costs incurred during the financial year			
Development expenditure		695	-
Transferred during the financial year			
Transferred to land held for property development	10	(107,763)	-
Recognised as an expense in profit or loss			
In previous financial years		(102,937)	(101,500)
During the financial year		-	(1,437)
		(102,937)	(102,937)

11. PROPERTY DEVELOPMENT COSTS *(continued)*

	Note	Group 2013 RM'000	Group 2012 RM'000
Impairment losses			
Balance as at 1 July 2012/2011		(24,024)	(24,024)
Reversal during the financial year		24,024	-
Balance as at 30 June 2013/2012		-	(24,024)
At end of financial year		38,195	121,239
Carrying amount			
Freehold land, at cost		15,982	74,027
Development expenditure		22,213	47,212
		38,195	121,239

(a) During the financial year, a private caveat has been lodged on the freehold land in favour of a creditor (Note 21(d)) of the Group.

(b) As at end of the reporting period, the management has re-assessed the status of the development activities included within property development costs. In this regard, the management has determined the carrying amounts of the parcels of land with a total carrying amount of RM38,195,000 would be completed within the normal operating cycle. A development order based on approved layout plan has been obtained in December 2012. Management is in the midst of getting approval for conversion of land status from agricultural to residential as well as financing from financial institution to kick off these projects. Therefore, the management has re-classified RM107,763,000 from property development costs to land held for property development.

(c) During the financial year, a valuation had been performed by an independent professional valuer on three (3) parcels of agricultural land with an approximate aggregate land area of 2.35 million square foot out of the total development area of 27.79 million square foot based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. Based on the independent valuer's report dated 27 March 2013, the market value for these parcels of land ranged between RM17.50 per square foot and RM20.00 per square foot.

The carrying amounts of property development costs net of impairment losses amounted to RM14,171,000, which approximated RM9.17 per square foot.

On that basis, the management is of the view that no impairment is required for property development costs.

Accordingly, accumulated impairment losses brought forward of the property development costs, which amounted to RM24,024,000 have been reversed and recognised as income in profit or loss. The carrying amount of property development costs after the reversal of impairment losses amounted to RM38,195,000, which approximated RM11.00 per square foot.

12. TRADE AND OTHER RECEIVABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables				
Trade receivables	2,440	4,687	14	364
Less: Impairment losses	(2,112)	(3,726)	(14)	(353)
	328	961	-	11
Other receivables				
Amounts owing by subsidiaries	-	-	237,466	228,757
Other receivables	151	106	46	43
	151	106	237,512	228,800
Less: Impairment losses				
- amounts owing by subsidiaries	-	-	(8,339)	(7,222)
- other receivables	(37)	(37)	(20)	(20)
	114	69	229,153	221,558
Deposits	512	540	347	344
Loans and receivables	954	1,570	229,500	221,913
Prepayments	66	38	-	-
	1,020	1,608	229,500	221,913

(a) The credit terms offered by the Group and the Company in respect of trade receivables ranged from 14 to 30 days (2012: 14 to 30 days) from the date of invoice and progress billings. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) The amounts owing by subsidiaries are analysed as follows:

	Company 2013 RM'000	Company 2012 RM'000
Interest bearing advances	162,183	159,392
Non-interest bearing advances	75,283	69,365
	237,466	228,757

Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and payable on demand in cash and cash equivalents. Advances amounting to RM162,183,000 (2012: RM159,392,000) bear interest ranging from 4.45% to 18.00% (2012: 4.45% to 18.00%) per annum.

12. TRADE AND OTHER RECEIVABLES *(continued)*

(c) The currency exposure profile of trade and other receivables is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	949	1,569	229,500	221,913
Hong Kong Dollar ('HKD')	5	1	-	-
	954	1,570	229,500	221,913

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Neither past due nor impaired	18	347	-	1
Past due, not impaired				
31 to 60 days	37	337	-	1
61 to 90 days	40	55	-	1
More than 90 days	233	222	-	8
	310	614	-	10
Past due and impaired	2,112	3,726	14	353
	2,440	4,687	14	364

Receivables that are neither past due nor impaired

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

None of the trade receivables of the Group and of the Company that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of each reporting period, trade receivables of the Group and of the Company arising from rental of property that are past due but not impaired are unsecured in nature. They are creditworthy debtors with good payment records with the Group and the Company.

The remaining trade receivables of the Group and of the Company that are past due and not impaired are unsecured. These trade receivables are not impaired because the Directors are confident that these amounts are fully recoverable.

12. TRADE AND OTHER RECEIVABLES *(continued)*

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows *(continued)*:

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Group Individually impaired		**Company Individually impaired**	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Trade receivables, gross	2,112	3,726	14	353
Less: Impairment losses	(2,112)	(3,726)	(14)	(353)
	-	-	-	-

The reconciliation of movements in the impairment losses are as follows:

	Group		**Company**	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Trade receivables				
At 1 July 2012/2011	3,726	2,183	353	-
Charge for the financial year	680	1,579	14	353
Written off	(2,235)	-	(353)	-
Reversal of impairment loss	(59)	(36)	-	-
	(1,614)	1,543	(339)	353
At 30 June 2013/2012	2,112	3,726	14	353
Other receivables				
Amounts owing by subsidiaries				
At 1 July 2012/2011	-	-	7,222	2,554
Charge for the financial year	-	-	1,118	4,685
Reversal of impairment loss	-	-	(1)	(17)
At 30 June 2013/2012	-	-	8,339	7,222
Other receivables				
At 1 July 2012/2011	37	20	20	20
Charge for the financial year	-	17	-	-
At 30 June 2013/2012	37	37	20	20

12. TRADE AND OTHER RECEIVABLES *(continued)*

(d) The ageing analysis of trade receivables of the Group and of the Company are as follows *(continued)*:

Trade and other receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risks of trade and other receivables are disclosed in Note 34 to the financial statements.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	388	2,003	85	279

Group

(a) Included in the Group's cash and bank balances is an amount of RM35,000 (2012: RM33,000) held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

(b) Information on financial risks of cash and cash equivalents are disclosed in Note 34 to the financial statements.

(c) The currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	383	1,997	85	279
Hong Kong Dollar ('HKD')	5	6	-	-
	388	2,003	85	279

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances		388	2,003	85	279
Bank overdrafts included in borrowings	19	(61,399)	(57,784)	(61,399)	(57,784)
		(61,011)	(55,781)	(61,314)	(57,505)

14. SHARE CAPITAL

	Group and Company			
	2013		2012	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid:				
Balance as at 30 June	287,660	287,660	287,660	287,660

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

15. (ACCUMULATED LOSSES)/RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(Accumulated losses)/Retained earnings	(16,702)	(53,312)	74,060	63,765
Non-distributable				
Exchange translation reserve	154	132	-	-
Warrants reserve	10,011	10,011	10,011	10,011
	10,165	10,143	10,011	10,011
	(6,537)	(43,169)	84,071	73,776

(a) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or to continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of RM47,913,828 as dividends out of its retained earnings without incurring additional tax liabilities.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Warrants reserve

The allocated fair values of free warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants periods will be transferred to retained earnings.

16. BANK BORROWINGS

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Current liabilities					
Revolving credit	17	25,704	25,704	25,704	25,704
Hire-purchase creditors	18	251	382	204	192
Bank overdrafts	19	61,399	57,784	61,399	57,784
		87,354	83,870	87,307	83,680
Non-current liabilities					
Hire-purchase creditors	18	944	1,063	874	941
Total bank borrowings					
Revolving credit	17	25,704	25,704	25,704	25,704
Hire-purchase creditors	18	1,195	1,445	1,078	1,133
Bank overdrafts	19	61,399	57,784	61,399	57,784
		88,298	84,933	88,181	84,621

(a) On 8 March 2013, the Group and the Company were served with a Declaration of Default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities amounting to RM25,704,000 and RM61,399,000 respectively.

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

(c) Information on financial risks of bank borrowings is disclosed in Note 34 to the financial statements.

17. REVOLVING CREDIT

	Group and Company	
	2013	2012
	RM'000	RM'000
Secured		
Revolving credit	25,704	25,704

(a) The revolving credit is secured by a fixed charge over the investment property of the Group and of the Company as disclosed in Note 8 to the financial statements.

(b) Information on financial risks of revolving credit is disclosed in Note 34 to the financial statements.

18. HIRE-PURCHASE CREDITORS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Minimum hire-purchase payments:				
- not later than one (1) year	302	447	252	244
- later than one (1) year and not later than five (5) years	981	1,048	906	918
- later than five (5) years	54	128	54	128
Total minimum hire-purchase payments	1,337	1,623	1,212	1,290
Less: Future interest charges	(142)	(178)	(134)	(157)
Present value of hire-purchase payments	1,195	1,445	1,078	1,133
Repayable as follows:				
Current liabilities				
- not later than one year	251	382	204	192
Non-current liabilities				
- later than one (1) year and not later than five (5) years	857	939	787	817
- later than five (5) years	87	124	87	124
	944	1,063	874	941
	1,195	1,445	1,078	1,133

Information on financial risks of hire-purchase creditors is disclosed in Note 34 to the financial statements.

19. BANK OVERDRAFTS

	Group and Company 2013 RM'000	Group and Company 2012 RM'000
Secured		
Bank overdrafts	61,399	57,784

(a) The bank overdrafts are secured by a charge over the investment property of the Group and of the Company as disclosed in Note 8 to the financial statements.

(b) Information on financial risks of bank overdrafts is disclosed in Note 34 to the financial statements.

20. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Balance as at 1 July 2012/2011 and 30 June 2013/2012	19,618	19,618	-	-

(b) The movements of the deferred tax liabilities during the financial year are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Balance as at 1 July 2012/2011 and 30 June 2013/2012	19,618	19,618	-	-

(c) The components of deferred tax liabilities at the end of the financial year comprise the tax effects of:

	2013 RM'000	2012 RM'000
Group		
Revaluation surplus arising from subsidiary's development properties	12,118	12,118
Temporary differences arising from interest capitalised into development properties	7,500	7,500
	19,618	19,618

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2013 RM'000	2012 RM'000
Unutilised tax losses	81,102	75,982
Unabsorbed capital allowances	384	387
Other taxable temporary differences	(495)	(655)
	80,991	75,714

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.

21. TRADE AND OTHER PAYABLES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade payables				
Third parties	2,485	2,488	-	-
Other payables and accruals				
Amounts owing to subsidiaries	-	-	21,454	21,448
Other payables	157,183	143,215	28,435	22,682
Accruals	15,807	12,400	16,087	12,112
	172,990	155,615	65,976	56,242
	175,475	158,103	65,976	56,242

(a) The credit terms available to the Group and the Company in respect of trade payables ranged from 30 to 90 days (2012: 30 to 90 days) from the date of invoice and progress billing.

(b) Amounts owing to subsidiaries and amounts owing to Directors under other payables represent non-trade transactions, advances and payments made on behalf, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) Included in other payables and accruals are the following:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Amount owing to Amanah Raya Development Sdn. Bhd.	119,398	111,689	-	-
Amounts owing to companies in which certain Directors have substantial financial interests	21,422	16,911	17,868	13,944
Amount owing to Wisma MPL JMB	5,711	5,337	5,711	4,712
Amounts owing to Directors	513	395	513	395
Interest accrued on revolving credit	13,455	10,101	13,455	10,101

(d) On 28 September 2012, a creditor of the Group, AmanahRaya Development Sdn. Bhd. ('ARDSB') served a Writ of Summons for a sum of RM113,170,308 together with interest at the rate of 7.2% per annum calculated from 19 September 2012 until the date of full settlement. The amount owing to ARDSB arose from the put option exercised by ARDSB under a joint venture agreement between ARDSB and the Group. Subsequently, on 30 January 2013 the Kuala Lumpur High Court had entered a summary judgement against the Group in respect of the amount owing to ARDSB. (Note 35(a))

On 19 October 2013, ARDSB had filed a Writ of Summons for an injunction against the Group and the Company, prohibiting and preventing the Group and the Company from selling, disposing or causing the disposal of certain parcels of land in Johor or entering into any transaction resulting in the disposal or transfer of ownership of the certain parcels of land in Johor.

On 22 October 2013, the Group and the Company were served with a Statutory Notice dated 21 October 2013 pursuant to Section 218(1)(e) of the Companies Act, 1965 ('Statutory Notice') from ARDSB whereby ARDSB demanded for the amount owing together with interest within twenty one (21) days from the date of the delivery of the Statutory Notice.

21. TRADE AND OTHER PAYABLES *(continued)*

(d) On 25 October 2013, the Company announced to Bursa Malaysia that its solicitors were pursuing to finalise a settlement agreement with ARDSB, which is not signed as at the date of this report by both parties. The Company also announced that its legal advisor shall seek ARDSB to withdraw its Statutory Notice or shall file an injunction against ARDSB as the Writ of Summons dated 19 October 2013 itself stated that there was an agreed settlement between the Group and ARDSB and therefore, the Statutory Notice served to the Group was unnecessary.

On 30 October 2013, the Group announced to Bursa Malaysia that the solicitors of ARDSB have by way of letter dated 30 October 2013 notified that ARDSB has withdrawn its Statutory Notice dated 21 October 2013 issued pursuant to Section 218(1)(e) of the Companies Act, 1965 against the Group and the Company with immediate effect.

However, in respect to the application of Writ of Summon dated 19 October 2013 in respect of the settlement agreement, the Court has fixed the hearing of the aforementioned application on 6 December 2013.

On 31 October 2013, the Group and the Company have received a Notice of Discontinuance pertaining to the Writ of Summon dated 19 October 2013 from the solicitors of ADRSB. The Company shall seek the advice from the legal counsel. (Note 36(c))

(e) The amounts owing to companies in which certain Directors of the Company have financial interests are unsecured, payable on demand in cash and cash equivalents and bear interest ranging from 13.00% to 15.00% (2012: 13.00% to 15.00%) per annum.

(f) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	175,152	157,938	65,976	56,242
Hong Kong Dollar ('HKD')	323	165	-	-
	175,475	158,103	65,976	56,242

(g) Information on financial risks of trade and other payables are disclosed in Note 34 to the financial statements.

22. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group	
	2013 RM'000	2012 RM'000
At 1 July 2012/2011 and 30 June 2013/2012	257	257

23. REVENUE

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Rental income from investment property and property management services		12,788	12,545	9,760	9,756
Property development revenue	10(c)	1,600	2,038	-	-
		14,388	14,583	9,760	9,756

24. COST OF SALES

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Rental and property management services		6,643	6,421	5,594	5,325
Property development costs	10(c)	937	1,495	-	-
		7,580	7,916	5,594	5,325

25. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- bank overdrafts	5,835	4,973	5,835	4,973
- hire-purchase creditors	70	79	57	53
- revolving credit	3,354	3,108	3,354	3,108
- amounts owing to related parties	2,147	1,416	1,480	900
- third parties creditors	8,045	821	336	1
	19,451	10,397	11,062	9,035

26. PROFIT/(LOSS) BEFORE TAXATION

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging:					
Auditors' remuneration:					
- current financial year					
- statutory audit		111	113	65	53
- non-statutory		8	3	8	3
- under provision in prior years					
- statutory audit		2	5	-	-
- non-statutory		-	3	-	3
Impairment losses on:					
- trade and other receivables	12(d)	680	1,596	14	353
- amounts owing by subsidiaries		-	-	1,118	4,685
- investments in subsidiaries	9	-	-	115	196
Depreciation of property, plant and equipment	7	1,144	1,105	820	750
Directors' remuneration:					
- fees		290	370	290	370
- other emoluments		619	240	-	60
Property, plant and equipment written off	7	5	-	-	-

26. PROFIT/(LOSS) BEFORE TAXATION *(continued)*

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit/(Loss) before taxation is arrived at after charging: *(continued)*					
Rental of:					
- premises		384	384	-	-
- machinery		26	26	19	19
Management fees:					
- subsidiaries		-	-	492	376
related party		-	26	-	-
And crediting:					
Fair value adjustments on investment properties	8	20,000	-	17,330	-
Reversal of impairment losses on:					
- trade receivables	12(d)	59	36	-	-
- amount owing by subsidiaries	12(d)	-	-	1	17
- land held for property development	10	16,902	-	-	-
- property development costs	11	24,024	-	-	-
Gain on disposal of property, plant and equipment		59	104	1	104
Interest income from:					
- subsidiaries		-	-	4,622	4,424
- others		41	73	13	13
Rental income from subsidiaries		-	-	9,760	9,756

27. TAXATION

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Malaysian income tax				
Current taxation based on taxable profit for the financial year:				
Current financial year	132	245	130	245
Under/(Over) provision in previous financial years	186	(40)	(287)	(108)
	318	205	(157)	137

27. TAXATION *(continued)*

The numerical reconciliations between taxation and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	9,232	(3,833)	2,535	(2,027)
Tax effects in respect of:				
Non-allowable expenses	5,298	3,595	3,081	3,664
Non-taxable income	(15,717)	(1,135)	(5,486)	(1,134)
Utilisation of previously unrecognised tax losses	-	(258)	-	(258)
Deferred tax assets not recognised	1,319	1,876	-	-
	132	245	130	245
Under/(Over) provision of income tax in previous financial years	186	(40)	(287)	(108)
	318	205	(157)	137

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses of approximately RM81,102,000 (2012: RM75,982,000) and unabsorbed capital allowances of approximately RM384,000 (2012: RM387,000) available to set-off against future taxable income.

28. PROFIT/(LOSS) PER ORDINARY SHARE

(a) Basic

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

	Group	
	2013 RM'000	**2012 RM'000**
Earnings/(Loss) attributable to owners of the parent	36,610	(13,913)
Weighted average number of ordinary shares in issue ('000')	287,660	287,660

	Group	
	2013 Sen	**2012 Sen**
Basic earnings/(loss) per ordinary share	12.73	(4.83)

28. PROFIT/(LOSS) PER ORDINARY SHARE *(continued)*

(b) Diluted

The diluted earnings/(loss) per ordinary share equals basic earnings/(loss) per ordinary share as the average market value of the ordinary shares of the Company is lower than the exercise price for the outstanding warrants and thus, it is anti-dilutive.

29. EMPLOYEE BENEFITS

The total staff costs recognised in statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Wages and salaries	4,685	4,314	-	-
Defined contribution plan	358	419	-	-
Other employee benefits	1,249	1,348	-	-
	6,292	6,081	-	-

30. MATERIAL LITIGATIONS

(a) Johor Bahru High Court Suit No. 22-702-2005 was merged with Kuala Lumpur High Court Suit No.S3-22-1176-2006

The Company and its subsidiary, Taman Bandar Baru Masai Sdn. Bhd. ('TBBM') (collectively known as 'the Plaintiffs') first commenced a civil action on 14 October 2005 vide Johor Bahru High Court Suit No. 22-702-2005 against the former Group General Manager of the Company and TBBM, En. Zulhaimi bin Nordin as well as the former Group Managing Director and Group Chief Executive Officer of the Company and TBBM, En. Chut Nyak Isham Bin Nyak Ariff, including Inta Development Sdn. Bhd. ('Inta') and Inta directors and others (collectively known as 'the Defendants') for alleged non-disclosed connected parties transaction in respect of the sale of land owned by TBBM held under PTD 149705 H.S (D) 310451, Mukim Plentong, Daerah Johor Bahru.

The Defendants' action to strike out the Company's action was dismissed by the Registrar on 15 November 2007. Subsequently, the Defendants' appeal was again dismissed on 8 July 2009 in favour of the Company and TBBM.

On 25 August 2011, the Court delivered its decision in favour of the Defendants. The Company and TBBM have filed an appeal based on legal advice.

The appeal was fixed for Case Management in the Court of Appeal on 25 September 2012. The Registrar adjourned the matter pending settlement between the parties.

The Plaintiff had filed the Notice of Discontinuance of the said Appeal on 25 September 2012.

(b) Johor Bahru High Court Suit No. 22 - 174 - 2007

TBBM ('the Plaintiff') commenced civil action on 10 April 2007 against Scientex Quatari Sdn. Bhd. ('the Defendant') in relation to illegal encroachment, trespassing and erosion damages on the Plaintiff's land held under PTD 149729 HS(D) 310467, Mukim Plentong, Daerah Johor Bahru and sought relief for compensation and damages.

On 19 November 2010 the Court awarded to TBBM a token damage sum, which TBBM deemed unreasonable and had filed an appeal on 29 November 2010.

The appeal was fixed for hearing in the Court of Appeal on 28 November 2012.

The Court has fixed the application to amend for hearing on 11 January 2013. The Appeal has been fixed for hearing on 25 January 2013. The Appeal against the High Court decision in awarding TBBM nominal damages was dismissed by the Court of Appeal.

30. MATERIAL LITIGATIONS *(continued)*

(c) Court of Appeal Civil Appeal No.: W-02(NCVC)-279-01/2012 (Originally known as Kuala Lumpur High Court (Civil) No: S22-NCVC-69-2010 & Kuala Lumpur High Court (Civil) No: 22 NCVC-230-2011)

On 26 October 2010, MPC Properties Sdn. Bhd. ('MPCP') filed a writ against Hong Leong Bank Berhad and Hong Leong Assurance Berhad ('Hong Leong') to claim an outstanding sum of RM4,076,653 plus interest pursuant to unpaid rental plus reinstatement costs of premises vacated by the Hong Leong.

On 21 March, 2011, Hong Leong Bank Berhad and Hong Leong Assurance Berhad filed a fresh suit against MPCP claiming for the refund of rental deposits. MPCP has filed the defence and counter claimed for setting off against the unpaid rental plus double rent for late delivery of vacant possession plus reinstatement costs incurred on the vacated premises, namely the set-off the rental deposits.

The Court agreed with the Hong Leong's entitlement in respect of refunding the rental deposits, but the said judgement was stayed by the same judge, pending disposal of MPCP's counterclaim in respect of set-off against the unpaid rents, double rent and costs of reinstatement of vacated premises.

The full hearing of the suit was completed on 11 November 2011. On 27 December 2011, the Court dismissed MPCP's counterclaim with costs.

Upon solicitors' advice, MPCP filed an appeal to the Court of Appeal against the High Court decision on 18 January 2012.

The appeal was fixed for Hearing in the Court of Appeal on 15 October 2012. The appeal was adjourned to 22 October 2012 pending settlement between the parties. The appeal was further adjourned to 25 October 2012. On 25 October 2012, the Court of Appeal dismissed MPCP's appeal.

MPCP has entered into a mutual agreement with the Hong Leong with regards to the payment of the judgment sum. Hong Leong is agreeable for MPCP to pay the judgement sum in six (6) installments of RM262,594 amounting to RM1,575,564. These amounts have been duly accounted for in the financial statements for the financial year ended 30 June 2013. As such, no further provision is required to be made in the financial statements.

(d) Kuala Lumpur High Court Civil Suit No. S-22-347-2010

Wong Seng Huat & Safe Deposit Box Sdn. Bhd. ('Plaintiffs') vs. Malaysia Pacific Corporation Berhad & MPC Properties Sdn. Bhd. ('Defendants').

The Plaintiffs commenced an action against the Defendants on 20 April 2010 under misrepresentation of collateral contracts/ fraud and alleged that the Defendants made guarantees that all tower block lifts will be reprogrammed to stop automatically at the second floor of Wisma MPL. The Plaintiffs prayed for specific performance to compel the Defendants to reprogram the lift or rescission of the Tenancy Agreement entered into on 22 January 2009 ('the Tenancy Agreement') and damages.

The Defendants filed their defense and prayed for vacant possession of their premises and filed a counterclaim against the Plaintiff for outstanding rental due and owing under the Tenancy Agreement.

The full hearing of the suit was completed on 16 August 2013 and the decision from the High Court is fixed on 31 October 2013. On 31 October 2013, the High Court has vacated the said decision date and a new decision date will be given. No provision has been made in the financial statements as the Directors have been advised by their solicitor that the Group has a reasonable chance in defending the Plaintiffs' action and the Group has more than fair chance in succeeding in its counterclaim against the Plaintiffs.

30. MATERIAL LITIGATIONS *(continued)*

(e) Kuala Lumpur High Court Civil Suit No.: 22NCC-1453-09/2012

AmanahRaya Development Sdn. Bhd. ('the Plaintiff') filed an action against Oriental Pearl City Properties Sdn. Bhd. ('OPCP') and Malaysia Pacific Corporation Berhad ('collectively known as the Defendants') on 27 September 2012.

The Plaintiff's claim is for RM 113,170,308.20 allegedly owing to the Defendants' as a result of a Put Option exercised by the Plaintiff as per a Joint Venture Agreement between the Plaintiff and OPCP and a Deed of Undertaking between the Plaintiff and the Defendants.

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

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

On 30 January 2013, the Kuala Lumpur High Court entered a summary judgment against OPCP and MPCB for the sum of RM113,170,308.20 together with interest at the rate of 7.2% per annum calculated from 19 September 2012 until the date of full settlement. On 22 October 2013, the Group was served with a Statutory Notice pursuant to Section 218(1)(e) of the Companies Act, 1965 ('Statutory Notice') from ARDSB whereby ARDSB demanded for the amount owing together with interest within twenty one (21) days from the date of the delivery of the Statutory Notice. This amount has been provided for in the financial statements for the financial year ended 30 June 2013.

On 19 October 2013, ARDSB had filed a Writ of Summons for an injunction against the Group and the Company, prohibiting and preventing the Group and the Company from selling, disposing or causing the disposal of certain parcels of land in Johor or entering into any transaction resulting in the disposal or transfer of ownership of the certain parcels of land in Johor.

On 22 October 2013, the Group and the Company were served with a Statutory Notice dated 21 October 2013 pursuant to Section 218(1)(e) of the Companies Act, 1965 ('Statutory Notice') dated 21 October 2013 from ARDSB whereby ARDSB demanded for the amount owing together with interest within twenty one (21) days from the date of the delivery of the Statutory Notice.

On 25 October 2013, the Company announced to Bursa Malaysia that its solicitors were pursuing to finalise a settlement agreement with ARDSB, which is not signed as at the date of this report by both parties. The Company also announced that its legal advisor shall seek ARDSB to withdraw its Statutory Notice or shall file an injunction against ARDSB as the Writ of Summons dated 19 October 2013 itself stated that there was an agreed settlement between the Group and ARDSB and therefore, the Statutory Notice served to the Group was unnecessary.

On 30 October 2013, the Group announced to Bursa Malaysia that the solicitors of ARDSB have by way of a letter dated 30 October 2013 notified that ARDSB has withdrawn its Statutory Notice against the Group and the Company with immediate effect.

However, in respect to the Application of Writ of Summon dated 19 October 2013 in respect of the settlement agreement, the Court has fixed the hearing of the aforementioned application on 6 December 2013.

On 31 October 2013, the Group and the Company have received a Notice of Discontinuance pertaining to the Writ of Summon dated 19 October 2013 from the solicitors of ADRSB. The Company shall seek the advice from the legal counsel.

30. MATERIAL LITIGATIONS *(continued)*

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

Wisma MPL JMB ('Plaintiffs' or 'JMB') vs. Malaysia Pacific Corporation Berhad ('Defendant' or 'The Company').

On 16 August 2013, the Plaintiff, a Management and Maintenance Body of Wisma MPL established under the Building and Common Property (Maintenance and Management) Act, 2007 concerning the maintenance and management of common property of Wisma MPL had served an Originating Summons on the Company seeking inter alia the following reliefs:

(i) A declaration that the ground level and the two (2) levels basement car park of Wisma MPL ('Car Parks') form part of the common property of Wisma MPL;

(ii) the Defendant shall cease to operate the Car Parks and the Plaintiff shall be entitled to operate the same via its agents and/or servants; and

(iii) all monies and income derived from the operation of the Car Parks since the formation of the Plaintiff on 5 April 2008 until the handing over to the Plaintiff shall be paid into the Building Management Fund.

The Company has announced the following as per regulatory requirement of Bursa Malaysia:

(i) Wisma MPL is an office complex comprising a nineteen (19) level office tower, 4 level retail podium and three (3) levels Car Park. The nineteen (19) level office tower and three (3) levels Car Park are wholly owned by the Company. The Company owned 75,372 square feet of retail podium, while the remaining 66,045 square feet of retail podium owned by private individuals.

(ii) the 3 levels car park of Wisma MPL is wholly owned by the Company and this has been disclosed and declared in the Company's Initial Public Offering ('IPO') prospectus dated 30 December 1996.

(iii) the net income derived from the operation of the Car Parks after deducting the operating expenses since 5 April 2008 until to-date is approximately RM5.0 million. The Board of Directors view that the claim does not has any material impact to the Company. The Company will do its best to mitigate the losses by taking appropriate steps to counter-claim any damages and losses from the third party or parties and be indemnified for any losses arising out of loss of ownership of the Car Parks.

(iv) the Company has been advised by its legal counsel that it has a reasonable prospect of success in defending the Plaintiff's claim.

The Kuala Lumpur High Court has fixed the case for hearing on 30 October 2013. However, the hearing of the Originating Summon has been vacated in light of the Defendants striking out application filed on 22 October 2013. The hearing of the striking out application is fixed on 3 December 2013. No provision has been made in the financial statements as the Directors have been advised by their solicitor that the Group has reasonable chance of defending the Plaintiff's claim.

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

31. RELATED PARTY DISCLOSURES *(continued)*

(a) Identities of related parties *(continued)*

Related parties of the Group include:

Related parties	Relationships
Top Lander Offshore Inc.	A substantial corporate shareholder of the Company
Steady Essence Sdn. Bhd.	A company in which Dato' Ch'ng Poh, the Chief Executive Officer of the Company, Datin Kong Yuk Chu and Ch'ng Soon Sen, both Executive Directors of the Company, who are also substantial shareholders of the Company, have substantial shareholding interests.
Ocean Power Enterprises Limited and Power View Holdings Limited (Incorporated in Hong Kong)	A company in which Dato' Ch'ng Poh, the Chief Executive Officer of the Company and Datin Kong Yuk Chu, an Executive Director of the Company, who are also substantial shareholders of the Company, have substantial shareholding interests.
Optima Mewah Sdn. Bhd.	A company in which Dato' Ch'ng Poh, the Chief Executive Officer of the Company, Datin Kong Yuk Chu and Ch'ng Soon Sen, both Executive Directors of the Company, who are also substantial shareholders of the Company, have substantial shareholding interests.

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest payable to Top Lander Offshore Inc.	2,111	1,396	1,480	900
Interest payable to Ocean Power Enterprise Limited	36	20	-	-
Ocean Power Enterprise Limited				
- rental of office premises	384	384	-	-
- management fees	-	26	-	-
Subsidiaries:				
- interest income	-	-	4,622	4,424
- rental income	-	-	9,760	9,747
- commission payable	-	-	120	120
- management fees payable	-	-	492	376
Advances from Top Lander Offshore Inc. (net)	1,935	2,943	1,935	2,943
Property development revenue from Optima Mewah Sdn. Bhd. (Note10(c))	1,600	-	-	-

The related party transactions described above were carried out on negotiated terms and conditions and in the ordinary course of business between the related parties.

Significant balances with subsidiaries as at the end of the reporting period are disclosed in Notes 12 and 21 to the financial statements.

31. RELATED PARTY DISCLOSURES *(continued)*

(b) Significant related party transactions *(continued)*

The related party balances for transactions other than trade in nature, which remained outstanding at the end of each reporting period are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Related parties payable:				
- Top Lander Offshore Inc.	21,012	16,809	17,868	13,944
- Power Enterprise Limited	(50)	51	-	-
- Ocean Power Enterprise Limited	480	51	-	-

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Short term employee benefits	2,328	1,983	-	-
Contributions to defined contribution plan	101	101	-	-
	2,429	2,084	-	-

32. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in the business of property development, investment properties and construction. The Group's property development activity is mainly undertaken by Lakehill Resort Development Sdn. Bhd., a 100% owned subsidiary of the Company.

The Group has arrived at three (3) reportable segments that are organised and managed separately, which require different business and marketing strategies. The segment information is in respect of business segments as the Group's risk and rates of return are affected predominantly by differences in the nature of its businesses. The reportable segments are summarised as follows:

(i) Property development : Development of residential and commercial properties
(ii) Investment property : Letting of investment property
(iii) Construction : Construction of buildings

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Segment assets and liabilities exclude tax assets and tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

32. OPERATING SEGMENTS *(continued)*

Group

2013	**Property development RM'000**	**Investment property RM'000**	**Construction RM'000**	**Total RM'000**
Revenue				
Total revenue	1,600	23,536	-	25,136
Inter-segment revenue	-	(10,748)	-	(10,748)
Revenue from external customers	1,600	12,788	-	14,388
Interest income	2	39	-	41
Finance costs	(11,334)	(8,117)	-	(19,451)
Net finance expense	(11,332)	(8,078)	-	(19,410)
Depreciation of property, plant and equipment	194	950	-	1,144
Segment profit/(loss) before taxation	26,664	15,543	(10)	42,197
Other material non-cash items:				
- Impairment loss on trade and other receivables	-	(680)	-	(680)
- Gain on disposal of property, plant and equipment	-	59	-	59
- Reversal of impairment losses on land held for property development and property development costs	40,926	-	-	40,926
- Fair value adjustments on investment property	-	20,000	-	20,000
Segment assets	241,845	331,758	1,708	575,311
Segment liabilities	10,817	258,512	239	269,568
2012				
Revenue				
Total revenue	2,038	23,075	-	25,113
Inter-segment revenue	-	(10,530)	-	(10,530)
Revenue from external customers	2,038	12,545	-	14,583
Interest income	15	58	-	73
Finance costs	(2,735)	(7,662)	-	(10,397)
Net finance expense	(2,720)	(7,604)	-	(10,324)
Depreciation of property, plant and equipment	195	910	-	1,105
Segment loss before taxation	(6,474)	(7,176)	(11)	(13,661)
Other material non-cash items:				
- Impairment loss on trade and other receivables	-	1,596	-	1,596
- Gain on disposal of property, plant and equipment	-	104	-	104
Segment assets	201,763	314,479	1,709	517,951
Segment liabilities	9,704	238,869	247	248,820

32. OPERATING SEGMENTS *(continued)*

Major customers

The following are major customers with revenue equal or more than ten (10) percent of Group revenue:

	Revenue 2013 RM'000	Revenue 2012 RM'000	Segment
Customer A	1,600	2,038	Property development
Customer B	2,569	2,615	Investment property

Reconciliations of reportable segment revenues, profit/(loss) for the financial year, assets and liabilities to the Group's corresponding amounts are as follows:

	2013 RM'000	2012 RM'000
Revenue		
Total revenue for reportable segments	25,136	25,113
Elimination of inter-segment revenue	(10,748)	(10,530)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	14,388	14,583
Profit/(Loss) for the financial year		
Total profit or loss for reportable segments	42,197	(13,661)
Elimination of inter-segment loss	(5,269)	(1,670)
Profit/(Loss) before taxation	36,928	(15,331)
Taxation	(318)	(205)
Profit/(Loss) for the financial year	36,610	(15,536)
Assets		
Total assets for reportable segments	575,311	517,951
Elimination of inter-segment assets	(10,006)	(10,121)
Current tax assets	39	406
Group's assets	565,344	508,236
Liabilities		
Total liabilities for reportable segments	269,568	248,820
Elimination of inter-segment liabilities	(5,538)	(5,527)
Current tax liabilities	573	834
Deferred tax liabilities	19,618	19,618
Group's liabilities	284,221	263,745

33. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2013 and 30 June 2012.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement for the financial year ended 30 June 2013.

In addition, pursuant to Paragraph 2.2(d) of Practice Note No. 17/2005 ('PN 17') and Paragraph 8.04 of the Main Market Listing Requirements ('MMLR'), the Group is required to maintain consolidated revenue equal to or not less than 5% of the issued and paid-up capital, and in relation to this such revenue shall not be less than RM14,382,989. During the current financial year, the Group had complied with this requirement by recording revenue of RM14,388,000 (Note 23).

(b) Financial instruments

Categories of financial instruments

Group	2013 RM'000	2012 RM'000
Financial assets		
Loans and receivables		
Trade and other receivables, net of prepayments	954	1,570
Cash and cash equivalents	388	2,003
	1,342	3,573
Financial liabilities		
Other financial liabilities		
Bank borrowings	88,298	84,933
Trade and other payables	175,475	158,103
	263,773	243,036

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

Categories of financial instruments *(continued)*

Company	**2013 RM'000**	**2012 RM'000**
Financial assets		
Loans and receivables		
Trade and other receivables, net of prepayments	229,500	221,913
Cash and cash equivalents	85	279
	229,585	222,192
Financial liabilities		
Other financial liabilities		
Bank borrowings	88,181	84,621
Trade and other payables	65,976	56,242
	154,157	140,863

(c) Fair values of financial instruments

The carrying amounts of the financial instruments of the Group and of the Company as at the end of the reporting period approximate their fair values except as set out below:

		Group		**Company**	
	Note	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
2013					
Hire-purchase creditors	18	1,195	1,182	1,078	1,068
2012					
Hire-purchase creditors	18	1,445	1,462	1,133	1,154

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, due to relatively short-term maturity of these financial instruments.

(ii) The fair value for hire purchase borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group and to the Company for similar types of borrowing arrangements at the end of the reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. The Group is exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures are detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are mainly from trade receivables. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

<u>Credit risk concentration profile</u>

The concentration of credit risk, which is the risk of counterparties defaulting, is controlled by the application of credit control procedures. The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition. The management monitors exposure to credit risk on an ongoing basis and performs credit evaluation on customers regularly.

There are no specific considerations of credit risk and the maximum exposures to credit risk of the Group are represented by the carrying amounts of the financial assets in the statements of financial position.

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond the amounts subject to impairment is inherent in the Group's trade receivables.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM229,127,000 (2012: RM221,535,000) which represents more than 99% (2012: 99%) of total receivables of the Company.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 to the financial statements. Deposits with licensed banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

<u>Financial assets that are past due but not impaired</u>

Information regarding financial assets that are past due but not impaired is disclosed in Note 12 to the financial statements.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 to the financial statements.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(ii) Liquidity and cash flow risk *(continued)*

As disclosed in Note 35(b) to the financial statements, the Group had defaulted in the repayment of principal sums and interest in respect of banking facilities, which amounted to RM87,103,000.

The Group is in negotiations with the bank regarding restructuring of the banking facilities. Meanwhile, the Group agreed to continue servicing an agreed sum of monthly interest payment to the bank. This monthly interest payment sum has been complied with over the past six (6) months and the Group shall continue to do so until the above situation is accomplished.

<u>Analysis of financial instruments by remaining contractual maturities</u>

The table below summaries the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
2013				
Financial liabilities				
Bank borrowings	87,354	981	54	88,389
Trade and other payables	175,475	-	-	175,475
Total undiscounted financial liabilities	262,829	981	54	263,864
2012				
Financial liabilities				
Bank borrowings	83,870	1,048	128	85,046
Trade and other payables	158,103	-	-	158,103
Total undiscounted financial liabilities	241,973	1,048	128	243,149
Company				
2013				
Financial liabilities				
Bank borrowings	87,307	906	54	88,267
Trade and other payables	65,976	-	-	65,976
Total undiscounted financial liabilities	153,283	906	54	154,243
2012				
Financial liabilities				
Bank borrowings	83,680	918	128	84,726
Trade and other payables	56,242	-	-	56,242
Total undiscounted financial liabilities	139,922	918	128	140,968

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and creditors and it is managed through effective negotiation with financial institutions for best available rates. The Group does not use derivative financial instruments to hedge its risk.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2013									
Financial assets									
Floating rates									
Cash held in housing development accounts	13	2.10	35	-	-	-	-	-	35
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	4.57	251	237	249	255	116	87	1,195
Amount owing to companies in which certain Directors have substantial financial interests	21	14.00	21,422	-	-	-	-	-	21,422
Amount owing to Amanah Raya Development Sdn. Bhd.	21	7.20	119,398	-	-	-	-	-	119,398
Floating rates									
Bank overdrafts	19	8.43	61,399	-	-	-	-	-	61,399
Revolving credit	17	8.50	25,704	-	-	-	-	-	25,704

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iii) Interest rate risk *(continued)*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: *(continued)*

Group	Note	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2012									
Financial assets									
Floating rates									
Cash held in housing development accounts	13	2.10	33	-	-	-	-	-	33
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	5.81	382	254	236	225	224	124	1,445
Amounts owing to companies in which certain Directors have substantial financial interests	21	14.00	16,911	-	-	-	-	-	16,911
Amount owing to Amanah Raya Development Sdn. Bhd.	21	7.20	111,689	-	-	-	-	-	111,689
Floating rates									
Bank overdrafts	19	8.43	57,784	-	-	-	-	-	57,784
Revolving credit	17	8.50	25,704	-	-	-	-	-	25,704

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iii) Interest rate risk *(continued)*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: *(continued)*

Company	Note	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2013									
Financial assets									
Fixed rates									
Amounts owing by subsidiaries	12	11.23	162,183	-	-	-	-	-	162,183
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	5.27	204	215	226	230	116	87	1,078
Amount owing to a company in which certain Directors have substantial financial interests	21	14.00	17,868	-	-	-	-	-	17,868
Floating rates									
Bank overdrafts	19	8.43	61,399	-	-	-	-	-	61,399
Revolving credit	17	8.50	25,704	-	-	-	-	-	25,704

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iii) Interest rate risk *(continued)*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: *(continued)*

Company	Note	Weighted average effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
At 30 June 2012									
Financial assets									
Fixed rates									
Amounts owing by subsidiaries	12	11.25	159,392	-	-	-	-	-	159,392
Financial liabilities									
Fixed rates									
Hire-purchase creditors	18	5.11	192	203	214	202	198	124	1,133
Amount owing to a company in which certain Directors have substantial financial interests	21	14.00	13,944	-	-	-	-	-	13,944
Floating rates									
Bank overdrafts	19	8.43	57,784	-	-	-	-	-	57,784
Revolving credit	17	8.50	25,704	-	-	-	-	-	25,704

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Company if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit/(Loss) after taxation				
- increase by 0.1% (2012: 0.1%)	(65)	63	(56)	57
- decrease by 0.1% (2012: 0.1%)	65	(63)	56	(57)

The sensitivity is higher in 2013 than in 2012 because of an increase in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arose from transactions that are denominated in currencies other than functional currencies of the operating entities.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily Hong Kong Dollar ('HKD'). The Group does not hedge its foreign currency denominated trade receivables and trade payables as the Directors are of the view that the risk is not significant to the Group.

<u>Foreign currency risk sensitivity analysis</u>

The exposure of currency risk of an entity in the Group which does not have RM as its functional currency is not material and hence, sensitivity analysis is not presented.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) AmanahRaya Development Sdn. Bhd. ('the Plaintiff') filed an action against Oriental Pearl City Properties Sdn. Bhd. ('OPCP') and Malaysia Pacific Corporation Berhad ('collectively known as the Defendants') on 27 September 2012.

The Plaintiff's claim is for RM113,170,308.20 allegedly owing to the Defendants' as a result of a Put Option exercised by the Plaintiff as per a Joint Venture Agreement between the Plaintiff and OPCP, and a Deed of Undertaking between the Plaintiff and the Defendants.

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

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

On 30 January 2013, the Kuala Lumpur High Court entered a summary judgment against OPCP and MPCB for the sum of RM113,170,308.20 together with interest at the rate of 7.2% per annum calculated from 19 September 2012 until the date of full settlement.

(b) On 8 March 2013, the Group announced that it had received a letter from the advocates and solicitors acting on behalf of RHB, that the Group has defaulted in repayment of principal sums and interest in respect of certain banking facilities pursuant to Practice Note 1 ('PN1') of the Main Market Listing Requirements ('MMLR') ('Default').

On 11 September 2013, the Group announced that it had been in negotiation with RHB regarding restructuring of the banking facilities. Meanwhile, the Group has agreed to continue servicing an agreed sum of monthly interest payment to RHB. This monthly interest payment sum has been complied over the past six (6) months and the Group shall continue to do so until the above situation is accomplished.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) The Board of Directors of MPCB announced that on 16 August 2013, the Plaintiff, a Management and Maintenance Body ('JMB') of Wisma MPL had served an Originating Summons on the Company seeking inter alia the following reliefs:

(i) A declaration that the ground level and the 2 levels basement car park of Wisma MPL ('Car Parks') form part of the common property of Wisma MPL;

(ii) the Defendant shall cease to operate the Car Parks and the Plaintiff shall be entitled to operate the same via its agents and/or servants; and

(iii) all monies and income derived from the operation of the Car Parks since the formation of the Plaintiff on 5 April 2008 until the handing over to the Plaintiff shall be paid into the Building Management Fund.

The Company has been advised by its legal counsel that it has a reasonable prospect of success in defending the Plaintiff's claim.

The financial and operational impact of the claim on the Company cannot be measured until further particulars are furnished by the Plaintiff in the suit. However, the Company will do its best to mitigate the losses.

If such a case arises, the Company will take appropriate steps to counter-claim any damages and losses from the third party or parties and be indemnified for any losses arising out of the loss of ownership of the Car Parks.

The Kuala Lumpur High Court has fixed the case for case management on 3 September 2013.

On 20 September 2013, the Company announced that the High Court of Kuala Lumpur has fixed this matter for hearing on 30 October 2013.

On 24 October 2013, the Company announced that the hearing of the Originating Summons on 30 October 2013 has been vacated in light of the application to strike out the Originating Summons filed by the Company in the High Court of Kuala Lumpur on 22 October 2013. The High Court of Kuala Lumpur has fixed the hearing of the application to strike out the Originating Summons on 3 December 2013. No date has been fixed for the hearing of the Originating Summons.

(b) Memorandum Of Understanding Malaysia Pacific Corporation Berhad - Memorandum of Understanding Between Black Sea Horizon Investment Holdings Limited and Malaysia Pacific Corporation Berhad ('MPCB' or the 'Company')

The Board of Directors of MPCB announced that the Company had on 3 October 2013 entered into a Memorandum of Understanding ('MOU') with Black Sea Horizon Investment Holdings Limited ('Black Sea') to promote Malaysia as Asia 'Economic Corridor' of trade and services link with China, ASEAN, India and The Middle East.

(c) On 19 October 2013, ARDSB had filed a Writ of Summons for an injunction against the Group and the Company, prohibiting and preventing the Group and the Company from selling, disposing or causing the disposal of certain parcels of land in Johor or entering into any transaction resulting in the disposal or transfer of ownership of the certain parcels of land in Johor.

On 22 October 2013, the Group and the Company were served with a Statutory Notice dated 21 October 2013 pursuant to Section 218(1)(e) of the Companies Act, 1965 ('Statutory Notice') dated 21 October 2013 from ARDSB whereby ARDSB demanded for the amount owing together with interest within twenty one (21) days from the date of the delivery of the Statutory Notice.

On 25 October 2013, the Company announced to Bursa Malaysia that its solicitors were pursuing to finalise a settlement agreement with ARDSB, which is not signed as at the date of this report by both parties. The Company also announced that its legal advisor shall seek ARDSB to withdraw its Statutory Notice or shall file an injunction against ARDSB as the Writ of Summons dated 19 October 2013 itself stated that there was an agreed settlement between the Group and ARDSB and therefore, the Statutory Notice served to the Group was unnecessary.

On 30 October 2013, the Group announced to Bursa Malaysia that the solicitors of ARDSB have by way of letter dated 30 October 2013 notified that ARDSB has withdrawn its Statutory Notice against the Group and the Company with immediate effect.

However, in respect to the application of Writ of Summon dated 19 October 2013 in respect of the settlement agreement, the Court has fixed the hearing of the aforementioned application on 6 December 2013.

On 31 October 2013, the Group and the Company have received a Notice of Discontinuance pertaining to the Writ of Summon dated 19 October 2013 from the solicitors of ADRSB. The Company shall seek the advice from the legal counsel.

37. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The (accumulated loss)/retained earnings of the Group and of the Company as at the end of the reporting period may be analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total (accumulated loss)/ retained earnings				
- Realised	(305,528)	(322,138)	(188,910)	(181,875)
- Unrealised	288,826	268,826	262,970	245,640
Total (accumulated loss)/retained earnings	(16,702)	(53,312)	74,060	63,765

PROPERTIES
HELD BY THE GROUP

	Tenure		Location & Existing Use	Approximately Net Lettable Area/ Land Area		Approximate Age of Building (years)	Net Carrying Amount @ 30 June 2013 (RM'000)	Date of Revaluation
1	Freehold	i	19 Level office tower	266,283 sq ft	}	39	320,000	6/30/2013
					}			
		ii	Majority of the floor area of 4 level retail podium at Jalan Raja Chulan 50200 Kuala Lumpur	74,542 sq ft	}			
2	Freehold		Remaining land & development in the Mukim Plentong, District of Johore Bahru, Johor Darul Takzim	630 acres	} } } } }	-	241,405	24/07/2008

ANALYSIS OF SHAREHOLDINGS
as at 12 November 2013

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Share Capital	:	RM287,659,780
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholding
Less than 100	174	4.57	6,193	0.01
100 to 1,000	1,044	27.44	953,170	0.33
1,001 to 10,000	1,441	37.87	7,498,834	2.60
10,001 to 100,000	966	25.39	33,655,881	11.70
100,001 to less than 5% of issued shares	179	4.70	68,412,141	23.78
5% and above of issued shares	1	0.03	177,133,561	61.58
TOTAL	**3,805**	**100.00**	**287,659,780**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Top Lander Offshore Inc	177,133,561	61.58	-	-
Dato' Ch'ng Poh @ Ch'ng Chong Poh	-	-	177,133,561 (1)	61.58 (1)
Datin Kong Yuk Chu	-	-	177,133,561 (1)	61.58 (1)
Seacrest Land Limited	-	-	177,133,561 (2)	61.58 (2)

(1) *Deemed interested by virtue of his/her substantial interest in Seacrest Land Limited, which has an indirect interest in the Company via its wholly-owned subsidiary, Top Lander Offshore Inc. pursuant to Section 6A(4) of the Companies Act, 1965.*

(2) *Deemed interested by virtue of its indirect interest in the Company via its wholly-owned subsidiary, Top Lander Offshore Inc. pursuant to Section 6A(4) of the Companies Act, 1965.*

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Datin Kong Yuk Chu	-	-	177,133,561 (1)	61.58 (1)
Dato' Syed Hussien bin Abd Kadir	-	-	-	-
Ch'ng Soon Sen	469,000 (2)	0.16 (2)	-	-
Norsyahrin bin Hamidon	-	-	-	-
Da Cruz Sean Nicholas	-	-	-	-

(1) *Deemed interested by virtue of his/her substantial interest in Seacrest Land Limited, which has an indirect interest in the Company via its wholly-owned subsidiary, Top Lander Offshore Inc. pursuant to Section 6A(4) of the Companies Act, 1965.*

(2) *Registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd, Pledged Securities Account for Ch'ng Soon Sen (STA 1).*

TOP THIRTY SECURITIES SHAREHOLDERS

	Name of Shareholders	Holdings No. of Shares	Holdings % of Issued Capital
1	Top Lander Offshore Inc.	177,133,561	61.58
2	Yap Lian Far	2,495,700	0.87
3	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Lian Far (8039110)*	2,145,200	0.75
4	Warisan Istimewa Sdn Bhd	1,690,400	0.59
5	CIMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Poh Choo (Penang-CL)*	1,530,000	0.53
6	Teo Kwee Hock	1,361,100	0.47
7	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Kiam Hsung*	1,284,300	0.45
8	Kenanga Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Chin Kiam Hsung*	1,216,000	0.42
9	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Siew Lai (Margin)*	1,151,100	0.40
10	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Parmjit Singh A/L Meva Singh*	1,049,100	0.36
11	Lee Ee Me	1,043,200	0.36
12	Chin Sin Lin	1,036,100	0.36
13	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Siva Kumar A/L Jeyapalan (PB)*	1,000,000	0.35
14	Lee Ai Chu	999,700	0.35
15	CIMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Pak Kin (Penang-CL)*	980,000	0.34
16	Lim Chen Tong	933,300	0.33
17	Sin Bee Lean	920,000	0.32
18	CIMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wang Choon Keng (Penang)*	898,000	0.31
19	Ong Kek Poh	879,000	0.31
20	HDM Nominees (Tempatan) Sdn Bhd *Taiping Recovery Sdn Bhd – In Liquidation for Ho Ngan Yin*	871,000	0.30
21	Wong Choon Shein	800,000	0.28
22	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teh Swee Heng (MM1118)*	753,400	0.26
23	Citigroup Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Ta Kin Yan (472435)*	751,851	0.26
24	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Chee Wan*	750,000	0.26
25	Lee Chor Huat	700,000	0.24
26	Ong Ak Huk @ Ong Ah Huat	700,000	0.24
27	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teh Hock Chai*	685,000	0.24
28	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Goh Kai Yunn (8055970)*	661,400	0.23
29	Koh Sin Eng	660,000	0.23
30	Koh Kwee Hooi	656,600	0.23
	TOTAL	**207,735,012**	**72.22**

ANALYSIS OF WARRANTHOLDINGS

as at 12 November 2013

ANALYSIS OF WARRANTHOLDINGS

No. of warrants in issue	:	115,062,987
Exercise of warrants	:	NIL
Expiry date of the warrants	:	21 April 2015
Exercise price of the warrants	:	RM1.00

DISTRIBUTION OF WARRANTHOLDINGS

Size of warrantholdings	Number of Warrantholders	% of Warrantholders	Number of Warrant held	% of Issued warrants
Less than 100	45	4.12	2,447	0.00
100 to 1,000	116	10.62	79,549	0.07
1,001 to 10,000	476	43.59	2,121,208	1.85
10,001 to 100,000	366	33.52	14,764,553	12.83
100,001 to less than 5% of issued warrants	88	8.06	29,329,426	25.49
5% and above of issued warrants	1	0.09	68,765,804	59.76
TOTAL	**1,092**	**100.00**	**115,062,987**	**100.00**

DIRECTORS' WARRANTHOLDINGS

	Direct Interest		Indirect Interest	
Name	No. of Warrant Held	% of Issued Warrant	No. of Warrant Held	% of Issued Warrant
Datin Kong Yuk Chu	-	-	68,765,804 [1]	59.76 [1]
Dato' Syed Hussien bin Abd Kadir	-	-	-	-
Ch'ng Soon Sen	-	-	-	-
Norsyahrin bin Hamidon	-	-	-	-
Da Cruz Sean Nicholas	-	-	-	-

[1] *Deemed interested by virtue of her substantial interest in Seacrest Land Limited, which has an indirect interest in the Company via its wholly-owned subsidiary, Top Lander Offshore Inc. pursuant to Section 6A(4) of the Companies Act, 1965.*

TOP THIRTY WARRANTHOLDERS

	Name of Warrantholders	Holdings No. of Warrants	Holdings % of Issued Warrants
1	Top Lander Offshore Inc.	68,765,804	59.76
2	Lee Sim Hee	2,459,900	2.14
3	Tan Ba	1,738,900	1.51
4	Lim Phee Lin	1,150,000	1.00
5	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Tze Chyn*	1,124,700	0.98
6	Wong Chee Kin	965,200	0.84
7	Hau Gat Niw	950,000	0.83
8	AMSEC Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Parmjit Singh A/L Meva Singh*	800,000	0.70
9	HLIB Nominees (Tempatan) Sdn Bhd *Hong Leong Bank Bhd for Choo Chin Hoong*	700,000	0.61
10	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Teh Swee Heng (MM1118)*	640,600	0.56
11	Goh Ah Led	630,000	0.55
12	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yeow Thiam Hooi (E-KLG)*	612,000	0.53
13	Tan Joon Wei	606,900	0.53
14	Au Yang Tuan Kah	590,000	0.51
15	Tee Bee Fun	567,000	0.49
16	Chua Tik Pong	499,800	0.43
17	Ang Choo Teong	450,000	0.39
18	Lim Chen Tong	433,300	0.38
19	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Wong Ah Yong (MY1278)*	400,000	0.35
20	Tan Yee Ming	383,400	0.33
21	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tong Tin Heng (CCTS)*	359,900	0.31
22	Tan Siew Hoong	356,100	0.31
23	Kean Thong Trading Sdn Bhd	350,000	0.30
24	Yap Yok Foo	310,000	0.27
25	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ta Kin Yan (472435)*	300,740	0.26
26	Chow Sow Chan	300,000	0.26
27	Ong Kek Poh	300,000	0.26
28	RHB Nominees (Tempatan) Sdn Berhad *Pledged Securities Account for Lee Chee Wan*	300,000	0.26
29	Wai Kam For	300,000	0.26
30	Yap Lian Far	293,000	0.25
	TOTAL	**87,637,244**	**76.16**

(This page has been intentionally left blank)

malaysia pacific corporation berhad 12200-M
(Incorporated in Malaysia)

PROXY FORM

CDS account no. of authorised nominee

No. of shares held

I/We*..
(name of shareholder as per NRIC, in capital letters)

IC No./ ID No./ Company No. ....

of..
(full address)

being a member/members* of MALAYSIA PACIFIC CORPORATION BERHAD, hereby appoint...

.... IC No. ....
(name of proxy as per NRIC, in capital letters)

of..
(full address)

or failing him/her*, ...IC No. ....
(name of proxy as per NRIC, in capital letters)

of..
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Forty-First Annual General Meeting of the Company or at any adjournment thereof to be held at Tiara Rini Ballroom, The Royale Bintang The Curve, 6, Jalan PJU 7/3, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan on Monday, 23 December 2013 at 9.30 a.m..

No.	Resolution	For	Against
Ordinary Resolution 1	To approve the payment of Directors' Fees for the financial year ended 30 June 2013		
Ordinary Resolution 2	To re-elect Datin Kong Yuk Chu as a Director retiring pursuant to Article 85 of the Articles of Association of the Company		
Ordinary Resolution 3	To re-elect Mr Ch'ng Soon Sen as a Director retiring pursuant to Article 85 of the Articles of Association of the Company		
Ordinary Resolution 4	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	To give authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares		

** Strike out whichever is not desired.*

[Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy may vote or abstain as he thinks fit.]

....
Signature or Common Seal of Member/(s)

Dated this .... day of 2013

Notes:

1. *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.*
2. *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.*
3. *Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion if his shareholdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. *The instrument appointing a proxy shall be deposited at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 17 December 2013 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.*
7. *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.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Company Secretary
MALAYSIA PACIFIC CORPORATION BERHAD
(12200-M)
Lot 6.05, Level 6, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

1st fold here