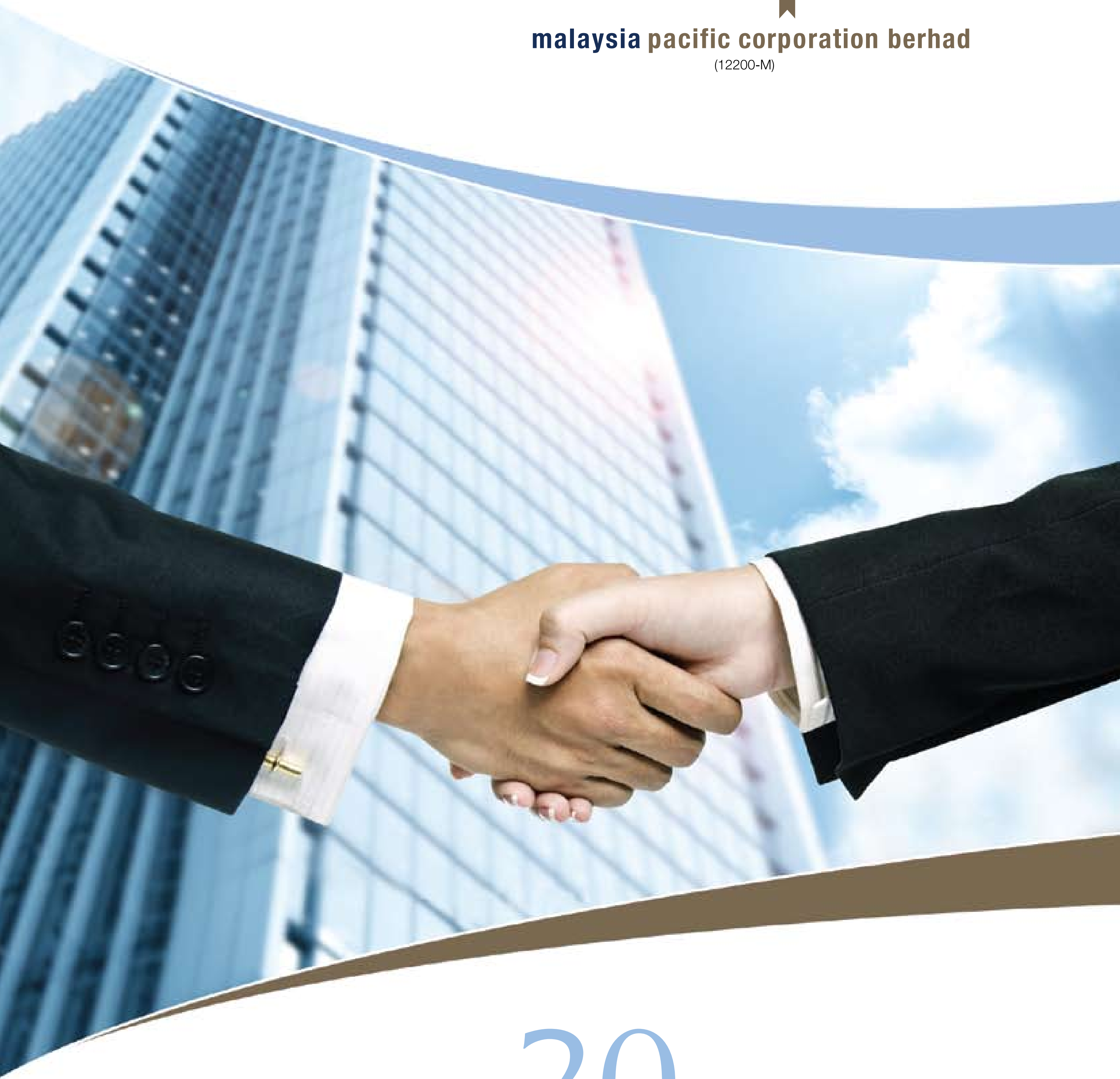
malaysia pacific corporation berhad
(12200-M)



# 2014 Annual Report

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2014


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# NOTICE OF THE FORTY SECOND (42ND) ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Forty-Second Annual General Meeting of MALAYSIA PACIFIC CORPORATION BERHAD will be held at Concorde Ballroom I, Lobby Level, Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Tuesday, 30 December 2014 at 10am for the following purposes:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2014 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 2014. **Ordinary Resolution 1**

3. To re-elect Dr Lai Chee Chuen, a Director who retires pursuant to Article 92 of the Articles of Association of the Company. **Ordinary Resolution 2**

4. To re-elect Mr Tey Por Yee, a Director who retires pursuant to Article 92 of the Articles of Association of the Company. **Ordinary Resolution 3**

5. To appoint Messrs UHY as Auditors of the Company in place of the retiring Auditors, Messrs BDO and to authorise the Directors to fix their remuneration.

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2014) has been received by the Company for the nomination of Messrs UHY who have given their consent to act, for appointment as Auditors in place of the retiring Auditors, Messrs BDO and of the intention to propose the following ordinary resolution:-

   "That Messrs UHY having consent to act, be and are hereby appointed as Auditors of the Company for the financial year ending 30 June 2015 in place of the retiring Auditors, Messrs BDO and to hold office until the conclusion of the next Annual General Meeting of the Company and that the Directors be authorised 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
8 December 2014

# NOTICE OF THE FORTY SECOND (42ND) ANNUAL GENERAL MEETING

**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, Malaysia, 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 19 December 2014 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. Encik Norsyahrin Bin Hamidon and Mr Da Cruz Sean Nicholas retire pursuant to Article 85 of the Articles of Association at the Forty-Second Annual General Meeting ("42nd AGM") of the Company. They have expressed that they do not wish to seek for re-election at the 42nd AGM of the Company and therefore shall retire at the conclusion of the 42nd AGM of the Company.

9. Dato' Syed Norulzaman Bin Syed Kamarulzaman retires pursuant to Article 92 of the Articles of Association at the 42nd AGM of the Company. He has expressed that he does not wish to seek for re-election at the 42nd AGM of the Company and therefore shall retire at the conclusion of the 42nd AGM of the Company.

10. **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.

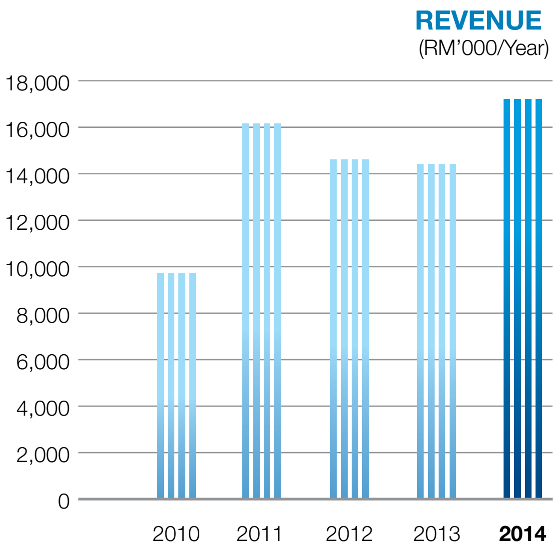
    The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

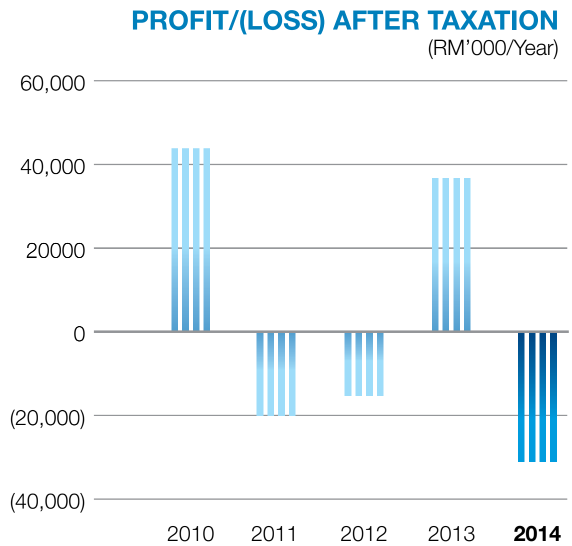
    As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Forty-First Annual General Meeting held on 23 December 2013 and which will lapse at the conclusion of the Forty-Second Annual General Meeting.

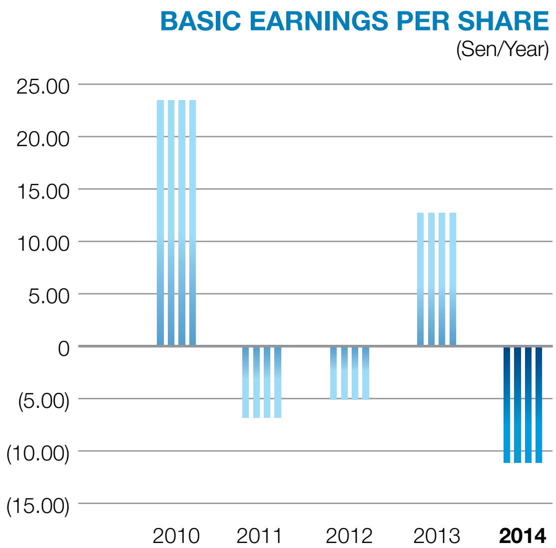
    The General Mandate will provide flexibility to the Company for any possible issuance of new shares arising from fund raising activities.

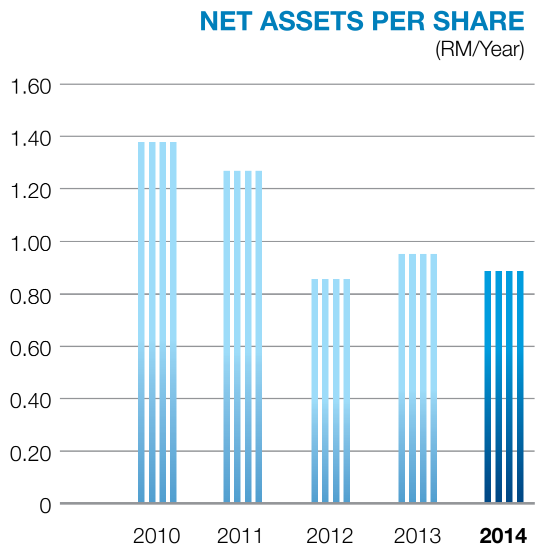
# FIVE YEAR FINANCIAL HIGHLIGHTS

| | | Year Ended 30 June | | | | |
|---|---|---|---|---|---|---|
| | | **2014** | **2013** | **2012** | **2011** | **2010** |
| Revenue | (RM'000) | 17,107 | 14,388 | 14,583 | 16,151 | 9,662 |
| Profit/(Loss) Before Taxation | (RM'000) | (14,587) | 36,928 | (15,331) | (19,128) | 42,000 |
| Profit/(Loss) After Taxation | (RM'000) | (31,137) | 36,610 | (15,536) | (20,237) | 43,608 |
| Paid-Up Capital | (RM'000) | 287,660 | 287,660 | 287,660 | 287,660 | 287,660 |
| Equity Attributable To Owners Of The Parent | (RM'000) | 249,967 | 281,123 | 244,491 | 344,459 | 363,483 |
| Total Assets | (RM'000) | 565,462 | 565,344 | 508,236 | 509,127 | 517,942 |
| Basic Earnings Per Share | (Sen) | (10.82) | 12.73 | (4.83) | (6.61) | 23.43 |
| Net Assets per Share | (RM) | 0.87 | 0.98 | 0.85 | 1.29 | 1.36 |



# 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 2014.

## FINANCIAL REVIEW

For the financial year ended 30 June 2014, the Group revenue increased by 18.9% to RM17,107,000, as compared to RM14,388,000 registered in previous financial year due to higher contribution from the property development segment during the financial year. However, the Group recorded a loss before taxation of RM14,587,000 for the current financial year, as compared to profit before taxation of RM36,928,000 in the previous financial year. The loss before taxation for current financial year was due to lower extraordinary non-recurring income as compared to the previous financial year. In the previous financial year, the Group had recognised an income of RM40,926,000 from the reversal of previous impairment losses on property development costs and land held for property development and revaluation gain of RM20,000,000 on the Group's investment property, Wisma MPL.

During the financial year, the Group has recognised other income of RM8,147,000 arising from the waiver of interest by the major shareholder of the Group, Top Lander Offshore Inc. on the amount owing by the Group.

Loss after taxation was recorded at RM31,137,000, as opposed to profit after taxation of RM36,610,000 in the previous financial year. The Group has recorded higher taxation expenses of RM16,550,000 for the current financial year due to provision of deferred taxation on the revaluation gain of the Group's investment property.

During the financial year, the net assets per share of the Group have also decreased to RM0.87, as compared to RM0.98 in the previous financial year.

## OPERATION REVIEW

**Wisma MPL**

The Group's revenue for the current financial year was mainly contributed by the rental and property management services income from investment property, Wisma MPL. Wisma MPL has potential for refurbishment and redevelopment due to it's prime location. The Group will continue to explore various avenues to unlock the value of the investment property in the next financial year.

During the financial year, the Joint Management Body (JMB) of Wisma MPL had served an Originating Summons on the Group seeking for all monies and income derived from the operation of the car parks of the Group's investment property, Wisma MPL since the incorporation of JMB Wisma MPL in year 2008. As the judgement from both the High Court and Court of Appeal was not in Group's favour, the Group had appealed the case to the Federal Court of Malaysia.

# CHAIRMAN'S STATEMENT

In October 2014, the Group has accepted an offer from RHB Bank Berhad to restructure the outstanding revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a fixed deposits pledged of RM5,000,000 and a specific deed of debenture on the investment property of the Group, Wisma MPL. Upon completion of the restructuring of the banking facilities, the Practice Note 1 (PN1) status of the Group shall be lifted.

**Lakehill Resort City**

There are on-going negotiations on potential joint venture with prospective partners to develop certain phases of Lakehill Resort City in the first half of 2015, which has an anticipated Gross Development Value (GDV) of RM390 million. The Group has so far received good responses from several prospective partners. The joint venture(s) will unlock the Group's asset values and expected to contribute positively to the cash flow of the Group.

In respect of the amount owing to AmanahRaya Development Sdn Bhd (ARDSB), the Group has announced a fund raising exercise to raise minimum around RM142 million for repayment of amount owing to ARDSB. The fund raising exercise is anticipated to be completed in Q1 2015. Alternatively, the Group may consider surrendering the 7 parcels of land charged to ARDSB in lieu of cash for ARDSB. The market value of the 7 parcels of land of approximately 188 acres is greater than the amount outstanding of RM115 million owing to ARDSB.

Subsequent to the end of the financial year, the Group has also disposed off 163 parcel of freehold land for a sales consideration of RM9,350,676. The Group is planning to dispose off a few parcels of land in Lakehill Resort City, Iskandar Malaysia to reduce the gearing and improve the cash flow of the Group.

## PROSPECT AND FUTURE

The Board is evaluating various strategic options to preserve the Group's value and to prepare for a turnaround in 2015. Barring unforeseen circumstances, the Group is optimistic on the prospect for the next financial year.

## APPRECIATION

On behalf of my fellow Board members, I would like to express our sincere gratitude to our retiring Directors Dato' Syed Norulzaman bin Syed Kamarulzaman, Encik Norsyahrin bin Hamidon and Mr Da Cruz Sean Nicholas for their invaluable guidance and contribution during their tenure of service. At the same time, we are delighted to welcome Mr Tey Por Yee and Dr Lai Chee Chuen who are contributing their combined vast experience to the Board.

The Board also wishes to extend its sincere appreciation to our shareholders and business associates for their support and confidence to the Group. We look forward to your continuing patience and support.

**Dato' Sri Syed Hussien bin Abdul Kadir**
Chairman

# CORPORATE STRUCTURE

**malaysia pacific corporation berhad**
(12200-M)

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

- **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 CAFÉ SDN BHD 809255-M

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**YBhg Dato' Sri 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**
Chief Executive Officer and Executive Director

**Norsyahrin bin Hamidon**
Independent Non-Executive Director

**Da Cruz Sean Nicholas**
Non-Independent Non-Executive Director

**YBhg Dato' Syed Norulzaman bin Syed Kamarulzaman**
Independent Non-Executive Director (Appointed on 9 January 2014)

**Tey Por Yee**
Executive Director (Appointed on 1 August 2014)

**Dr Lai Chee Chuen**
Executive Director (Appointed on 1 August 2014)

## SECRETARIES

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

## PRINCIPAL PLACE OF BUSINESS

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

## REGISTERED OFFICE

Level 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

## 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

## REGISTRAR

**Boardroom Corporate Services (KL) Sdn Bhd**

Level 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

## WEBSITE

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

# PROFILE OF BOARD OF DIRECTORS

## YBHG DATO' SRI SYED HUSSIEN BIN ABD KADIR
Chairman and Independent Non-Executive Director

Dato' Sri Syed Hussien Abd Kadir, aged 65, a Malaysian, was appointed to the Board on 15 January 2008. He is an Independent Non-Executive Director of the Company.

Dato' Sri 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' Sri 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 Kebesaran Sultan Ahmad Shah Pahang Yang Amat Dimulia – Peringkat Pertama Sri Sultan Ahmad Shah Pahang (SSAP), 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' Sri 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; Chairman of Malaysia/Gulf Business Council and Director of Dagang Net.

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 2014.

## YBHG DATIN KONG YUK CHU
Vice Chairman and Executive Director

Datin Kong Yuk Chu, aged 66, 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.

Datin Kong is the mother of Ch'ng Soon Sen, an Executive Director and Chief Executive Officer 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 2014.

# PROFILE OF BOARD OF DIRECTORS

## MR CH'NG SOON SEN
Chief Executive Officer and Executive Director

Mr Ch'ng Soon Sen, aged 32, a Malaysian, was appointed to the Board on 20 November 2006 as an Executive Director of the Company and then subsequently appointed as Chief Executive Officer of the Company on 19 December 2013.

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

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

He is the son of 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 8 out of 9 Board Meetings held in the financial year ended 30 June 2014.

## ENCIK NORSYAHRIN BIN HAMIDON
Independent Non-Executive Director

Encik Norsyahrin Bin Hamidon, aged 39, 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 has a representation to Majlis Tindakan Agenda Bumiputra (MTAB) directly under the stewardedship of the Yang Amat Berhormat Prime Minister of 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 9 Board Meetings held in the financial year ended 30 June 2014.

# PROFILE OF BOARD OF DIRECTORS

## MR DA CRUZ SEAN NICHOLAS
Non-Independent Non-Executive Director

Mr Da Cruz Sean Nicholas, aged 30, 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 is also a member of the Audit & Risk Management 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 2014.

## DATO' SYED NORULZAMAN BIN SYED KAMARULZAMAN
Independent Non-Executive Director

Dato' Syed Norulzaman bin Syed Kamarulzaman, aged 64, a Malaysian, was appointed to the Board on 9 January 2014. He is the Independent Non-Executive Director of the Company.

Dato' Syed Norulzaman holds a Bachelor of Arts (Honours) Degree from the University of Malaya. Upon graduation from the University of Malaya, Dato' Syed Norulzaman joined the Administrative and Diplomatic Service of the Malaysian Government in 1973 and was assigned to the Ministry of Foreign Affairs. Dato' Syed Norulzaman served in different capacities in the Ministry's Political and Administration divisions as well as in Malaysia's diplomatic mission in Geneva, Baghdad, Ottawa and Jakarta.

In September 1994, Dato' Syed Norulzaman was appointed as Malaysia's Ambassador to Spain where he served for 3 years. On returning to Kuala Lumpur in November 1997, he assumed the post of Undersecretary for East Asia and South- Asia at the Ministry of Foreign Affairs, prior to his appointment to head the Institute of Diplomacy and Foreign Relations, Prime Minister's Department, as its Director General in June 1999. He returned to the Ministry of Foreign Affairs in November 2001 before his appointment as Malaysia's Ambassador to the Kingdom of Thailand, a position he held until January 2005. He was subsequently appointed as Malaysia's Ambassador to the People's Republic of China, based in Beijing where he served for 5 years till December 2009 before returning to Malaysia to retire from government service.

Upon his return to Malaysia, Dato' Syed Norulzaman was appointed as Public Interest Director at the Federation of Investment Managers Malaysia (FIMM), a position he held until August 2012. He was also Advisor (China Business) at IJM Corporation Bhd from January 2011 to December 2012. He is currently a Director of OCK Group Berhad, Director of Malaysia-China Business Council (MCBC) and also the Chairman of Mah Sing Foundation, a charitable organisation providing assistance to the needy within the community.

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 5 Board Meetings held in the financial year ended 30 June 2014 since his date of appointment.

# PROFILE OF BOARD OF DIRECTORS

## MR TEY POR YEE
Executive Director

Mr Tey Por Yee, aged 38, a Malaysian, was appointed to the Board on 1 August 2014 as Executive Director of the Company.

Mr Tey obtained his Bachelor of Commerce degree majoring in Business Administration and Finance from the University of Manitoba, Canada in 1998. Prior to the founding of the Nexgram Holdings Berhad (formerly Nextnation Communication Berhad), he was a shareholder, director and senior consultant to Lilo Media Sdn Bhd ("Lilo"), a company engaged in research, design and development of database and system integration activities, until he disposed off his interest in Lilo in May 2004. At Lilo, he managed to grow his network and expertise, which led him to incorporate the Nexgram Holdings Berhad, enhanced shareholders' value and steered the listing of Nexgram Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

In addition, his extensive experience in electronic marketing and e-commerce infrastructure building has enabled him to tap into many business opportunities and that led to the success of many companies.

He is a Director of Nexgram Holdings Berhad, and Ire-Tex Corporation Berhad, being companies listed on the Main Market of Bursa Securities, and Wintoni Group Berhad (formerly known as Winsun Technologies Berhad), a company listed on the ACE Market of Bursa Securities.

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 did not attend any Board Meetings held in the financial year ended 30 June 2014 as he was appointed to the Board subsequent to the financial year end.

## DR LAI CHEE CHUEN
Executive Director

Dr Lai Chee Chuen, aged 50, a Malaysian, was appointed to the Board on 1 August 2014 as Executive Director of the Company.

Dr Lai obtained his MBA and Doctorate in Finance from Cass Business School, City University, London. Dr Lai is an Associate of the Chartered Institute of Management Accountants, Fellow of the Association of Chartered Certified Accountants, and Member of the Malaysian Institute of Accountants, Chartered Institute of Marketing and Association of Certified Fraud Examiners.

A professional Accountant by training, Dr Lai worked in auditing, banking and finance, corporate management and consulting for 28 years. He was trained in London and practised accountancy both in professional accounting firms and with Barclays Bank Group, London. Upon returning to Malaysia, Dr Lai was attached to PwC Consulting before venturing into corporate management with a number of listed companies in capacities ranging from CEO, MD, Executive Director to Independent Non-Executive Director.

Dr Lai returned to consulting in 2012 when he joined Grant Thornton Consulting as Senior Director, Corporate Advisory. He had led assignments ranging from strategic reviews, mergers and acquisitions, receiverships, turnarounds, valuations, due diligence, independent business reviews to forensic investigations.

Dr Lai specialises in Corporate Restructuring and Turnaround since obtaining a research PhD in this field in 1996. Since then, he had undertaken the role of advisor for a variety of corporate exercises including corporate and debt restructuring, mergers, acquisitions, divestments and reverse takeovers of listed companies in sectors ranging from construction, property development, telecommunications, manufacturing, diversified industries to government linked companies and agencies.

He is a Director of Ire-Tex Corporation Berhad, a company listed on the Main Market of Bursa Securities.

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 did not attend any Board Meetings held in the financial year ended 30 June 2014 as he was appointed to the Board subsequent to the financial year end.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

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

The ARMC currently comprises four (4) 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 2014 are as follows:

| Directors | Position | No. of Meeting Attended |
|---|---|---|
| YBhg Dato' Sri Syed Hussien bin Abd Kadir | Independent Non-Executive Director and Chairman of the AMRC | 5/5 |
| Norsyahrin bin Hamidon | Independent Non-Executive Director | 5/5 |
| Da Cruz Sean Nicholas | Non-Independent Non-Executive Director | 5/5 |
| YBhg Dato' Syed Norulzaman bin Syed Kamarulzaman* | Independent Non-Executive Director | 1/1 |

* Appointed as member of ARMC on 25 February 2014. Dato' Syed Norulzaman attended all ARMC meeting held in the financial year ended 30 June 2014 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.

**TERMS OF REFERENCE (Cont'd)**

**2. Procedure of Meetings (Cont'd)**

**2.1 Frequency and Proceedings of Meetings (Cont'd)**

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

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

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

(g) The Company Secretary 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;

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

**TERMS OF REFERENCE (Cont'd)**

**3. Authority (Cont'd)**

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

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

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

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

**4. Duties and Responsibilities**

**4.1 Matters relating to External Audit:-**

(a) To nominate and recommend 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 should 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.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

**TERMS OF REFERENCE (Cont'd)**

**4. Duties and Responsibilities (Cont'd)**

**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 2014 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 actions 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.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES (Cont'd)

### 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 auditors.

(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.

For the financial year ended 30 June 2014, the costs incurred for the Internal Audit function were approximately RM42,000.

# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

The Board of Directors is committed to ensuring that high standards of corporate governance are practiced 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, through the Discretionary Authority Limits and Standard Operating Procedures, 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 practices 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;
- 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, if and when they deem necessary, and at the Group's expense.

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

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

# STATEMENT ON CORPORATE GOVERNANCE

### 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 four (4) executive directors, three (3) independent non-executive directors and one (1) non-independent non-executive director as set out below.

| Name | Directorship |
|---|---|
| YBhg Dato' Sri Syed Hussien bin Abd Kadir (Chairman) | Independent and Non-Executive |
| YBhg Datin Kong Yuk Chu (Vice Chairman) | Executive |
| Ch'ng Soon Sen | Executive |
| Norsyahrin bin Hamidon | Independent and Non-Executive |
| Da Cruz Sean Nicholas | Non-Independent and Non-Executive |
| YBhg Dato' Syed Norulzaman bin Syed Kamarulzaman | Independent and Non-Executive |
| Tey Por Yee | Executive |
| Dr Lai Chee Chuen | Executive |

The profile of each Director is presented 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 on the Audit and Risk Management Committee Report of this Annual Report.

### Nominating and Remuneration Committee

The Nominating and Remuneration Committee ('NRC") consists of three (3) independent and non-executive directors:

| Name | Directorship |
|---|---|
| YBhg Dato' Sri Syed Hussien bin Abd Kadir (Chairman) | Independent and Non-Executive |
| Norsyahrin bin Hamidon | Independent and Non-Executive |
| YBhg Dato Syed Norulzaman bin Syed Kamarulzaman | Independent and 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, knowledge and expertise;
- 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

### Principle 2 - Strengthening Composition (Cont'd)

### Nominating and Remuneration Committee (Cont'd)

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 is 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 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 partake 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 2014 is as follows:-

| | | RM'000 | | |
|---|---|---|---|---|
| | | Fees | Salaries and Other emoluments | Total |
| (a) | Executive | 120 | 1,020 | 1,140 |
| (b) | Non-Executive | 220 | 31 | 251 |
| | | 340 | 1,051 | 1,391 |

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 | - | 3 |
| RM300,001 - RM350,000 | 1 | - |
| RM800,001 - RM850,000 | 1 | - |

### Principal 3 - Reinforce Independence

The Board has an established evaluation on an annual basis of independent directors to ensure compliance with the requirements of independent directors set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 cognizance that the Code recommends that the tenure of an independent director should not exceed a cumulative term of 9 years. As set out above, the Company has an established assessment on an annual basis to ensure and determine the independency of each independent director and if each of them have contributed positively and effectively as an independent director. In this connection, the Company does not limit the terms of an independent director. The evaluation process will determine if an independent director will remain objective and continue to be fair and impartial in all Board deliberations and decision making.

The continued tenure of independent directors also brings stability to the Board, and the Company benefits from directors who have, over time, gained valuable insight into the Group, its market and the industry.

Furthermore, all directors are required to submit themselves for re-election at annual general meeting every 3 years under the MMLR of Bursa Securities and Articles of Association of the Company. In addition, the re-appointment of directors who have attained 70 years of age and above is subject to shareholders' approval at annual general meeting under Section 129 of the Companies Act, 1965.

# STATEMENT ON CORPORATE GOVERNANCE

**Principal 3 - Reinforce Independence (Cont'd)**

As at the date of this statement and up to the forth-coming 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 Chief Executive Officer ("CEO") separate.

**Principle 4 - Foster Commitment**

The Directors are mindful of their responsibilities and committed to carry out their responsibilities. In line with the Main Market Listing Requirements, 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 are distributed to the Board in sufficient time 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.

The Board met nine (9) times during the financial year ended 30 June 2014. The attendance of the directors during the said financial year is set out below.

| Directors | Position | No. of Meeting Attended |
|---|---|---|
| YBhg Dato' Sri 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 | Chief Executive Officer and Executive Director | 8/9 |
| Norsyahrin bin Hamidon | Independent Non-Executive Director | 9/9 |
| Da Cruz Sean Nicholas | Independent Non-Executive Director | 9/9 |
| YBhg Dato' Syed Norulzaman bin Syed Kamarulzaman* | Independent Non-Executive Director | 5/5 |

* This is the 5th Board Meetings held since his appointment.

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 2014, the training programmes attended by the Directors are as follows:

| Topics |
|---|
| Corporate Governance Guide (2nd Edition) / Updates on the Listing Requirements of Bursa Malaysia |
| Proposed amendments in the new Companies Bill |
| Goods and Services Tax |
| Corporate Governance Reporting Workshop |
| Appreciation & Application of ASEAN Corporate Governance Scorecard |

**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 assesses the financial statements with the assistance of the external auditors for Board's approval prior to their release to the regulators.

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 ARMC in relation to the external auditors is further described in the ARMC of 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 will require a 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 prescribes to the corporate disclosure policy and disclosure requirements on material information set out in the MMLR of Bursa Securities. The Company has established its website, www.mpcb.com.my which allows shareholders and the public 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. 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.

# STATEMENT ON CORPORATE GOVERNANCE

### OTHERS DISCLOSURES (Cont'd)

### CORPORATE SOCIAL RESPONSIBILITY (Cont'd)

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 the interests of the Directors and/or major shareholders of the Company other than those disclosed in the Related Party Disclosure presented in the Financial Statements of this Annual Report.

### NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

Non-audit fees paid, during the financial year ended 30 June 2014, to external auditors amounted to RM9,000.

### 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; save for a tax penalty imposed on a subsidiary of the Company by the Inland Revenue Board.

### 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 2014, 115,062,987 Warrants have yet to be converted to ordinary shares.

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

### 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 32 of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") requires Public Listed Companies to maintain a sound risk management and internal control system to reasonably safeguard shareholders' investments and Group's assets. Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements requires directors of Public Listed Companies to include a statement in their annual reports on the state of their risk management and internal control. The Board of Directors ("Board") is pleased to provide the following statement that is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## RESPONSIBILITY

The Board acknowledges the importance of a sound risk management and internal control system to good corporate governance and assumes its responsibilities to maintain a sound risk management and internal control system. The Board has established an ongoing process for identifying, evaluating and managing the significant risks affecting the achievement of its business objectives. The ongoing process is embedded in the Group's risk management and internal control system and is quarterly reviewed by the Board. The Board recognised that the risk management and internal control system are designed to manage rather than eliminate the risks to achieve the business objectives. In addition it should be noted that the system could provide only reasonable and not absolute assurance against material misstatement or loss.

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

## RISK MANAGEMENT

The Board's evaluation of the effectiveness of risk management in the Group is based on criteria developed under the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") a generally accepted framework for risk management.

The Group adopts the three lines of defense model in implementing the ERM framework which provides clear accountability of risk management across the Group. The business units which are the first line of defense involve operational personnel carrying out their day-to-day responsibilities which include internal control activities. The Risk Management Committee ("RMC") is primarily responsible for the review of risk management process which falls within the second line of defense thereafter presented to the Audit and Risk Management Committee ("ARMC"). The third line of defense comprises the Group's Internal Audit, ARMC and the Chief Executive Officer which provides assurance that the risk management activities and internal controls are functioning as designed.

The RMC has developed a key risk indicator ("KRI") and maintained a risk registers to assess and monitor the likelihood magnitude of impact and consequences of the risks occurring using a self assessment approach. The risk profile of the Group together with a summary of the key findings and corresponding mitigation action plans were presented and discussed in the ARMC meeting before submitting to the Board for consideration.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL AUDIT

The Board recognizes 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 had engaged an independent external firm of professional internal auditors which reports directly to the ARMC.

Observations from internal audits are presented to the ARMC together with the management's responses and proposed action plans for its review thereafter 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.

## INTERNAL CONTROL

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

- An organizational structure which clearly defined the delegation of responsibilities to Committees promoting accountability for appropriate risk management and control procedures;
- Establishment of the Board Committees namely ARMC and Nominating and Remuneration Committee to assist the Board in discharging its duties with the authority to examine all matters within their scope reporting to the Board with their recommendations;
- Clearly defined Board Charter, Code of Conduct, Code of Ethics, Terms of Reference and other policies of the various Committees established by the Board;
- Board and Management meetings to provide updates on the business operations and performances; and
- Reviews on business processes to access the effectiveness of internal control systems.

## CONCLUSION

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

# FINANCIAL STATEMENTS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# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2014.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Loss for the financial year | (31,137) | (176,526) |

## 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.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue 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' Sri Syed Hussien Bin Abd Kadir
Da Cruz Sean Nicholas
Ch'ng Soon Sen
Norsyahrin Bin Hamidon
Dato' Syed Norulzaman Bin Syed Kamarulzaman (Appointed on 9 January 2014)
Lai Chee Chuen (Appointed on 1 August 2014)
Tey Por Yee (Appointed on 1 August 2014)

## 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 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

| | ← Number of ordinary shares of RM1.00 each → | | | |
|---|---|---|---|---|
| | Balance as at 1.7.2013 | Bought | Sold | Balance as at 30.6.2014 |
| **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 |

| | ← Number of Warrants B → | | | | |
|---|---|---|---|---|---|
| | Balance as at 1.7.2013 | Granted | Exercised | Sold | Balance as at 30.6.2014 |
| **Warrants B in the Company** | | | | | |
| Indirect interests: | | | | | |
| YBhg. Datin Kong Yuk Chu | 68,765,804 | - | - | - | 68,765,804 |

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 in Malaysia as stated above.

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 other than the following:

(a) remuneration received by certain Directors as Directors/executives of the subsidiaries; and

(b) any benefit which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 32 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.

# DIRECTORS' REPORT

## 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 have satisfied themselves that there are no known bad debts 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 realizable 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 except for:

(i) impairment losses on amounts owing by subsidiaries of RM159,630,000 of the Company as disclosed in Note 27 to the financial statements;

(ii) waiver of interest of RM8,147,000 and RM5,509,000 of the Group and of the Company respectively by a company in which certain Directors have financial interests as disclosed in Note 27 to the financial statements; and

(iii) provision for litigation claims of RM6,137,000 and RM2,587,000 of the Group and of the Company respectively as disclosed in Note 27 to the financial statements.

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

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

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

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 37 to the financial statements; 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 31 to the financial statements.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)

### (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 other than those disclosed in Note 17(a) to the financial statements.

(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 this report or the 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 36 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 37 to the financial statements.

## AUDITORS

The auditors, BDO, have indicated that they do not wish to seek re-appointment.

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

**YBhg. Datin Kong Yuk Chu**
Director

**Ch'ng Soon Sen**
Director

Kuala Lumpur
28 November 2014

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 35 to 111 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 2014 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 38 to the financial statements on page 112 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. Datin Kong Yuk Chu**
Director

**Ch'ng Soon Sen**
Director

Kuala Lumpur
28 November 2014

# 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 35 to 112 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 )
28 November 2014 )

**Lai Soon Ong**

Before me: No. W 594 P.Valliamah

# 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 2014 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 35 to 111.

## 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 conducting the audit in accordance with approved standards on auditing in Malaysia. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## Basis for Disclaimer of Opinion

(A) We draw attention to Note 4.1 to the financial statements which state the following:

(i) The Group and the Company have reported net losses of RM31,137,000 and RM176,526,000 respectively during the financial year ended 30 June 2014 and, as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM262,971,000 and RM89,571,000 respectively.

(ii) As disclosed in Note 17(a) to the financial statements, the Company was served with a Declaration of Default on 8 March 2013 by a financial institution on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities amounting to RM42,832,000 and RM63,138,000 respectively as at 30 June 2014 of the Company.

On 27 October 2014, the Company has accepted the offer from the financial institution to restructure the revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a fixed deposit pledged of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8(a) to the financial statements.

(iii) Furthermore, as disclosed in Note 31(e) to the financial statements, on 28 September 2012, a creditor of a subsidiary of the Group had served a Writ of Summons on the subsidiary and the Company (collectively known as the "Defendants") for a sum of RM113,170,308 together with interest of 7.20% per annum calculated from 19 September 2012 until the date of full settlement ("Judgement Sum"). On 30 January 2013, the Kuala Lumpur High Court entered a summary judgement against the subsidiary and the Company for the Judgement Sum.

Subsequently on 10 March 2014, the subsidiary, the Company and two other subsidiaries of the Group entered into a Settlement Agreement with the creditor to settle the Judgement Sum for RM120,000,000 owing to the creditor. Pursuant to the Settlement Agreement, the Company made a payment of RM5,000,000 to the creditor and a subsidiary of the Group, being the registered owner of the land in Johor had created a valid first legal charge in favour of the creditor on seven (7) parcels of land in Johor.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD

**Basis for Disclaimer of Opinion (Cont'd)**

(A) We draw attention to Note 4.1 to the financial statements which state the following (Cont'd):

> However, the Company defaulted in the repayment of the amount of RM115,000,000 on the due date of 10 September 2014. On 10 October 2014, the creditor served a "Notice of Default With Respect to a Charge" on the subsidiary of the Group under Section 254 of the Companies Act, 1965 in Malaysia for failing to settle the outstanding amount of RM120,000,000; and the subsidiary was required to remedy the breach within the period of one (1) month from the service of the notice. On 16 October 2014, the creditor retracted the Notice of Default issued on 10 October 2014 and served the same "Notice of Default With Respect to a Charge" on the subsidiary for the outstanding amount of RM115,000,000 whereby the subsidiary was required to remedy the breach within one (1) month from the date of the service of the notice. On 27 November 2014, the subsidiary was served with an Originating Summon for an application of order for public auction of the seven (7) parcels of land in Johor which were charged to the creditor.

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. Should the going concern basis for the preparation of the financial statements be no longer appropriate, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the financial statements of the Group and of the Company have been drawn up on the basis of accounting principles applicable to going concerns. 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 to provision for further liabilities that may arise should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate. The assumption is premised on future events of which the outcome is inherently uncertain.

(B) As disclosed in Note 31(f) to the financial statements, a Management and Maintenance Body of the Company's investment property, Wisma MPL JMB, ("the Plaintiff") had served an Originating Summons dated 14 August 2013 against the Company on 16 August 2013 for all monies and income derived from the operation of the car parks of the investment property ("Car Parks") of the Company.

The Company subsequently filed a striking out application on 22 October 2013 to strike out the Originating Summons of the Plaintiff ("Notice of Application"). However, on 10 January 2014, the Kuala Lumpur High Court had dismissed the Notice of Application by the Company and allowed the Plaintiff's claim against the Company whereby it was declared that the Car Parks of the investment property form part of the common property of the investment property of the Company; and all monies and income received from the operation of the Car Parks since the formation of the investment property's joint management body on 5 April 2008 until the handover date to the Plaintiff shall be paid by the Company into the Building Maintenance Fund of the Plaintiff.

The Company filed Notices of Appeal to the Court of Appeal against the Kuala Lumpur High Court's Decision but the Appeals were dismissed by the Court of Appeal on 19 May 2014. Subsequently on 17 June 2014, the Company appealed to the Federal Court and is now waiting for the hearing which has been fixed by the Federal Court on 26 January 2015.

The gross amount of the income derived from the operation of the Car Parks of the Group and of the Company amounted to approximately RM10,140,000 and RM2,587,000 respectively for the period commencing from the date of the formation of the investment property's joint management body on 5 April 2008 up till 30 June 2014. The Group and the Company had made a provision of RM6,137,000 and RM2,587,000 respectively for the litigation claims together with the related legal costs of RM350,000 in the financial statements for the year ended 30 June 2014. The Group's provision of RM6,137,000 was provided net of the Group's operating costs of the Car Parks of RM4,003,000 for the four (4) financial years ended 30 June 2014; while the Company's provision of RM2,587,000 was provided based on the share of profits earned by the Company from the operation of the Car Parks during the financial period from 5 April 2008 up till 30 June 2010.

We are not able to obtain sufficient appropriate audit evidence to ascertain whether the provision for litigation claims by the Group and the Company should be made on a gross or net basis. We are also not able to obtain sufficient appropriate audit evidence to determine the completeness and accuracy of the Group's net operating costs of the Car Parks of RM4,003,000.

**Basis for Disclaimer of Opinion (Cont'd)**

As disclosed in Notes 24 and 31(f) to the financial statements, a subsidiary of the Group had continued to recognise revenue of RM1,648,000 in relation to the rental income from the Car Parks during the current financial year ended 30 June 2014 notwithstanding that the Company had failed to defend the litigation in both the Kuala Lumpur High Court and the Court of Appeal. The amount of RM1,648,000 net of operating costs of RM717,000 was also provided for by the Group and included in the amount of provision of RM6,137,000 as mentioned above.

We are not able to obtain sufficient appropriate audit evidence to determine the outcome of the ongoing litigation between the Company and the Plaintiff due to the uncertainties involved in the litigation.

(C) As disclosed in Note 22(c) to the financial statements, the amount owing to Wisma MPL JMB by the Group and by the Company amounted to RM3,811,000 and RM3,727,000 respectively. Due to the on-going litigation between the Company and Wisma MPL JMB, we are not able to obtain sufficient appropriate audit evidence on the accuracy of these amounts.

(D) As disclosed in Note 8 to the financial statements, the investment property of the Group and of the Company are stated at its fair value of RM320,000,000 and RM289,530,000 respectively as at 30 June 2014. However, the fair value of the investment property of the Group and of the Company carried in the financial statements includes the fair value of the Car Parks notwithstanding that the Company had failed to defend the litigation as disclosed in (B) above.

We have not been able to obtain sufficient appropriate audit evidence to determine the fair value of the Car Parks as well as the appropriateness of including the fair value of the Car Parks as part of the fair value of the investment property of the Group and of the Company.

(E) As disclosed in Notes 11(d) and 24 to the financial statements, the Group's accounting policy for property development revenue is based on the stage of completion by reference to the proportion that property development costs incurred for work performed to date compare against the estimated total property development cost. During the financial year ended 30 June 2014, the Group had recognised property development revenue of RM4,075,000 based on progress billings, which was not consistent with the Group's accounting policy relating to the computation of the stage of completion based on costs incurred. The cost of sales related to the property development revenue of RM4,075,000 recognised by the Group in the financial statements was RM2,386,000.

We are not able to obtain sufficient appropriate audit evidence to determine the quantum of the estimated total costs to completion as well as the quantum of costs incurred to-date. Therefore, we are unable to satisfy ourselves as to the appropriateness and accuracy of the property development revenue of RM4,075,000 and costs of sales of RM2,386,000 recognised in the current financial year.

(F) As disclosed in Note 11(b) to the financial statements, the Group had classified property development costs of RM15,358,000 as current assets as at 30 June 2014. We are not able to obtain sufficient appropriate evidence to ascertain whether the classification of this property development costs as current assets is appropriate.

(G) As disclosed in Note 13 to the financial statements, the management has also determined that the amounts owing by subsidiaries of the Company with a total carrying amount of RM77,774,000 as at 30 June 2014 should be classified as current assets. We are not able to obtain sufficient appropriate audit evidence to determine whether the subsidiaries can repay the amounts owing within the next twelve (12) months and therefore, we are not able to determine whether the classification of these amounts as current assets is appropriate and the effects of any possible adjustments, if any, arising from the classification of the amounts owing by subsidiaries of RM77,774,000 as non-current assets.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD

**Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

**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 view of the matters highlighted above in our Basis for Disclaimer of Opinion, in our opinion, the accounting and other records required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors may not have been properly kept in accordance with the provisions of the Act.

In our opinion, however, the registers required by the Companies Act, 1965 in Malaysia 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 except as stated above.

(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 except for the audit reports on the financial statements of certain subsidiaries as detailed in items (A), (B), (C), (D), (E) and (F) above and the auditors' modification of their report regarding the going concern basis of preparing the financial statements for certain subsidiaries.

**Other Reporting Responsibilities**

The supplementary information set out in Note 38 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

**Chan Wai Leng**
2893/08/15 (J)
Chartered Accountant

Kuala Lumpur
28 November 2014

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2014

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 7 | **1,455** | 2,492 | **1,033** | 1,754 |
| Investment property | 8 | **320,000** | 320,000 | **289,530** | 286,300 |
| Investments in subsidiaries | 9 | **-** | - | **8,181** | 8,240 |
| Land held for property development | 10 | **225,683** | 203,210 | **-** | - |
| | | **547,138** | 525,702 | **298,744** | 296,294 |
| **Current assets** | | | | | |
| Property development costs | 11 | **15,358** | 38,195 | **-** | - |
| Inventory | 12 | **274** | - | **-** | - |
| Trade and other receivables | 13 | **1,944** | 1,020 | **78,153** | 229,500 |
| Current tax assets | | **30** | 39 | **-** | 9 |
| Cash and bank balances | 14 | **718** | 388 | **568** | 85 |
| | | **18,324** | 39,642 | **78,721** | 229,594 |
| **TOTAL ASSETS** | | **565,462** | 565,344 | **377,465** | 525,888 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the parent** | | | | | |
| Share capital | 15 | **287,660** | 287,660 | **287,660** | 287,660 |
| Exchange translation reserve | 16 | **135** | 154 | **-** | - |
| Warrants reserve | 16 | **10,011** | 10,011 | **10,011** | 10,011 |
| (Accumulated losses)/Retained earnings | 16 | **(47,839)** | (16,702) | **(102,466)** | 74,060 |
| **TOTAL EQUITY** | | **249,967** | 281,123 | **195,205** | 371,731 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Bank borrowings | 17 | **925** | 944 | **658** | 874 |
| Deferred tax liabilities | 21 | **33,275** | 19,618 | **13,310** | - |
| | | **34,200** | 20,562 | **13,968** | 874 |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | **188,877** | 175,475 | **77,753** | 65,976 |
| Bank borrowings | 17 | **89,286** | 87,354 | **89,239** | 87,307 |
| Provision for liquidated and ascertained damages | 23 | **257** | 257 | **-** | - |
| Current tax liabilities | | **2,875** | 573 | **1,300** | - |
| | | **281,295** | 263,659 | **168,292** | 153,283 |
| **TOTAL LIABILITIES** | | **315,495** | 284,221 | **182,260** | 154,157 |
| **TOTAL EQUITY AND LIABILITIES** | | **565,462** | 565,344 | **377,465** | 525,888 |

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 2014

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | 24 | **17,107** | 14,388 | **9,642** | 9,760 |
| Cost of sales | 25 | **(8,323)** | (7,580) | **(4,535)** | (5,594) |
| Gross profit | | **8,784** | 6,808 | **5,107** | 4,166 |
| Other operating income | | **11,634** | 61,188 | **13,280** | 21,982 |
| Administrative expenses | | **(12,350)** | (10,920) | **(6,395)** | (3,570) |
| Other operating expenses | | **(9,775)** | (687) | **(162,433)** | (1,248) |
| Selling and distribution costs | | **(68)** | (10) | **(166)** | (130) |
| Finance costs | 26 | **(12,812)** | (19,451) | **(11,342)** | (11,062) |
| (Loss)/Profit before taxation | 27 | **(14,587)** | 36,928 | **(161,949)** | 10,138 |
| Taxation | 28 | **(16,550)** | (318) | **(14,577)** | 157 |
| (Loss)/Profit for the financial year | | **(31,137)** | 36,610 | **(176,526)** | 10,295 |
| **Other comprehensive income, net of tax** | | | | | |
| **Item that may be reclassified subsequently to profit or loss** | | | | | |
| Foreign currency translations | | **(19)** | 22 | **-** | - |
| Total comprehensive (loss)/income | | **(31,156)** | 36,632 | **(176,526)** | 10,295 |
| (Loss)/Profit attributable to: | | | | | |
| Owners of the parent | | **(31,137)** | 36,610 | **(176,526)** | 10,295 |
| Non-controlling interest | | **-** | - | **-** | - |
| | | **(31,137)** | 36,610 | **(176,526)** | 10,295 |
| Total comprehensive (loss)/income attributable to: | | | | | |
| Owners of the parent | | **(31,156)** | 36,632 | **(176,526)** | 10,295 |
| Non-controlling interest | | **-** | - | **-** | - |
| | | **(31,156)** | 36,632 | **(176,526)** | 10,295 |

| | | Group | |
|---|---|---|---|
| | Note | 2014 | 2013 |
| (Loss)/Earnings per ordinary share attributable to equity holders of the Company (Sen): | | | |
| - Basic and diluted | 29 | **(10.82)** | 12.73 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| Group | Note | Share capital RM'000 | ← Non-distributable → Exchange translation reserve RM'000 | Warrants reserve RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|
| Balance as at 1 July 2012 | | 287,660 | 132 | 10,011 | (53,312) | 244,491 |
| Profit for the financial year | | - | - | - | 36,610 | 36,610 |
| Foreign currency translations, net of tax | | - | 22 | - | - | 22 |
| Total comprehensive income | | - | 22 | - | 36,610 | 36,632 |
| Balance as at 30 June 2013 | | 287,660 | 154 | 10,011 | (16,702) | 281,123 |
| Loss for the financial year | | - | - | - | (31,137) | (31,137) |
| Foreign currency translations, net of tax | | - | (19) | - | - | (19) |
| Total comprehensive loss | | - | (19) | - | (31,137) | (31,156) |
| Balance as at 30 June 2014 | | **287,660** | **135** | **10,011** | **(47,839)** | **249,967** |

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| Company | Share capital RM'000 | Non-distributable<br>Warrants reserve RM'000 | Distributable<br>Retained earnings/ (Accumulated losses) RM'000 | Total equity RM'000 |
|---|---|---|---|---|
| Balance as at 1 July 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 |
| Loss for the financial year | - | - | (176,526) | (176,526) |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive loss | - | - | (176,526) | (176,526) |
| Balance as at 30 June 2014 | **287,660** | **10,011** | **(102,466)** | **195,205** |

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| (Loss)/Profit before taxation | | **(14,587)** | 36,928 | **(161,949)** | 10,138 |
| Adjustments for: | | | | | |
| Impairment losses on: | | | | | |
| - trade and other receivables | 12(d) | **368** | 680 | **-** | 14 |
| - investment in subsidiaries | 9 | **-** | - | **59** | 115 |
| - amounts owing by subsidiaries | 12(d) | **-** | - | **159,630** | 1,118 |
| Reversal of impairment losses on: | | | | | |
| - trade and other receivables | 12(d) | **(6)** | (59) | **-** | - |
| - amounts owing by subsidiaries | 12(d) | **-** | - | **-** | (1) |
| - land held for property development and property development costs | | **-** | (40,926) | **-** | - |
| Depreciation of property, plant and equipment | 7 | **916** | 1,144 | **731** | 820 |
| Fair value adjustment on investment property | 8 | **-** | (20,000) | **(3,230)** | (17,330) |
| Property, plant and equipment written off | 7 | **1** | 5 | **-** | - |
| Gain on disposal of property, plant and equipment | | **(85)** | (59) | **-** | (1) |
| Waiver of interest by a company in which certain Directors have financial interests | | **(8,147)** | - | **(5,509)** | - |
| Waiver of interest to a subsidiary | | | | **155** | - |
| Unrealised gain on foreign exchange | | | | **(80)** | - |
| Interest expense | 26 | **12,812** | 19,451 | **11,342** | 11,062 |
| Interest income | | **(5)** | (41) | **(4,441)** | (4,635) |
| Operating (loss)/profit before working capital changes | | **(8,733)** | (2,877) | **(3,292)** | 1,300 |
| Decrease/(Increase) in property development costs | | **2,174** | (695) | **-** | - |
| Increase in trade and other receivables | | **(1,305)** | (33) | **(6)** | (9) |
| Increase in trade and other payables | | **4,828** | 1,913 | **2,811** | 2,304 |
| Decrease in inventories | | **168** | - | **-** | - |
| Cash (used in)/generated from operations | | **(2,868)** | (1,692) | **7,213** | 3,595 |
| Interest income received | | **5** | 41 | **5** | 13 |
| Interest expense paid on bank overdrafts | 25 | **(5,027)** | (5,835) | **(5,027)** | (5,835) |
| Tax paid | | **(582)** | (212) | **42** | (162) |
| | | **(5,604)** | (6,006) | **(4,980)** | (5,984) |
| Net cash used in operating activities | | **(8,472)** | (7,698) | **(5,467)** | (2,389) |

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Advances from related parties | | **8,994** | 1,935 | **8,231** | 1,935 |
| Advances to subsidiaries | | **-** | - | **(3,940)** | (3,095) |
| Proceeds from disposal of property, plant and equipment | | **85** | 160 | **-** | 80 |
| (Increase)/Decrease in land held for property development | | **(1,810)** | 937 | **-** | - |
| Purchase of property, plant and equipment | 7(b) | **(66)** | (24) | **(10)** | (8) |
| Net cash from/(used in) investing activities | | **7,203** | 3,008 | **(4,281)** | (1,088) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Interest expense paid on hire-purchase | | **(58)** | (70) | **(47)** | (57) |
| Repayments of hire-purchase creditors | | **(264)** | (470) | **(205)** | (275) |
| Net cash used in financing activities | | **(322)** | (540) | **(252)** | (332) |
| Net decrease in cash and cash equivalents | | **(1,591)** | (5,230) | **(1,438)** | (3,809) |
| Cash and cash equivalents at beginning of financial year | | **(61,011)** | (55,781) | **(61,314)** | (57,505) |
| Cash and cash equivalents at end of financial year | 14 | **(62,602)** | (61,011) | **(62,752)** | (61,314) |

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

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 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 28 November 2014.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of letting of investment properties and investment holding. 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 35 to 111 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 38 to the financial statements set out on page 112 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

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

The Group and the Company have reported net losses of RM31,137,000 and RM176,526,000 respectively during the financial year ended 30 June 2014 and, as of that date, the current liabilities of the Group and of the Company exceeded its current assets by RM262,971,000 and RM89,571,000 respectively.

As disclosed in Note 17(a) to the financial statements, the Company was served with a Declaration of Default on 8 March 2013 by a financial institution on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities amounting to RM42,832,000 and RM63,138,000 respectively as at 30 June 2014 of the Company.

On 27 October 2014, the Company has accepted the offer from the financial institution to restructure the revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a fixed deposit pledged of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8(a) to the financial statements. Upon completion of the restructuring of the revolving credit and bank overdraft, the Practice Note 1 status of the Group shall be lifted.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.1 Basis of accounting (Cont'd)

Furthermore, as disclosed in Note 31(e) to the financial statements, on 28 September 2012, a creditor of a subsidiary of the Group had served a Writ of Summons on the subsidiary and the Company (collectively known as the "Defendants") for a sum of RM113,170,308 together with interest of 7.20% per annum calculated from 19 September 2012 until the date of full settlement ("Judgement Sum"). The amount owing to the creditor arose from a Put Option exercised by the creditor under a joint venture agreement dated 20 August 2008 entered into between the creditor and the subsidiary and a Deed of Undertaking between the creditor and the Defendants. On 30 January 2013, the Kuala Lumpur High Court entered a summary judgement against the subsidiary and the Company for the Judgement Sum.

Subsequently on 19 October 2013, the creditor filed a Writ of Summons ("the Writ") for an injunction against the subsidiary, the Company and three other subsidiaries of the Group, 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 these 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 Company.

On 30 October 2013, the creditor withdrew the Statutory Notice against the Company with immediate effect. Subsequently on 31 October 2013, the Company received a Notice of Discontinuance pertaining to the Writ from the creditor's solicitors with liberty to file afresh.

Subsequently on 10 March 2014, the subsidiary, the Company and two other subsidiaries of the Group entered into a Settlement Agreement with the creditor to settle the Judgement Sum for RM120,000,000 owing to the creditor. Pursuant to the Settlement Agreement, the Company made a payment of RM5,000,000 to the creditor and a subsidiary of the Group, being the registered owner of the land in Johor had created a valid first legal charge in favour of the creditor on seven (7) parcels of land in Johor.

However, the Company defaulted in the repayment of the amount of RM115,000,000 on the due date of 10 September 2014. On 10 October 2014, the creditor served a "Notice of Default With Respect to a Charge "on the subsidiary of the Group under Section 254 of the Companies Act, 1965 in Malaysia for failing to settle the outstanding amount of RM120,000,000; and the subsidiary was required to remedy the breach within the period of one (1) month from the service of the notice. On 16 October 2014, the creditor retracted the Notice of Default issued on 10 October 2014 and served the same "Notice of Default With Respect to a Charge" on the subsidiary for the outstanding amount of RM115,000,000 whereby the subsidiary was required to remedy the breach within one (1) month from the date of the service of the notice. On 27 November 2014, the subsidiary was served with an Originating Summon for an application of order for public auction of the seven (7) parcels of land in Johor which were charged to the creditor.

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. Should the going concern basis for the preparation of the financial statements be no longer appropriate, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

As disclosed in Note 37(a) to the financial statements, the Group is proposing to carry out a Fund Raising Exercise to raise an amount of RM141,707,000 (minimum subscription) to RM230,128,000 (full subscription) for debt repayment and working capital purposes. The Fund Raising Exercise is anticipated to be completed in the First Quarter of 2015.

The Group and the Company also plan to launch the Lakehill Resort City Residential projects with a GDV of approximately RM390,930,000 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.1 Basis of accounting (Cont'd)

The financial statements of the Group and of the Company have been drawn up on the basis of accounting principles applicable to going concerns. The Directors are of the view that the cash flows from property development activities and Fund Raising Exercise will be able to fulfill the debt obligations of the Group and of the Company as and when they fall due. 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 and 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 to provision for further liabilities that may arise should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate. The 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

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 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.2 Basis of consolidation (Cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 the 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 an associate or joint venture.

### 4.3 Business combination

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 services 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.3 Business combination (Cont'd)

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.

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.

Components of 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. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. 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.

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.

### 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 asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of 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 asset and which has a different useful life, is depreciated separately.

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

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).

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.4 Property, plant and equipment and depreciation (Cont'd)

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 an 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 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 incremental borrowing rate of the Group 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 so as to produce a constant periodic rate of interest on the remaining 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.

### 4.6 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 reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.6 Investment property (Cont'd)

Fair value of investment property are based on valuations by registered independent valuers with appropriate recognized professional qualification and has recent experience in the location and category of the investment properties being valued.

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

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

### 4.7 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company 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.

#### (b) Property development costs

Property development costs comprise all cost that are directly attributable to 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 assets. When progress billings exceed revenue recognised in profit or loss, the balance is classified as progress billings under current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS
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## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 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 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, 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 risks 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.

### 4.11 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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.11 Financial instruments (Cont'd)

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.

(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.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.11 Financial instruments (Cont'd)

#### (a) Financial assets (Cont'd)

(iv) Available-for-sale financial assets (Cont'd)

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 bank balances include cash and cash equivalents, 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.

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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.11 Financial instruments (Cont'd)

#### (b) Financial liabilities (Cont'd)

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.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 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 by the receivable, 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 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 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 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 foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 4.14 Income taxes (Cont'd)

#### (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, and 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.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 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 measured on an undiscounted basis and are expensed when employees 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 foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognized as a liability after deducting any contributions already paid 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 (Cont'd)**

**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 the 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.

**(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.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 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 could 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 percent (10%) 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 percent (10%) 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 percent (10%) or more of the combined assets of all operating segments.

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 percent (75%) 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. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 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 would 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.

### 4.22 Fair value measurements

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement 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 |
|---|---|
| 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 (2011)* | 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 |
| Amendments to *FRSs Annual Improvements 2009-2011 Cycle* | 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 |

There is no impact upon adoption of the above FRSs, Amendments to FRSs and IC Interpretation during the current financial year other than the following:

(a) FRS 12 *Disclosure of Interests in Other Entities*

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Note 9 to the financial statements.

(b) FRS 13 *Fair Value Measurement*

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other FRSs have now been relocated to FRS 13.

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

FRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact and therefore, has no effect on the financial position or performance of the Group.

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

### 5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

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 |
|---|---|
| Amendments to FRS 10 Consolidated Financial Statements: Investment Entities | 1 January 2014 |
| Amendments to FRS 12 Disclosure of Interest in Other Entities: Investment Entities | 1 January 2014 |
| Amendments to FRS 127 Separate Financial Statements (2011): Investment Entities | 1 January 2014 |
| 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 |
| Amendments to FRS 119 Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Amendments to FRSs Annual Improvements to FRSs 2010 - 2012 Cycle | 1 July 2014 |
| Amendments to FRSs Annual Improvements to FRSs 2011 - 2013 Cycle | 1 July 2014 |
| Mandatory Effective Date of FRS 9 and Transition Disclosures | Deferred |
| FRS 9 Financial Instruments (2009) | Deferred |
| FRS 9 Financial Instruments (2010) | Deferred |
| FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139) | Deferred |
| FRS 14 Regulatory Deferral Accounts | 1 January 2016 |
| Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |

The Group is in the process of assessing the impact of the adoption of these FRSs, Amendments to FRSs and IC Interpretations since the effects would only be observable in 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 2017 |
| Amendments to MFRS 1 *Government Loans* | 1 January 2017 |
| MFRS 2 *Share-based Payment* | 1 January 2017 |
| MFRS 3 *Business Combinations* | 1 January 2017 |
| MFRS 4 *Insurance Contracts* | 1 January 2017 |
| MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* | 1 January 2017 |
| MFRS 6 *Exploration for and Evaluation of Mineral Resources* | 1 January 2017 |
| MFRS 7 *Financial Instruments: Disclosures* | 1 January 2017 |
| Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities* | 1 January 2017 |
| MFRS 8 *Operating Segments* | 1 January 2017 |
| *Mandatory Effective Date of MFRS 9 and Transition Disclosures* | Deferred |
| MFRS 9 *Financial Instruments* | Deferred |
| MFRS 9 *Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)* | Deferred |

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

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

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. (Cont'd)

| Title | Effective Date |
|---|---|
| MFRS 10 *Consolidated Financial Statements* | 1 January 2017 |
| MFRS 11 *Joint Arrangements* | 1 January 2017 |
| Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* | 1 January 2017 |
| MFRS 12 *Disclosure of Interests in Other Entities* | 1 January 2017 |
| MFRS 13 *Fair Value Measurement* | 1 January 2017 |
| MFRS 14 *Regulatory Deferral Accounts* | 1 January 2017 |
| 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 2017 |
| Amendments to MFRS 10,MFRS 12 and MFRS 127 *Investment Entities* | 1 January 2017 |
| MFRS 101 *Presentation of Financial Statements* | 1 January 2017 |
| Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* | 1 January 2017 |
| MFRS 102 *Inventories* | 1 January 2017 |
| MFRS 107 *Statement of Cash Flows* | 1 January 2017 |
| MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* | 1 January 2017 |
| MFRS 110 *Events After the Reporting Period* | 1 January 2017 |
| MFRS 112 *Income Taxes* | 1 January 2017 |
| MFRS 116 *Property, Plant and Equipment* | 1 January 2017 |
| Amendments to MFRS 116 *Clarification of Acceptable Methods of Depreciation and Amortisation* | 1 January 2017 |
| MFRS 117 *Leases* | 1 January 2017 |
| MFRS 118 *Revenue* | 1 January 2017 |
| MFRS 119 *Employee Benefits* | 1 January 2017 |
| MFRS 119 *Employee Benefits(revised)* | 1 January 2017 |
| Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions* | 1 January 2017 |
| MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* | 1 January 2017 |
| MFRS 121 *The Effects of Changes in Foreign Exchange Rates* | 1 January 2017 |
| MFRS 123 *Borrowing Costs* | 1 January 2017 |
| MFRS 124 *Related Party Disclosures* | 1 January 2017 |
| MFRS 126 *Accounting and Reporting by Retirement Benefit Plans* | 1 January 2017 |
| MFRS 127 *Separate Financial Statements* | 1 January 2017 |
| MFRS 128 *Investments in Associates and Joint Ventures* | 1 January 2017 |
| MFRS 129 *Financial Reporting in Hyperinflationary Economies* | 1 January 2017 |
| MFRS 132 *Financial Instruments: Presentation* | 1 January 2017 |
| Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* | 1 January 2017 |
| MFRS 133 *Earnings Per Share* | 1 January 2017 |
| MFRS 134 *Interim Financial Reporting* | 1 January 2017 |
| MFRS 136 *Impairment of Assets* | 1 January 2017 |
| Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets* | 1 January 2017 |
| MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* | 1 January 2017 |
| MFRS 138 *Intangible Assets* | 1 January 2017 |
| Amendments to MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation* | 1 January 2017 |

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

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

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. (Cont'd)

| Title | Effective Date |
|---|---|
| MFRS 139 *Financial Instruments: Recognition and Measurement* | 1 January 2017 |
| Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting* | 1 January 2017 |
| MFRS 140 *Investment Property* | 1 January 2017 |
| MFRS 141 *Agriculture* | 1 January 2017 |
| Amendments to MFRSs Annual Improvements 2009 - 2011 Cycle | 1 January 2017 |
| Annual Improvements to MFRSs 2010 - 2012 Cycle | 1 January 2017 |
| Annual Improvements to MFRSs 2011 - 2013 Cycle | 1 January 2017 |
| Improvements to MFRSs (2008) | 1 January 2017 |
| Improvements to MFRSs (2009) | 1 January 2017 |
| Improvements to MFRSs (2010) | 1 January 2017 |
| IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* | 1 January 2017 |
| IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments* | 1 January 2017 |
| IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease* | 1 January 2017 |
| IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* | 1 January 2017 |
| IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment* | 1 January 2017 |
| IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies* | 1 January 2017 |
| IC Interpretation 9 *Reassessment of Embedded Derivatives* | 1 January 2017 |
| IC Interpretation 10 *Interim Financial Reporting and Impairment* | 1 January 2017 |
| IC Interpretation 12 *Service Concession Arrangements* | 1 January 2017 |
| IC Interpretation 13 *Customer Loyalty Programmes* | 1 January 2017 |
| IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* | 1 January 2017 |
| IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* | 1 January 2017 |
| IC Interpretation 17 *Distributions of Non-cash Assets to Owners* | 1 January 2017 |
| IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* | 1 January 2017 |
| IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* | 1 January 2017 |
| IC Interpretation 21 *Levies* | 1 January 2017 |
| IC Interpretation 107 *Introduction of the Euro* | 1 January 2017 |
| IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities* | 1 January 2017 |
| IC Interpretation 112 *Consolidation - Special Purpose Entities* | 1 January 2017 |
| IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers* | 1 January 2017 |
| IC Interpretation 115 *Operating Leases - Incentives* | 1 January 2017 |
| IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders* | 1 January 2017 |
| IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* | 1 January 2017 |
| IC Interpretation 129 *Service Concession Arrangements: Disclosures* | 1 January 2017 |
| IC Interpretation 132 *Intangible Assets - Web Site Costs* | 1 January 2017 |

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS
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## 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 RM15,358,000 would be completed within the normal operating cycle.

**(b) Contingent liabilities**

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

**(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.

**(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.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

### 6.3 Key sources of estimation uncertainty (Cont'd)

#### (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.

#### (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.

#### (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 35(iii) to the financial statements.

#### (h) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);
(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engages a professional valuer to perform valuations on various assets as disclosed separately in the respective notes to the financial statements.

The Group measures these elements in the financial statements at fair value:

(i) Investment property, Note 8 to the financial statements;
(ii) Financial instruments, Note 34 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 7. PROPERTY, PLANT AND EQUIPMENT

| Group 2014 | Balance as at 1.7.2013 RM'000 | Additions RM'000 | Written off RM'000 | Transfer (Note 12) RM'000 | Depreciation charge for the financial year RM'000 | Balance as at 30.6.2014 RM'000 |
|---|---|---|---|---|---|---|
| **Carrying amount** | | | | | | |
| Freehold land | **442** | **-** | **-** | **(442)** | **-** | **-** |
| Plant and machinery | **230** | **-** | **-** | **-** | **(109)** | **121** |
| Furniture, fittings and equipment | **267** | **15** | **(1)** | **-** | **(120)** | **161** |
| Motor vehicles | **955** | **307** | **-** | **-** | **(376)** | **886** |
| Renovation | **598** | **-** | **-** | **-** | **(311)** | **287** |
| | **2,492** | **322** | **(1)** | **(442)** | **(916)** | **1,455** |

| | As 30.6.2014 Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|---|---|---|---|
| Freehold land | **-** | **-** | **-** |
| Plant and machinery | **9,769** | **(9,648)** | **121** |
| Furniture, fittings and equipment | **5,077** | **(4,916)** | **161** |
| Motor vehicles | **2,006** | **(1,120)** | **886** |
| Renovation | **4,480** | **(4,193)** | **287** |
| | **21,332** | **(19,877)** | **1,455** |

| 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 |

| | 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 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

## 7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

| Company 2014 | Balance as at 1.7.2013 RM'000 | Additions RM'000 | Disposal RM'000 | Depreciation charge for the financial year RM'000 | Balance as at 30.6.2014 RM'000 |
|---|---|---|---|---|---|
| **Carrying amount** | | | | | |
| Plant and machinery | **48** | **-** | **-** | **(26)** | **22** |
| Furniture, fittings and equipment | **182** | **10** | **-** | **(83)** | **109** |
| Motor vehicles | **954** | **-** | **-** | **(340)** | **614** |
| Renovation | **570** | **-** | **-** | **(282)** | **288** |
| | **1,754** | **10** | **-** | **(731)** | **1,033** |

| | As 30.6.2014 Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
|---|---|---|---|
| Plant and machinery | **8,981** | **(8,959)** | **22** |
| Furniture, fittings and equipment | **4,513** | **(4,404)** | **109** |
| Motor vehicles | **1,700** | **(1,086)** | **614** |
| Renovation | **3,657** | **(3,369)** | **288** |
| | **18,851** | **(17,818)** | **1,033** |

| 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 |

## 7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(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 at the end of the reporting period with total carrying amounts of RM877,000 and RM614,000 (2013: RM1,133,000 and RM954,000) respectively.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Purchase of property, plant and equipment | **322** | 244 | **10** | 228 |
| Financed by hire-purchase arrangements | **(256)** | (220) | **-** | (220) |
| Cash payments on purchase of property, plant and equipment | **66** | 24 | **10** | 8 |

## 8. INVESTMENT PROPERTY

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| **Carrying amount** | | | | |
| Balance as at 1 July 2013/2012 | **320,000** | 300,000 | **286,300** | 268,970 |
| Fair value adjustments | **-** | 20,000 | **3,230** | 17,330 |
| Balance as at 30 June 2014/2013 | **320,000** | 320,000 | **289,530** | 286,300 |

(a) The investment property of the Group and of the Company is charged to a financial institution for credit facilities granted to the Company as disclosed in Notes 18 and 20 to the financial statements.

On 27 October 2014, the Company has accepted the offer from RHB Bank Berhad ("RHB") to restructure the revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a fixed deposit pledged of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Quit rent and assessment | **724** | 768 | **610** | 753 |
| Service charges | **2,675** | 3,174 | **2,414** | 2,959 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Quit rent and assessment | **268** | 344 | **223** | 338 |
| Service charges | **1,200** | 1,427 | **1,093** | 1,329 |

## 8. INVESTMENT PROPERTY (Cont'd)

(d) The fair value of investment property of the Group is categorised as follows:

| Group | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2014/2013** | | | | |
| Investment property | - | 320,000 | - | 320,000 |
| **Company** | | | | |
| **2014** | | | | |
| Investment property | **-** | **289,530** | **-** | **289,530** |
| **2013** | | | | |
| Investment property | - | 286,300 | - | 286,300 |

There were no transfers between Level 1 and Level 2 fair value measurements during the financial year ended 30 June 2014 and 30 June 2013.

(e) 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 a valuation carried out by an independent firm of professional valuers, JB Jurunilai Bersekutu (KL) Sdn. Bhd. on 14 October 2014 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 the 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.

(f) The fair value of the investment property of the Group and of the Company carried in the financial statements includes fair value of the Car Parks notwithstanding that the Company had failed to defend the litigation as mentioned in Note 31(f) to the financial statements.

## 9. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2014 RM'000 | 2013 RM'000 |
| Unquoted shares, at cost | **8,551** | 8,551 |
| Less: Impairment losses | **(370)** | (311) |
| | **8,181** | 8,240 |

(a) Impairment losses on investments in subsidiaries amounting to RM59,000 (2013: RM115,000) have been recognised during the financial year due to declining business operations of the subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS
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## 9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(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 2014 % | Company 2013 % | Subsidiaries 2014 % | Subsidiaries 2013 % | 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 |
| 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. ("OPCP") # | **-** | - | **100** | 100 | Investment holding |
| Creative Ascent Sdn. Bhd. ("CASB") α | **-** | - | **100** | 100 | Investment holding, project management and property co-development |
| **Subsidiary of Oriental Pearl City Properties Sdn. Bhd.** | | | | | |
| Lakehill Resort Development Sdn. Bhd. ("LHRD") β | **-** | - | **100** | 100 | Property management and property development |

## 9. INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of company | Interest in equity held by Company 2014 % | Company 2013 % | Subsidiaries 2014 % | Subsidiaries 2013 % | Principal activities |
|---|---|---|---|---|---|
| **Subsidiary of Creative Ascent Sdn. Bhd.** | | | | | |
| Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") * | **-** | - | **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 |

^ Subsidiary not audited by BDO, Malaysia or member firms of BDO International.

* Subsidiary with an emphasis of matter paragraph in the auditors' report relating to the appropriateness of the going concern assumption in the preparation of the financial statements.

# The auditors' report on the financial statements contained a disclaimer of opinion as disclosed in Note 31(e) to the financial statements.

α The auditors' report on the financial statements contained a disclaimer of opinion as disclosed in Notes 24 and 31(f) to the financial statements.

β The auditors' report on the financial statements contained a disclaimer of opinion as disclosed in Notes 11 and 24 to the financial statements.

## 10. LAND HELD FOR PROPERTY DEVELOPMENT

| | Note | Group 2014 RM'000 | Group 2013 RM'000 |
|---|---|---|---|
| **At beginning of financial year** | | | |
| Freehold land, at cost | | **85,423** | 27,378 |
| Development expenditure | | **117,787** | 69,006 |
| | | **203,210** | 96,384 |
| **Costs incurred during the financial year** | | | |
| Development expenditure | | **1,810** | - |
| **Transferred during the financial year** | | | |
| Transferred from property development cost | 11 | **20,663** | 107,763 |

## 10. LAND HELD FOR PROPERTY DEVELOPMENT (Cont'd)

| | Note | Group 2014 RM'000 | Group 2013 RM'000 |
|---|---|---|---|
| **Recognised as an expense in profit or loss** | | | |
| During the financial year | | - | (937) |
| **Impairment losses** | | | |
| Balance as at 1 July 2013/2012 | | - | (16,902) |
| Reversal during the financial year | | - | 16,902 |
| Balance as at 30 June 2014/2013 | | - | - |
| **At end of financial year** | | **225,683** | 203,210 |
| **Carrying amount** | | | |
| Freehold land, at cost | | **93,677** | 85,423 |
| Development expenditure | | **132,006** | 117,787 |
| | | **225,683** | 203,210 |

(a) As disclosed in Note 31(g) to the financial statements, a private caveat had been lodged on twelve (12) parcels of freehold land under land held for property development and two (2) parcels of freehold land under property development costs by a creditor of the Group.

On 30 October 2014, the Johor Bahru High Court has allowed the Group's application to remove the private caveat lodged on the freehold land.

(b) As disclosed in Note 31(e) to the financial statements, seven (7) undeveloped plots of land measuring approximately 188 acres in Mukim of Plentong, Daerah Johor Bahru, Johor have been charged to a creditor (Notes 22(e) and 31(e)) of the Group during the financial year. Based on the independent valuer's report dated 24 July 2008, the market value for the seven (7) undeveloped plots of land is approximately RM118,000,000.

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

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

The Originating Summon is fixed for hearing on 13 January 2015 and the Company is seeking legal advise on the Originating Summon.

(c) In the previous 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 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.

## 11. PROPERTY DEVELOPMENT COSTS

| | Note | Group 2014 RM'000 | Group 2013 RM'000 |
|---|---|---|---|
| **At beginning of financial year** | | | |
| Freehold land, at cost | | **15,982** | 74,027 |
| Development expenditure | | **125,150** | 174,173 |
| | | **141,132** | 248,200 |
| **Costs incurred during the financial year** | | | |
| Development expenditure | | **212** | 695 |
| **Transferred during the financial year** | | | |
| Transferred to land held for property development | 10 | **(20,663)** | (107,763) |
| **Recognised as an expense in profit or loss** | | | |
| In previous financial years | | **(102,937)** | (102,937) |
| During the financial year | | **(2,386)** | - |
| | | **(105,323)** | (102,937) |
| **Impairment losses** | | | |
| Balance as at 1 July 2013/2012 | | **-** | (24,024) |
| Reversal during the financial year | | **-** | 24,024 |
| Balance as at 30 June 2014/2013 | | **-** | - |
| **At end of financial year** | | **15,358** | 38,195 |
| **Carrying amount** | | | |
| Freehold land, at cost | | **7,728** | 15,982 |
| Development expenditure | | **7,630** | 22,213 |
| | | **15,358** | 38,195 |

(a) As disclosed in Note 31(g) to the financial statements, a private caveat had been lodged on twelve (12) parcels of freehold land under land held for property development and two (2) parcels of freehold land under property development costs by a creditor of the Group.

On 30 October 2014, the Johor Bahru High Court has allowed the Group's application to remove the private caveat lodged on the freehold land.

(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 RM15,358,000 would be completed within the normal operating cycle.

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. PROPERTY DEVELOPMENT COSTS (Cont'd)

(c) In the previous 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 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.

(d) 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 a 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.

During the financial year, the Group had further recognised property development revenue of RM4,075,000 (Notes 24 and 32(b)) based on progress billings and costs of sales of RM2,386,000 (Note 25) in relation to certain infrastructure, earthworks and sewerage works carried out based on an independent engineer's certification. In addition, the Group had also recognised the sale of land in property development costs to a third party as property development revenue during the current financial year on the basis that the full amount of the purchase consideration of RM877,000 had been received by the Group's solicitor as the stakeholders' sum on 27 June 2014 (Note 24).

## 12. INVENTORY

| | Group | |
|---|---|---|
| **At cost** | **2014 RM'000** | **2013 RM'000** |
| Completed property held for sale | **274** | - |

(a) During the financial year, freehold land of RM442,000 was transferred from property, plant and equipment (Note 7).

(b) During the financial year, inventory of the Group recognised as cost sales amounted to RM168,000.

## 13. TRADE AND OTHER RECEIVABLES

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| **Trade receivables** | | | | |
| Trade receivables | **3,001** | 2,440 | **14** | 14 |
| Less: Impairment losses | **(2,474)** | (2,112) | **(14)** | (14) |
| | **527** | 328 | **-** | - |
| **Other receivables** | | | | |
| Amounts owing by subsidiaries | **-** | - | **245,743** | 237,466 |
| Other receivables | **966** | 151 | **46** | 46 |
| | **966** | 151 | **245,789** | 237,512 |
| Less: Impairment losses | | | | |
| - amounts owing by subsidiaries | **-** | - | **(167,969)** | (8,339) |
| - other receivables | **(37)** | (37) | **(20)** | (20) |
| | **929** | 114 | **77,800** | 229,153 |
| Deposits | **478** | 512 | **347** | 347 |
| **Loans and receivables** | **1,934** | 954 | **78,147** | 229,500 |
| Prepayments | **10** | 66 | **6** | - |
| | **1,944** | 1,020 | **78,153** | 229,500 |

(a) The credit terms offered by the Group and the Company in respect of trade receivables ranged from 14 to 30 days (2013: 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 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|
| Interest bearing advances | **163,034** | 162,183 |
| Non-interest bearing advances | **82,709** | 75,283 |
| | **245,743** | 237,466 |

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 RM163,034,000 (2013: RM162,183,000) bear interest ranging from 4.45% to 18.00% (2013: 4.45% to 18.00%) per annum.

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

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| Ringgit Malaysia | **1,910** | 949 | **78,147** | 229,500 |
| Hong Kong Dollar ('HKD') | **24** | 5 | **-** | - |
| | **1,934** | 954 | **78,147** | 229,500 |

## 13. TRADE AND OTHER RECEIVABLES (Cont'd)

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Neither past due nor impaired | **153** | 18 | **-** | - |
| Past due, not impaired | | | | |
| 31 to 60 days | **42** | 37 | **-** | - |
| 61 to 90 days | **28** | 40 | **-** | - |
| More than 90 days | **304** | 233 | **-** | - |
| | **374** | 310 | **-** | - |
| Past due and impaired | **2,474** | 2,112 | **14** | 14 |
| | **3,001** | 2,440 | **14** | 14 |

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.

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 | | Company | |
|---|---|---|---|---|
| | Individually impaired | | Individually impaired | |
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Trade receivables, gross | **2,474** | 2,112 | **14** | 14 |
| Less: Impairment losses | **(2,474)** | (2,112) | **(14)** | (14) |
| | **-** | - | **-** | - |

## 13. TRADE AND OTHER RECEIVABLES (Cont'd)

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

Receivables that are past due and impaired (Cont'd)

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | 2013 RM'000 | **2014 RM'000** | 2013 RM'000 |
| **Trade receivables** | | | | |
| At 1 July 2013/2012 | **2,112** | 3,726 | **14** | 353 |
| Charge for the financial year | **368** | 680 | **-** | 14 |
| Written off | **-** | (2,235) | **-** | (353) |
| Reversal of impairment loss | **(6)** | (59) | **-** | - |
| | **362** | (1,614) | **-** | (339) |
| At 30 June 2014/2013 | **2,474** | 2,112 | **14** | 14 |
| **Other receivables** | | | | |
| Amounts owing by subsidiaries | | | | |
| At 1 July 2013/2012 | **-** | - | **8,339** | 7,222 |
| Charge for the financial year | **-** | - | **159,630** | 1,118 |
| Reversal of impairment loss | **-** | - | **-** | (1) |
| At 30 June 2014/2013 | **-** | - | **167,969** | 8,339 |
| Other receivables | | | | |
| At 1 July 2013/2012 | **37** | 37 | **20** | 20 |
| Charge for the financial year | **-** | - | **-** | - |
| At 30 June 2014/2013 | **37** | 37 | **20** | 20 |

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 35 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. CASH AND BANK BALANCES

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| Cash and bank balances | **718** | 388 | **568** | 85 |

**Group**

(a) Included in the Group's cash and bank balances is an amount of RM35,000 (2013: RM35,000) 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 bank balances are disclosed in Note 35 to the financial statements.

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

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| Ringgit Malaysia | **689** | 383 | **568** | 85 |
| Hong Kong Dollar ('HKD') | **29** | 5 | **-** | - |
| | **718** | 388 | **568** | 85 |

(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:

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| Cash and bank balances | | **718** | 388 | **568** | 85 |
| Bank overdrafts included in borrowings | 20 | **(63,320)** | (61,399) | **(63,320)** | (61,399) |
| | | **(62,602)** | (61,011) | **(62,752)** | (61,314) |

## 15. SHARE CAPITAL

| | Group and Company 2014 Number of shares '000 | 2014 RM'000 | 2013 Number of shares '000 | 2013 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 (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

## 16. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| (Accumulated losses)/Retained earnings | **(47,839)** | (16,702) | **(102,466)** | 74,060 |
| **Non-distributable** | | | | |
| Exchange translation reserve | **135** | 154 | **-** | - |
| Warrants reserve | **10,011** | 10,011 | **10,011** | 10,011 |
| | **10,146** | 10,165 | **10,011** | 10,011 |
| | **(37,693)** | (6,537) | **(92,455)** | 84,071 |

### (a) 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.

### (b) 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.

## 17. BANK BORROWINGS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| **Current liabilities** | | | | | |
| Revolving credit | 18 | **25,704** | 25,704 | **25,704** | 25,704 |
| Hire-purchase creditors | 19 | **262** | 251 | **215** | 204 |
| Bank overdrafts | 20 | **63,320** | 61,399 | **63,320** | 61,399 |
| | | **89,286** | 87,354 | **89,239** | 87,307 |
| **Non-current liabilities** | | | | | |
| Hire-purchase creditors | 19 | **925** | 944 | **658** | 874 |
| **Total bank borrowings** | | | | | |
| Revolving credit | 18 | **25,704** | 25,704 | **25,704** | 25,704 |
| Hire-purchase creditors | 19 | **1,187** | 1,195 | **873** | 1,078 |
| Bank overdrafts | 20 | **63,320** | 61,399 | **63,320** | 61,399 |
| | | **90,211** | 88,298 | **89,897** | 88,181 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 17. BANK BORROWINGS (Cont'd)

(a) On 8 March 2013, the Company was served with a Declaration of Default by a financial institution on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities pursuant to Practice Note 1 ('PN1') of the Main Market Listing Requirements. The revolving credit and bank overdraft facilities of the Company amounted to RM42,832,000 and RM63,138,000 respectively as at 30 June 2014. The outstanding interest in respect of the revolving credit has been accounted for under other payables and accruals.

On 27 October 2014, the Company has accepted the offer from the financial institution to restructure the revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a fixed deposit pledged of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8 to the financial statements.

(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 35 to the financial statements.

## 18. REVOLVING CREDIT

| | Group and Company | |
|---|---|---|
| | **2014 RM'000** | **2013 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.

On 27 October 2014, the Company has accepted the offer from the financial instituition to restructure the revolving credit into term loans. The new term loans will be secured by a fixed deposit pledged of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8 to the financial statements.

(b) Information on financial risks of revolving credit is disclosed in Note 35 to the financial statements.

## 19. HIRE-PURCHASE CREDITORS

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Minimum hire-purchase payments: | | | | |
| - not later than one (1) year | **312** | 302 | **252** | 252 |
| - later than one (1) year and not later than five (5 years | **882** | 981 | **694** | 906 |
| - later than five (5) years | **132** | 54 | **14** | 54 |
| Total minimum hire-purchase payments | **1,326** | 1,337 | **960** | 1,212 |
| Less: Future interest charges | **(139)** | (142) | **(87)** | (134) |
| Present value of hire-purchase payments | **1,187** | 1,195 | **873** | 1,078 |

## 19. HIRE-PURCHASE CREDITORS (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Repayable as follows: | | | | |
| **Current liabilities** | | | | |
| - not later than one year | **262** | 251 | **215** | 204 |
| **Non-current liabilities** | | | | |
| - later than one (1) year and not later than five (5 years | **801** | 857 | **644** | 787 |
| - later than five (5) years | **124** | 87 | **14** | 87 |
| | **925** | 944 | **658** | 874 |
| | **1,187** | 1,195 | **873** | 1,078 |

Information on financial risks of hire-purchase creditors is disclosed in Note 35 to the financial statements.

## 20. BANK OVERDRAFTS

| | Group and Company | |
|---|---|---|
| | 2014 RM'000 | 2013 RM'000 |
| **Secured** | | |
| Bank overdrafts | **63,320** | 61,399 |

(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.

On 27 October 2014, the Company has accepted the offer from the financial instituition to restructure the bank overdrafts into term loans. The new term loans will be secured by a fixed deposit pledged of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8 to the financial statements.

(c) Information on financial risks of bank overdrafts is disclosed in Note 35 to the financial statements.

## 21. DEFERRED TAX LIABILITIES

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Balance as at 1 July 2013/2012 | **19,618** | 19,618 | **-** | - |
| Recognised in profit or loss (Note 28) | **13,657** | - | **13,310** | - |
| Balance as at 30 June 2014/2013 | **33,275** | 19,618 | **13,310** | - |

# NOTES TO THE FINANCIAL STATEMENTS
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## 21. DEFERRED TAX LIABILITIES (Cont'd)

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

**Deferred tax liabilities of the Group**

| | Revaluation surplus arising from subsidiary's development properties RM'000 | Temporary differences arising from interest capitalised into development properties RM'000 | Revaluation surplus arising from investment property of the Group RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 July 2013 | 12,118 | 7,500 | - | 19,618 |
| Recognised in profit or loss (Note 28) | (484) | (300) | 14,441 | 13,657 |
| At 30 June 2014 | **11,634** | **7,200** | **14,441** | **33,275** |
| At 1 July 2012 | 12,118 | 7,500 | - | 19,618 |
| Recognised in profit or loss (Note 28) | - | - | - | - |
| At 30 June 2013 | 12,118 | 7,500 | - | 19,618 |

**Deferred tax liabilities of the Company**

| | Revaluation surplus arising from investment property of the Company RM'000 | Total RM'000 |
|---|---|---|
| At 1 July 2013 | - | - |
| Recognised in profit or loss (Note 28) | 13,310 | 13,310 |
| At 30 June 2014 | **13,310** | **13,310** |

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

| | Group | |
|---|---|---|
| | 2014 RM'000 | 2013 RM'000 |
| Unutilised tax losses | **81,585** | 80,718 |
| Unabsorbed capital allowances | **1,603** | 357 |
| Other taxable temporary differences | **8,471** | 1,296 |
| | **91,659** | 82,371 |

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.

## 22. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| **Trade payables** | | | | |
| Third parties | **2,831** | 2,485 | **-** | - |
| **Other payables and accruals** | | | | |
| Amounts owing to subsidiaries | **-** | - | **21,430** | 21,454 |
| Other payables | **156,715** | 157,183 | **33,524** | 28,435 |
| Accruals | **29,331** | 15,807 | **22,799** | 16,087 |
| | **186,046** | 172,990 | **77,753** | 65,976 |
| | **188,877** | 175,475 | **77,753** | 65,976 |

(a) The credit terms available to the Group and the Company in respect of trade payables ranged from 30 to 90 days (2013: 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 | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Amount owing to Amanah Raya Development Sdn. Bhd. ("ADSB") | **115,000** | 119,398 | **-** | - |
| Amounts owing to companies in which certain Directors have substantial financial interests | **25,835** | 21,422 | **22,838** | 17,868 |
| Amount owing to Wisma MPL JMB | **3,811** | 5,711 | **3,727** | 5,711 |
| Amounts owing to Directors | **515** | 513 | **515** | 513 |
| Interest accrued on revolving credit | **17,128** | 13,455 | **17,128** | 13,455 |

(d) During the current financial year, interest payable of RM8,147,000 and RM5,509,000 included in the amounts owing to a company in which certain Directors have substantial financial interests of the Group and of the Company respectively has been waived.

(e) As disclosed in the Note 31(e) to the financial statements, On 10 March 2014, the Company, OPCP, TBBM and a Group's wholly owned subsidiary, LHRD had entered into a Settlement Agreement with ADSB to settle the Judgement Sum for RM120,000,000.

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

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

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## 22. TRADE AND OTHER PAYABLES (Cont'd)

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

The Company had applied to ADSB for extension of time to pay the outstanding amount and is also seeking legal opinion on the Notice.

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

The Originating Summon is fixed for hearing on 13 January 2015 and the Company is seeking legal advise on the Originating Summon.

(f) 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% (2013: 13.00% to 15.00%) per annum.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Ringgit Malaysia | **188,270** | 175,152 | **77,753** | 65,976 |
| Hong Kong Dollar ('HKD') | **607** | 323 | **-** | - |
| | **188,877** | 175,475 | **77,753** | 65,976 |

(h) Information on financial risks of trade and other payables are disclosed in Note 35 to the financial statements.

## 23. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

| | Group | |
|---|---|---|
| | 2014 RM'000 | 2013 RM'000 |
| At 1 July 2013/2012 and 30 June 2014/2013 | **257** | 257 |

## 24. REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Rental income from investment property and property management services | **12,154** | 12,788 | **9,642** | 9,760 |
| Property development revenue | **4,953** | 1,600 | **-** | - |
| | **17,107** | 14,388 | **9,642** | 9,760 |

Included in property development revenue is property development revenue of RM4,075,000 recognised based on progress billings in relation to certain infrastructure, earthworks and sewerage works carried out based on an independent engineer's certification as disclosed in Note 11(d) to the financial statements. In addition, the Group had also recognised the sale of land to a third party as property development revenue during the current financial year on the basis that the full amount of the purchase consideration of RM877,000 had been received by the Group's solicitor as the stakeholders' sum on 27 June 2014 as disclosed in Note 11(d) to the financial statements.

As disclosed in Note 31(f) to the financial statements, included in rental income from investment property and property management services is revenue recognised of RM1,648,000 in relation to the rental income from the Car Parks during the current financial year ended 30 June 2014. The amount of RM1,648,000 net of operating costs of RM717,000 was also provided for by the Group and included in the amount of provision of RM6,137,000 as mentioned in Note 31(f) to the financial statements.

## 25. COST OF SALES

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| Rental and property management services | **5,769** | 6,643 | **4,535** | 5,594 |
| Property development costs | **2,554** | 937 | **-** | - |
| | **8,323** | 7,580 | **4,535** | 5,594 |

Included in property development costs is the cost of sales of RM2,386,000 relating to the property development revenue of RM4,075,000 as disclosed in Note 11(d) to the financial statements.

## 26. FINANCE COSTS

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| Interest expense on: | | | | |
| - bank overdrafts | **5,027** | 5,835 | **5,027** | 5,835 |
| - hire-purchase creditors | **58** | 70 | **47** | 57 |
| - revolving credit | **3,674** | 3,354 | **3,674** | 3,354 |
| - amounts owing to related parties | **3,104** | 2,147 | **2,248** | 1,480 |
| - third parties creditors | **949** | 8,045 | **346** | 336 |
| | **12,812** | 19,451 | **11,342** | 11,062 |

## 27. (LOSS)/PROFIT BEFORE TAXATION

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| (Loss)/Profit before taxation is arrived at after charging: | | | | | |
| Auditors' remuneration: | | | | | |
| - current financial year | | | | | |
| - statutory audit | | **120** | 111 | **70** | 65 |
| - non-statutory | | **9** | 8 | **7** | 8 |
| - under provision in prior years | | | | | |
| - statutory audit | | **-** | 2 | **-** | - |
| Impairment losses on: | | | | | |
| - trade and other receivables | 13(d) | **368** | 680 | **-** | 14 |
| - amounts owing by subsidiaries | 13(d) | **-** | - | **159,630** | 1,118 |
| - investments in subsidiaries | 9 | **-** | - | **59** | 115 |
| Depreciation of property, plant and equipment | 7 | **916** | 1,144 | **731** | 820 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 27. (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

| | Note | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|---|
| Directors' remuneration: | | | | | |
| - fees | | **340** | 290 | **340** | 290 |
| - other emoluments | | **1,051** | 619 | **31** | - |
| Property, plant and equipment written off | 7 | **1** | 5 | **-** | - |
| Provision for litigation claim | | **6,137** | - | **2,587** | - |
| Rental of: | | | | | |
| - premises | | **423** | 384 | **-** | - |
| - machinery | | **-** | 26 | **-** | 19 |
| Management fees: | | | | | |
| - subsidiaries | | **-** | - | **1,008** | 492 |
| Waiver of interest to a subsidiary | | **-** | - | **155** | - |
| And crediting: | | | | | |
| Fair value adjustments on investment properties | 8 | **-** | 20,000 | **3,230** | 17,330 |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | 13(d) | **6** | 59 | **-** | - |
| - amount owing by subsidiaries | 13(d) | **-** | - | **-** | 1 |
| - land held for property | 10 | **-** | 16,902 | **-** | - |
| - property development costs | 11 | **-** | 24,024 | **-** | - |
| Gain on disposal of property, plant and equipment | | **85** | 59 | **-** | 1 |
| Interest income from: | | | | | |
| - subsidiaries | 32(b) | **-** | - | **4,436** | 4,622 |
| - others | | **5** | 41 | **5** | 13 |
| Waiver of interest by a company in which certain Directors have financial interests | 32(b) | **8,147** | - | **5,509** | - |
| Unrealised gain on foreign exchange | | **-** | - | **80** | - |
| Rental income from subsidiaries | 32(b) | **-** | - | **9,642** | 9,760 |

## 28. TAXATION

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profit for the fiscal year.

| | Group 2014 RM'000 | Group 2013 RM'000 | Company 2014 RM'000 | Company 2013 RM'000 |
|---|---|---|---|---|
| **Malaysian income tax** | | | | |
| Current taxation based on taxable profit for the financial year: | | | | |
| Current financial year | **1,959** | 132 | **1,417** | 130 |
| Under/(Over) provision in previous financial years | **934** | 186 | **(150)** | (287) |
| | **2,893** | 318 | **1,267** | (157) |

## 28. TAXATION (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| **Malaysian income tax (Cont'd)** | | | | |
| Deferred taxation for the financial year: | | | | |
| Current financial year (Note 21) | **13,657** | - | **13,310** | - |
| | **16,550** | 318 | **14,577** | (157) |

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 | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Tax at Malaysian statutory tax rate of 25% (2013: 25%) | **(3,647)** | 9,232 | **(40,487)** | 2,535 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | **4,667** | 5,298 | **43,195** | 3,081 |
| Non-taxable income | **(1,290)** | (15,717) | **(1,291)** | (5,486) |
| Deferred tax assets not recognised | **2,229** | 1,319 | **-** | - |
| Deferred tax on fair value gain of investment property | **13,657** | - | **13,310** | - |
| | **15,616** | 132 | **14,727** | 130 |
| Under/(Over) provision of income tax in previous financial years | **934** | 186 | **(150)** | (287) |
| | **16,550** | 318 | **14,577** | (157) |

Subject to the agreement of the Inland Revenue Board, the Group has unutilised tax losses of approximately RM81,585,000 (2013: RM80,718,000) and unabsorbed capital allowances of approximately RM1,603,000 (2013: RM357,000) available to set-off against future taxable income.

Tax on each component of other comprehensive income is as follows:

| | Group | | |
|---|---|---|---|
| | **Before tax RM'000** | **Tax effect RM'000** | **After tax RM'000** |
| **2014** | | | |
| Foreign currency translations | **19** | **-** | **19** |
| **2013** | | | |
| Foreign currency translations | 22 | - | 22 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 29. (LOSS)/EARNINGS PER ORDINARY SHARE

### (a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit 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 | |
|---|---|---|
| | **2014 RM'000** | **2013 RM'000** |
| (Loss)/Profit attributable to owners of the parent | **(31,137)** | 36,610 |
| Weighted average number of ordinary shares in issue ('000') | **287,660** | 287,660 |

| | Group | |
|---|---|---|
| | **2014 Sen** | **2013 Sen** |
| Basic (loss)/earnings per ordinary share | **(10.82)** | 12.73 |

### (b) Diluted

The diluted (loss)/earnings per ordinary share equals basic (loss)/earnings 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.

## 30. EMPLOYEE BENEFITS

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Wages and salaries | **3,593** | 4,685 | **-** | - |
| Defined contribution plan | **308** | 358 | **-** | - |
| Other employee benefits | **895** | 1,249 | **-** | - |
| | **4,796** | 6,292 | **-** | - |

## 31. 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, 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 of 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 Plaintiffs' 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 Plaintiffs.

**31. MATERIAL LITIGATIONS (Cont'd)**

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

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

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

The Plaintiffs had filed the Notice of Discontinuance of the said Appeal on 25 September 2012 on the basis that there will be no order as to costs, both at the Appeal stage and the High Court stage and in view of the global settlement ("Settlement") entered into between the Plaintiffs and the solicitors of the Defendants.

On 7 February 2013, the Defendants filed a bill of costs for taxation against the Plaintiffs purporting to claim the sum of RM599,448.50 ("Bill of Costs") subsequent to the withdrawal of said Appeal by the Plaintiffs. The Plaintiffs applied to strike out the Bill of Cost on 29 April 2013 ("Striking Out Application") on the grounds that it was an abuse of the process of Court. On 04 June 2013, the Court allowed the Striking Out Application. The Defendants had further on 18 June 2013 appealed to the Judge in Chambers who dismissed the appeal on 26 July 2013. The Defendants then filed their appeal to the Court of Appeal on 15 August 2013 ("Striking Out Appeal").

The hearing of the Striking Out Appeal was heard on 13 August 2014 whereby the Court of Appeal ordered that the Bill of Cost be remitted to the High Court to be assessed in accordance with the terms of the Settlement ("Order"). Presently, parties are awaiting for a case management to be fixed before the High Court.

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 Defendants' action.

(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.

(c) Court of Appeal Civil Appeal No.: W-02(NCVC)-279-01/2013 (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 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.

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## 31. MATERIAL LITIGATIONS (Cont'd)

(c) Court of Appeal Civil Appeal No.: W-02(NCVC)-279-01/2013 (Originally known as Kuala Lumpur High Court (Civil) No: S22-NCVC-69-2010 & Kuala Lumpur High Court (Civil) No: 22 NCVC-230-2011) (Cont'd)

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 Plaintiffs 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.

On 4 December 2013, the High Court granted a judgement in favour of the Defendants and awarded the Defendants the following:

(i) The sum of RM73,024.83 pursuant to the outstanding sum of rental and service charge to be paid by the Plaintiffs to the Defendants from the period between 7 May 2009 to 11 December 2009 plus interest to be calculated at the rate of 5% per annum with effect from 4 December 2013 until the date of settlement;

(ii) The cost of restoration and reinstatement of the premises rented by the Plaintiff to the Defendants amounting to RM103,222; and

(iii) The legal cost by the Plaintiff to the Defendants amounting to RM40,000.

In addition, the High Court had on 16 January 2014 granted a judgement in favour of the Defendants and awarded the Defendants the double rental for the period from 12 December 2009 to 4 September 2012 to be paid by the Plaintiffs to the Defendants amounting to RM630,806.40.

The Plaintiffs subsequently filed a Notice of Appeal dated 7 February 2014 for an appeal to the Court of Appeal against the above judgements vide Court of Appeal Civil No.: W-02-275-02/2014. The Plaintiffs had further on 19 February 2014 filed a Notice of Application for a stay of execution of the above judgements.

## 31. MATERIAL LITIGATIONS (Cont'd)

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

On 10 March 2014, the High Court had dismissed the Plaintiffs' application for stay of execution of the above judgements and awarded additional costs of RM5,000 to the Defendants.

In addition, the Defendants had on 6 March 2014 filed a Bankruptcy Notice against Wong Seng Huat and a winding-up petition pursuant to Section 218(1)(e) of the Companies Act, 1965 against Safe Deposit Box Sdn. Bhd. respectively.

Pursuant to a consent judgement dated 2 April 2014, the Plaintiffs had paid the judgement sum of RM857,145.17 to the Defendants' solicitors as stakeholders pending the disposal of the Plaintiffs' appeal to the Court of Appeal. As a result, the Defendants had withdrawn the winding-up petition on 2 May 2014 and bankruptcy petition on 6 May 2014 with no order as to costs.

In relation to the Plaintiffs' appeal to the Court of Appeal against the judgements, the Court of Appeal in a case management on 12 August 2014 had fixed the next case management on 4 November 2014 as the Plaintiffs' solicitors informed the Judge that the grounds of judgement was not out yet. Subsequently, on 4 November 2014, the parties updated the Court of Appeal that the grounds of judgment were out and the Court of Appeal set the hearing for 18 March 2015.

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 a fair chance in succeeding in its counterclaim against the Plaintiffs.

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

AmanahRaya Development Sdn. Bhd. ('the Plaintiff') vs. Oriental Pearl City Properties Sdn. Bhd. ('OPCP') and Malaysia Pacific Corporation Berhad ('collectively known as the Defendants')

On 28 September 2012, the Plaintiff had served a Writ of Summons for the sum of RM 113,170,308 together with interest at the rate of 7.20% per annum calculated from 19 September 2012 until the date of full settlement ('Judgement Sum'). The Judgement Sum was allegedly in relation to amount owing to the Plaintiff as a result of a Put Option exercised by the Plaintiff as per a Joint Venture Agreement between the Plaintiff and OPCP and a Deed of Undertaking between the Plaintiff and the Company.

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

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

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

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

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

## 31. MATERIAL LITIGATIONS (Cont'd)

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

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

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

The Defendants had further filed an Originating Summons dated 15 November 2013 against the Plaintiff vide Kuala Lumpur High Court Civil Suit No.: 24NCC-365-11/2013 seeking for and injunction to restrain the Plaintiff from filing, presenting and/or proceeding with any statutory notice and winding-up petition pursuant to Section 218 of the Companies Act, 1965 against the Defendants ("Originating Summons"). On 19 November 2013, the Defendants obtained an interim injunction pending disposal of the Originating Summons.

The Plaintiff had on 26 November 2013 filed a Notice of Application to strike out the Originating Summons and to set aside the interim injunction respectively.

On 10 March 2014, the Company, OPCP, TBBM and a Group's wholly owned subsidiary, LHRD had entered into a Settlement Agreement with the Plaintiff to settle the Judgement Sum.

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

i. The Company to pay the Plaintiff cash payment of RM5,000,000 upon execution of the Settlement Agreement;

ii. The Company to pay the Plaintiff cash payment of RM115,000,000 within six (6) months from the date of the Settlement Agreement; which is due on 10 September 2014;

iii. TBBM to create a valid first legal charge in favour of the Plaintiff on the Group's seven (7) parcels of land in Mukim of Plentong, Johor as security of the abovementioned payments ("the Charge");

iv. The Plaintiff shall withdraw the caveats or any other encumbrances lodged or created by the Plaintiff against the above seven (7) parcels of land;

v. The Company and OPCP shall discontinue and withdraw the Injunction Suit in the Kuala Lumpur High Court Suit No. 24NCC-365-11/2013 against the Plaintiff; and

vi. In the event of default of the Settlement Agreement by the Company, OPCP, TBBM, LRDSB, the Plaintiff is entitled to terminate the Settlement Agreement and seek legal remedies available in law. Additionally, the Plaintiff shall always be at liberty, in lieu of claiming for termination of the Settlement Agreement and damages, to claim the remedy of specific performance of the Settlement Agreement against the Company, OPCP, TBBM and LRDSB, with all costs and expenses relating thereto to be borne by the defaulting parties.

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

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

## 31. MATERIAL LITIGATIONS (Cont'd)

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

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

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

The Orginating Summon is fixed for hearing on 13 January 2015 and the Company is seeking legal advice on the Originating Summon.

(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').

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

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

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

i. It is declared that the ground level car park and the 2 levels basement car park of Wisma MPL (collectively "the Car Parks") form part of the common property of Wisma MPL;

ii. The Defendant shall cease to operate the Car Parks within seven (7) days from being served the sealed Order herein ("the Handover date") and thereafter, the Plaintiff shall be entitled to operate the Car Parks, vide its agents and/or servants;

iii. All monies and income received from the operation of the Car Parks since the formation of the Plaintiff on 5 April 2008 until the Handover date shall be paid by the Defendant into the Building Maintenance Fund of the Plaintiff within fourteen (14) days from the Handover Date;

iv. The Defendant shall submit to the Plaintiff, a full audited accounts of all monies and income derived from the Car Parks since 5 April 2008 until the Handover Date within thirty (30) days of the date of the Order herein; and

v. The Court dismissed the Defendant's Application to strike out the Originating Summons with costs of RM5,000.

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

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

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

**31. MATERIAL LITIGATIONS (Cont'd)**

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

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

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

On 17 June 2014, the Defendant had filed an Application for Leave to Appeal to the Federal Court. The Federal Court had fixed the Hearing Date on 26 January 2015.

On 15 August 2014, the Plaintiff had served the Defendant an Application for Extension of Time for Compliance with Order dated 10 January 2014. ("Extension of Time Application").

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

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

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

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

The gross amount of the income derived from the operation of the Car Parks of the Group and of the Company amounted to approximately RM10,140,000 and RM2,587,000 respectively for the period commencing from the date of the formation of the investment property's joint management body on 5 April 2008 up till 30 June 2014. The Group and the Company had made a provision of RM6,137,000 and RM2,587,000 respectively for the litigation claims together with the related legal costs of RM350,000 in the financial statements for the year ended 30 June 2014. The Group's provision of RM6,137,000 was provided net of the Group's operating costs of the Car Parks of RM4,003,000 for the four (4) financial years ended 30 June 2014; while the Company's provision of RM2,587,000 was provided based on the share of profits earned by the Company from the operation of the Car Parks during the financial period from 5 April 2008 up till 30 June 2010.

CASB, a subsidiary of the Group had continued to recognise revenue of RM1,648,000 in relation to the rental income from the Car Parks during the current financial year ended 30 June 2014. The amount of RM1,648,000 net of operating costs of RM717,000 was also provided for by the Group and included in the amount of provision of RM6,137,000 as mentioned above.

(g) Johor Bahru High Court Suit No.: 24NCVC-385-07/2014

Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") and Malaysia Pacific Corporation Berhad ('collectively known as the Plaintiffs') vs. AmanahRaya Development Sdn. Bhd. ('the Defendant')

The Plaintiffs had on 9 July 2014, filed an originating summons together with an affidavit in support against the Defendant seeking, inter alia, an order for the removal of private caveats under presentation no. 39161/2012 and any other encumbrances which have been entered by the Defendant on fourteen (14) parcels of land in the Mukim of Plentong, Daerah Johor Bahru, Johor of which TBBM is the registered owner.

The hearing of the Plaintiff's application was heard on 29 September 2014 whereby the High Court Judge had reserved his decision on the matter and fixed the same for decision on 30 October 2014.

On 30 October 2014, the Johor Bahru High Court has allowed the Plaintiff's application to remove the private caveat lodged on the freehold land.

## 32. 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.

Related parties of the Group include:

| Related parties | Relationships |
|---|---|
| Top Lander Offshore Inc. | A substantial corporate shareholder of the Company |
| Ocean Power Enterprise Limited and Power View Holdings Limited (Incorporated in Hong Kong) | A company in which Datin Kong Yuk Chu, an Executive Director of the Company, who are also substantial shareholders of the Company have substantial shareholding interests. |
| Optima Mewah Sdn. Bhd. | A company in which Datin Kong Yuk Chu and Ch'ng Soon Sen, both Executive Directors of the Company, who are also substantial shareholders of the Company, have substantial shareholding interests. |
| Jacmoli Design & Jewellers (M) Sdn. Bhd. | A company in which Datin Kong Yuk Chu, an Executive Director 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 | |
|---|---|---|---|---|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Interest payable to Top Lander Offshore Inc. | **2,693** | 2,111 | **2,248** | 1,480 |
| Waiver of interest payable to Top Lander Offshore Inc. | **8,147** | - | **5,509** | - |
| Interest payable to Ocean Power Enterprise Limited | **411** | 36 | **-** | - |
| Ocean Power Enterprise Limited<br>- rental of office premises | **423** | 384 | **-** | - |

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## 32. RELATED PARTY DISCLOSURES (Cont'd)

### (b) Significant related party transactions (Cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Subsidiaries: | | | | |
| - interest income | **-** | - | **4,436** | 4,622 |
| - rental income | **-** | - | **9,642** | 9,760 |
| - commission payable | **-** | - | **120** | 120 |
| - management fees payable | **-** | - | **1,008** | 492 |
| - waiver of interest payable | **-** | - | **155** | - |
| Rental income from Jacmoli Design & Jewellers (M) Sdn. Bhd. | **123** | - | **-** | - |
| Advances from Top Lander Offshore Inc. (net) | **9,881** | 1,935 | **8,231** | 1,935 |
| Property development revenue from Optima Mewah Sdn. Bhd. (Note 11(d)) | **4,075** | 1,600 | **-** | - |

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

Significant balances with subsidiaries as at the end of the reporting period are disclosed in Notes 13 and 22 to the financial statements.

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 | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Related parties payable: | | | | |
| - Top Lander Offshore Inc. | **24,552** | 21,012 | **22,838** | 17,868 |
| - Power View Holdings Limited | **(50)** | (50) | **-** | - |
| - Ocean Power Enterprise Limited | **1,333** | 480 | **-** | - |

### (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 | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Short term employee benefits | **2,363** | 2,328 | **-** | - |
| Contributions to defined contribution plan | **166** | 101 | **-** | - |
| | **2,529** | 2,429 | **-** | - |

## 33. 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 LHRD, 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).

| **Group 2014** | **Property development RM'000** | **Investment property RM'000** | **Construction RM'000** | **Total RM'000** |
|---|---|---|---|---|
| Revenue | | | | |
| Total revenue | **4,953** | **23,903** | **-** | **28,856** |
| Inter-segment revenue | **-** | **(11,749)** | **-** | **(11,749)** |
| **Revenue from external customers** | **4,953** | **12,154** | **-** | **17,107** |
| Interest income | **1** | **4** | **-** | **5** |
| Finance costs | **(4,639)** | **(8,173)** | **-** | **(12,812)** |
| Net finance expense | **(4,638)** | **(8,169)** | **-** | **(12,807)** |
| Depreciation of property, plant and equipment | **63** | **853** | **-** | **916** |
| **Segment profit/(loss) before taxation** | **(4,901)** | **(163,765)** | **(52)** | **(168,718)** |
| Other material non-cash items: | | | | |
| - Impairment loss on trade and other receivables | **-** | **(368)** | **-** | **(368)** |
| - Gain on disposal of property, plant and equipment | **8** | **77** | **-** | **85** |
| - Waiver of interest by a related party | **2,638** | **5,509** | **-** | **8,147** |
| - Provision for litigation claims | **-** | **6,137** | **-** | **6,137** |
| **Segment assets** | **242,132** | **331,222** | **-** | **573,354** |
| **Segment liabilities** | **8,876** | **273,070** | **289** | **282,235** |

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## 33. OPERATING SEGMENTS (Cont'd)

| 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 |

Major customers

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

| | Revenue 2014 RM'000 | Revenue 2013 RM'000 | Segment |
|---|---|---|---|
| Customer A | **4,075** | 1,600 | Property development |
| Customer B | **2,149** | 2,569 | Investment property |

## 33. OPERATING SEGMENTS (Cont'd)

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

| | 2014 RM'000 | 2013 RM'000 |
|---|---|---|
| **Revenue** | | |
| Total revenue for reportable segments | **28,856** | 25,136 |
| Elimination of inter-segment revenue | **(11,749)** | (10,748) |
| Group's revenue per consolidated statement of profit or loss and other comprehensive income | **17,107** | 14,388 |
| **(Loss)/Profit for the financial year** | | |
| Total profit or loss for reportable segments | **(168,718)** | 42,197 |
| Elimination of inter-segment loss | **154,131** | (5,269) |
| (Loss)/Profit before taxation | **(14,587)** | 36,928 |
| Taxation | **(16,550)** | (318) |
| (Loss)/Profit for the financial year | **(31,137)** | 36,610 |
| **Assets** | | |
| Total assets for reportable segments | **573,354** | 575,311 |
| Elimination of inter-segment assets | **(8,231)** | (10,006) |
| Current tax assets | **30** | 39 |
| Group's assets | **565,153** | 565,344 |
| **Liabilities** | | |
| Total liabilities for reportable segments | **282,235** | 269,568 |
| Elimination of inter-segment liabilities | **(3,199)** | (5,538) |
| Current tax liabilities | **2,875** | 573 |
| Deferred tax liabilities | **33,275** | 19,618 |
| Group's liabilities | **315,186** | 284,221 |

## 34. 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 2013.

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 2014 and 30 June 2013.

## 34. FINANCIAL INSTRUMENTS (Cont'd)

### (a) Capital management (Cont'd)

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 RM40,000,000. The Company has complied with this requirement for the financial year ended 30 June 2014.

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 RM17,107,000 (Note 24).

### (b) Financial instruments

Categories of financial instruments

**Group**

| Financial assets | 2014 RM'000 | 2013 RM'000 |
|---|---|---|
| Loans and receivables | | |
| Trade and other receivables, net of prepayments | **1,934** | 954 |
| Cash and cash equivalents | **718** | 388 |
| | **2,652** | 1,342 |

**Financial liabilities**

| | 2014 RM'000 | 2013 RM'000 |
|---|---|---|
| Other financial liabilities | | |
| Bank borrowings | **90,211** | 88,298 |
| Trade and other payables | **188,877** | 175,475 |
| | **279,088** | 263,773 |

**Company**

| Financial assets | 2014 RM'000 | 2013 RM'000 |
|---|---|---|
| Loans and receivables | | |
| Trade and other receivables, net of prepayments | **78,147** | 229,500 |
| Cash and cash equivalents | **568** | 85 |
| | **78,715** | 229,585 |

**Financial liabilities**

| | 2014 RM'000 | 2013 RM'000 |
|---|---|---|
| Other financial liabilities | | |
| Bank borrowings | **89,897** | 88,181 |
| Trade and other payables | **77,753** | 65,976 |
| | **167,650** | 154,157 |

## 34. FINANCIAL INSTRUMENTS (Cont'd)

### (c) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 | |
|---|---|---|---|---|---|
| **2014** | **Note** | **Carrying amount RM'000** | **Fair value RM'000** | **Carrying amount RM'000** | **Fair value RM'000** |
| Hire-purchase creditors - Level 2 | 20 | **1,187** | **1,171** | **873** | **866** |
| **2013** | | | | | |
| Hire-purchase creditors - Level 2 | 20 | 1,195 | 1,182 | 1,078 | 1,068 |

### (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.

## 35. 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.

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**

**(i) Credit risk (Cont'd)**

Credit risk concentration profile

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 RM77,774,000 (2013: RM229,127,000) which represents more than 99% (2013: 99%) of total receivables of the Company.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 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.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 13 to the financial statements.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 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.

As disclosed in Note 17(a) to the financial statements, the Group had defaulted in the repayment of principal sums and interest in respect of banking facilities, which amounted to RM105,970,000.

On 27 October 2014, the Company has accepted the offer from the financial institution to restructure the revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a pledged deposits of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8 to the financial statements.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (ii) Liquidity and cash flow risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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 |
|---|---|---|---|---|
| **2014** | | | | |
| **Financial liabilities** | | | | |
| Bank borrowings | **89,336** | **882** | **132** | **90,350** |
| Trade and other payables | **188,877** | **-** | **-** | **188,877** |
| Total undiscounted financial liabilities | **278,213** | **882** | **132** | **279,227** |
| **2013** | | | | |
| **Financial liabilities** | | | | |
| Bank borrowings | 87,405 | 981 | 54 | 88,440 |
| Trade and other payables | 175,475 | - | - | 175,475 |
| Total undiscounted financial liabilities | 262,880 | 981 | 54 | 263,915 |

| Company | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2014** | | | | |
| **Financial liabilities** | | | | |
| Bank borrowings | **89,276** | **694** | **14** | **89,984** |
| Trade and other payables | **77,753** | **-** | **-** | **77,753** |
| Total undiscounted financial liabilities | **167,029** | **694** | **14** | **167,737** |
| **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 |

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

#### (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 2014** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| **Floating rates** | | | | | | | | | |
| Cash held in housing development accounts | 14 | 2.1 | 35 | - | - | - | - | - | 35 |
| **Financial liabilities** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Hire-purchase creditors | 19 | 4.57 | 262 | 275 | 280 | 145 | 101 | 124 | 1,187 |
| Amount owing to companies in which certain Directors have substantial financial interests | 22 | 14.00 | 25,835 | - | - | - | - | - | 25,835 |
| Amount owing to Amanah Raya Development Sdn. Bhd. | 22 | 7.20 | 115,000 | - | - | - | - | - | 115,000 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 20 | 8.43 | 63,320 | - | - | - | - | - | 63,320 |
| Revolving credit | 18 | 8.50 | 25,704 | - | - | - | - | - | 25,704 |

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (iii) Interest rate risk (Cont'd)

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: (Cont'd)

| 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 | 14 | 2.10 | 35 | - | - | - | - | - | 35 |
| **Financial liabilities** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Hire-purchase creditors | 19 | 4.57 | 251 | 237 | 249 | 255 | 116 | 87 | 1,195 |
| Amount owing to companies in which certain Directors have substantial financial interests | 22 | 14.00 | 21,422 | - | - | - | - | - | 21,422 |
| Amount owing to Amanah Raya Development Sdn. Bhd. | 22 | 7.20 | 119,398 | - | - | - | - | - | 119,398 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 20 | 8.43 | 61,399 | - | - | - | - | - | 61,399 |
| Revolving credit | 18 | 8.50 | 25,704 | - | - | - | - | - | 25,704 |

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## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (iii) Interest rate risk (Cont'd)

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: (Cont'd)

| 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 2014** | | | | | | | | | |
| **Financial assets** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Amounts owing by subsidiaries | 13 | 11.23 | 163,034 | - | - | - | - | - | 163,034 |
| **Financial liabilities** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Hire-purchase creditors | 19 | 5.27 | 215 | 226 | 229 | 117 | 72 | 14 | 873 |
| Amount owing to a company in which certain Directors have substantial financial interests | 22 | 14.00 | 22,838 | - | - | - | - | - | - |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 20 | 8.43 | 63,320 | - | - | - | - | - | 63,320 |
| Revolving credit | 18 | 8.50 | 25,704 | - | - | - | - | - | 25,704 |

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (iii) Interest rate risk (Cont'd)

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: (Cont'd)

| 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 | 13 | 11.23 | 162,183 | - | - | - | - | - | 162,183 |
| **Financial liabilities** | | | | | | | | | |
| **Fixed rates** | | | | | | | | | |
| Hire-purchase creditors | 19 | 5.27 | 204 | 215 | 226 | 230 | 116 | 87 | 1,078 |
| Amount owing to a company in which certain Directors have substantial financial interests | 22 | 14.00 | 17,868 | - | - | - | - | - | 17,868 |
| **Floating rates** | | | | | | | | | |
| Bank overdrafts | 20 | 8.43 | 61,399 | - | - | - | - | - | 61,399 |
| Revolving credit | 18 | 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 | |
|---|---|---|---|---|
| **(Loss) /Profit after taxation** | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| increase by 0.1% (2013: 0.1%) | **(68)** | (65) | **(55)** | (56) |
| decrease by 0.1% (2013: 0.1%) | **68** | 65 | **55** | 56 |

The sensitivity is higher in 2014 than in 2013 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.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (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 ('RM'). 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.

Foreign currency risk sensitivity analysis

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.

## 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) As disclosed in Note 31(a) to the financial statements, the Judge in Chambers has dismissed the appeal of 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') on 26 July 2013 in relation to the Striking Out Application.

(b) As disclosed in Note 31(d) to the financial statements, Wong Seng Huat & Safe Deposit Box Sdn. Bhd. ('Plaintiffs') commenced an action against the Company & MPC Properties Sdn. Bhd. ('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 Plaintiffs 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.

On 4 December 2013, the High Court granted a judgement in favour of the Defendants and awarded the Defendants the following:

(i) The sum of RM73,024.83 pursuant to the outstanding sum of rental and service charge to be paid by the Plaintiffs to the Defendants from the period between 7 May 2009 to 11 December 2009 plus interest to be calculated at the rate of 5% per annum with effect from 4 December 2013 until the date of settlement;

(ii) The cost of restoration and reinstatement of the premises rented by the Plaintiff to the Defendants amounting to RM103,222; and

(iii) The legal cost by the Plaintiff to the Defendants amounting to RM40,000.

In addition, the High Court had on 16 January 2014 granted a judgement in favour of the Defendants and awarded the Defendants the double rental for the period from 12 December 2009 to 4 September 2012 to be paid by the Plaintiffs to the Defendants amounting to RM630,806.40.

**36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)**

(b) The Plaintiffs subsequently filed a Notice of Appeal dated 7 February 2014 for an appeal to the Court of Appeal against the above judgements vide Court of Appeal Civil No.: W-02-275-02/2014. The Plaintiffs had further on 19 February 2014 filed a Notice of Application for a stay of execution of the above judgements.

On 10 March 2014, the High Court had dismissed the Plaintiffs' application for stay of execution of the above judgements and awarded additional costs of RM5,000 to the Defendants.

In addition, the Defendants had on 6 March 2014 filed a Bankruptcy Notice against Wong Seng Huat and a winding-up petition pursuant to Section 218(1)(e) of the Companies Act, 1965 against Safe Deposit Box Sdn. Bhd. respectively.

Pursuant to a consent judgement dated 2 April 2014, the Plaintiffs had paid the judgement sum of RM857,145.17 to the Defendants' solicitors as stakeholders pending the disposal of the Plaintiffs' appeal to the Court of Appeal. As a result, the Defendants had withdrawn the winding-up petition on 2 May 2014 and bankruptcy petition on 6 May 2014 with no order as to costs.

(c) As disclosed in Note 31(e) to the financial statements, on 28 September 2012, AmanahRaya Development Sdn. Bhd. ('the Plaintiff') had served a Writ of Summons for the sum of RM 113,170,308.20 together with interest at the rate of 7.20% per annum calculated from 19 September 2012 until the date of full settlement ('Judgement Sum'). The Judgement Sum was allegedly in relation to amount owing to the Plaintiff as a result of a Put Option exercised by the Plaintiff as per a Joint Venture Agreement between the Plaintiff and OPCP and a Deed of Undertaking between the Plaintiff and the Company.

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

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

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

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

The Defendants had further filed an Originating Summons dated 15 November 2013 against the Plaintiff vide Kuala Lumpur High Court Civil Suit No.: 24NCC-365-11/2013 seeking for and injunction to restrain the Plaintiff from filing, presenting and/or proceeding with any statutory notice and winding-up petition pursuant to Section 218 of the Companies Act, 1965 against the Defendants ("Originating Summons"). On 19 November 2013, the Defendants obtained an interim injunction pending disposal of the Originating Summons.

The Plaintiff had on 26 November 2013 filed a Notice of Application to strike out the Originating Summons and to set aside the interim injunction respectively.

On 10 March 2014, the Company, OPCP, TBBM and a Group's wholly owned subsidiary, LHRD had entered into a Settlement Agreement with the Plaintiff to settle the Judgement Sum.

## 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

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

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

During the financial year, the Company had made a payment of RM5,000,000 to the Plaintiff through advances from the Company's shareholder, Top Lander Offshore Inc. and this payment has been duly accounted for in the financial statements of the Company and of the Group for the financial year ended 30 June 2014.

(d) As disclosed in Note 31(f) to the financial statements, on 16 August 2013, the Plaintiff, a Management and Maintenance Body of Wisma MPL established under the Building and Common Property (Maintenance and Management) Act, 2007 concerning the maintenance and management of common property of Wisma MPL had served an Originating Summons dated 14 August 2014 on the Company seeking for all monies and income derived from the operation of the car parks of the investment property of the Company.

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

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

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

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

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

## 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

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

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

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

On 17 June 2014, the Company had filed an Application for Leave to Appeal to the Federal Court. The Federal Court had fixed the Hearing Date on 26 January 2015.

## 37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 18 July 2014, the Company has announced to undertake the following proposals:-

(i) proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Act"), involving the cancellation of RM0.50 of the par value of each existing ordinary share of RM1.00 each in MPCB ("Existing MPCB Shares") ("Proposed Par Value Reduction");

(ii) proposed renounceable rights issue of up to 322,178,213 new ordinary shares of RM0.50 each in MPCB ("MPCB Shares")("Rights Shares") together with up to 161,089,107 free detachable warrants ("Free Warrants") at an issue price of RM0.50 per Rights Share on the basis of four (4) Rights Shares together with two (2) Free Warrants for every five (5) ordinary shares of RM0.50 each in MPCB ("MPCB Shares" or "Shares") held after the Proposed Par Value Reduction on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Rights Issue of Shares with Free Warrants");

(iii) proposed renounceable rights issue of up to RM80,544,553 5-year 2% irredeemable convertible unsecured loan stock ("ICULS") ("ICULS A") at 100% of its nominal value of RM0.10 each on the basis of two (2) ICULS A for every one (1) MPCB Share held after the Proposed Par Value Reduction on the Entitlement Date ("Proposed Rights Issue of ICULS A");

(iv) proposed renounceable rights issue of up to RM80,544,553 10-year 1% ICULS ("ICULS B") at 100% of its nominal value of RM0.10 each on the basis of two (2) ICULS B for every one (1) MPCB Share held after the Proposed Par Value Reduction on the Entitlement Date ("Proposed Rights Issue of ICULS B");

(v) proposed increase in the authorised share capital of MPCORP from RM250,000,000 comprising 500,000,000 MPCB Shares (after the Proposed Par Value Reduction) to RM750,000,000 comprising 1,500,000,000 MPCB Shares ("Proposed Increase in Authorised Share Capital"); and

(vi) proposed amendment to the memorandum of association of the Company ("Proposed Memorandum Amendment")

(collectively referred to as the "Fund Raising Exercise").

(b) On 27 October 2014, LHRD, a wholly-owned subsidiary of the Company has entered into a Sales & Purchase Agreement with Temokin Development Sdn. Bhd. on the sales of 163 parcels of freehold land held under HSD 310454, PTD 149708 situated in Mukim Plentong, Daerah Johor Bahru, Negeri Johor with a total area of 260,938.46 for a sales consideration of RM9,350,676.

(c) On 27 October 2014, the Company has accepted the offer from RHB to restructure the revolving credit and bank overdraft facilities into term loans. The new term loans will be secured by a pledged deposits of RM5,000,000 and a fresh specific deed of debenture on the investment property of the Company as disclosed in Note 8 to the financial statements.

**37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (Cont'd)**

(d) As disclosed in Note 31(a) to the financial statements, 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') has filed their appeal to the Court of Appeal on 15 August 2013 ("Striking Out Appeal") in relation to the Striking Out Application. The hearing of the Striking Out Appeal was heard on 13 August 2014 whereby the Court of Appeal ordered that the Bill of Cost be remitted to the High Court to be assessed in accordance with the terms of the Settlement ("Order"). Presently, parties are awaiting for a case management to be fixed before the High Court.

(e) As disclosed in Note 31(d) to the financial statements, Wong Seng Huat & Safe Deposit Box Sdn. Bhd. ('Plaintiffs') subsequently filed a Notice of Appeal dated 7 February 2014 for an appeal to the Court of Appeal against the above judgements vide Court of Appeal Civil No.: W-02-275-02/2014.

In relation to the Plaintiffs' appeal to the Court of Appeal against the judgements, the Court of Appeal in a case management on 12 August 2014 had fixed the next case management on 4 November 2014 as the Plaintiffs' solicitors informed the Judge that the grounds of judgements was not out yet. Subsequently, on 4 November 2014, the parties updated the Court of Appeal that the grounds of judgment were out and the Court of Appeal set the hearing for 18 March 2015.

(f) As disclosed in Note 31(e) to the financial statements, the due date for the full settlement of the Settlement Agreement had lapsed and no payments had been made to AmanahRaya Development Sdn. Bhd. ('the Plaintiff') for the remaining amount of RM115,000,000.

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

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

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

The Originating Summon is fixed for hearing on 13 January 2015 and the Company is seeking legal advise on the Originating Summon.

(g) As disclosed in Note 31(f) to the financial statements, on 15 August 2014, Wisma MPL JMB ('Plaintiff') had served the Company an Application for Extension of Time for Compliance with Order dated 10 January 2014. ("Extension of Time Application").

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

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

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

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

## 37. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (Cont'd)

(h) Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") and Malaysia Pacific Corporation Berhad ('collectively known as the Plaintiffs') vs. AmanahRaya Development Sdn. Bhd. ('the Defendant')

The Plaintiffs had on 9 July 2014, filed an originating summons together with an affidavit in support against the Defendant seeking, inter alia, an order for the removal of private caveats under presentation no. 39161/2012 and any other encumbrances which have been entered by the Defendant on fourteen (14) parcels of land in the Mukim of Plentong, Daerah Johor Bahru, Johor of which TBBM is the registered owner.

The hearing of the Plaintiff's application was heard on 29 September 2014 whereby the High Court Judge had reserved his decision on the matter and fixed the same for decision on 30 October 2014.

On 30 October 2014, the Johor Bahru High Court has allowed the Plaintiff's application to remove the private caveat lodged on the freehold land.

# SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

## 38. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 RM'000** | **2013 RM'000** | **2014 RM'000** | **2013 RM'000** |
| Total (accumulated losses)/ retained earnings | | | | |
| - Realised | **(336,665)** | (305,528) | **(368,505)** | (188,910) |
| - Unrealised | **288,826** | 288,826 | **262,970** | 262,970 |
| Total (accumulated losses)/retained earnings | **(47,839)** | (16,702) | **(105,535)** | 74,060 |

# PROPERTIES HELD BY THE GROUP

| | Tenure | | Location | Approximately Net Lettable Area/Land Area | | Approximate Age of Building (years) | Net Carrying Amount @ 30 June 2014 (RM'000) | Date of Revaluation |
|---|---|---|---|---|---|---|---|---|
| 1 | Freehold | (i) | 19 Level office tower | 257,805 sq ft | } | 40 | 320,000 | 14/10/2014 |
| | | | | | } | | | |
| | | (ii) | Majority of the floor area of 4 level retail podium at Jalan Raja Chulan 50200 Kuala Lumpur | 76,864 sq ft | } | | | |
| 2 | Freehold | | Remaining land & Development in the Mukim Plentong, District of Johore Bahru, Johor Darul Takzim | 490 acres | } | - | 241,315 | 24/07/2008 |

# ANALYSIS OF SHAREHOLDINGS

AS AT 21 NOVEMBER 2014

| | | |
|---|---|---|
| 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 | 184 | 5.20 | 6,542 | 0.00 |
| 100 to 1,000 | 1,001 | 28.27 | 908,552 | 0.32 |
| 1,001 to 10,000 | 1,290 | 36.43 | 6,620,618 | 2.30 |
| 10,001 to 100,000 | 886 | 25.02 | 31,012,032 | 10.78 |
| 100,001 to less than 5% of issued shares | 178 | 5.03 | 71,978,475 | 25.02 |
| 5% and above of issued shares | 2 | 0.05 | 177,133,561 | 61.58 |
| **TOTAL** | **3,541** | **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 | 162,133,561 | 56.36 | - | - |
| Dato' Ch'ng Poh @ Ch'ng Chong Poh | - | - | 162,133,561 | 56.36 [(1)] |
| Datin Kong Yuk Chu | - | - | 162,133,561 | 56.36 [(1)] |
| Seacrest Land Limited | - | - | 162,133,561 | 56.36 [(1)] |
| Tey Por Yee | 15,000,000 | 5.21 | - | - |

[(1)] Deemed interested by virtue his/her substantial interest in Seacrest Land Limited, which has in 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 | - | - | 162,133,561 | 56.36 [(1)] |
| Dato' Sri Syed Hussien bin Abd Kadir | - | - | - | - |
| Ch'ng Soon Sen | 469,000 [(2)] | 0.16 [(2)] | - | - |
| Norsyahrin bin Hamidon | - | - | - | - |
| Da Cruz Sean Nicholas | - | - | - | - |
| Dato' Syed Norulzaman bin Syed Kamarulzaman | - | - | - | - |
| Tey Por Yee | 15,000,000 [(3)] | 5.21 [(3)] | - | - |
| Dr Lai Chee Chuen | 452,000 [(4)] | 0.16 [(4)] | - | - |

[(1)] Deemed interested by virtue 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).

[(3)] Registered in the name of JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tey Por Yee (Margin).

[(4)] Registered in the name of JS Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Lai Chee Chuen.

# ANALYSIS OF SHAREHOLDINGS
AS AT 21 NOVEMBER 2014

## TOP THIRTY SECURITIES SHAREHOLDERS

| | Name of Shareholders | Holdings No. of Shares | Holdings % of Issued Capital |
|---|---|---|---|
| 1 | Top Lander Offshore Inc. | 162,133,561 | 56.36 |
| 2 | JF Apex Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tey Por Yee (Margin) | 15,000,000 | 5.21 |
| 3 | Maybank Nominees (Tempatan) Sdn Bhd<br>Faizatul Ikmi Binti Abd Razak | 2,517,400 | 0.88 |
| 4 | Yap Lian Far | 2,495,700 | 0.87 |
| 5 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yap Lian Far | 2,145,200 | 0.74 |
| 6 | HLIB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Toh Ah Lou | 2,050,000 | 0.71 |
| 7 | Lee Sim Hee | 1,576,600 | 0.55 |
| 8 | CIMSEC Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account for Tan Poh Choo (Penang-CL) | 1,518,200 | 0.53 |
| 9 | HLIB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yong Heng Loong | 1,446,700 | 0.51 |
| 10 | Chong Hung Lai | 1,432,600 | 0.50 |
| 11 | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>Exempt An For Philip Capital Management Sdn Bhd (EPF) | 1,337,000 | 0.46 |
| 12 | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chin Kiam Hsung | 1,285,600 | 0.45 |
| 13 | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chin Kiam Hsung | 1,216,000 | 0.42 |
| 14 | Chin Sin Lin | 1,036,100 | 0.36 |
| 15 | Oon Phaik Siew | 1,005,900 | 0.35 |
| 16 | Cheng Ken Seong | 999,700 | 0.35 |
| 17 | Maybank Nominees (Tempatan) Sdn Bhd<br>Wong Kun Tzu @ Wong King Tzu | 950,000 | 0.33 |
| 18 | Lim Chen Tong | 933,300 | 0.32 |
| 19 | Sin Bee Lean | 920,000 | 0.32 |
| 20 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Chong Pak Kin (Penang-CL) | 880,000 | 0.31 |
| 21 | Ong Kek Poh | 879,000 | 0.31 |
| 22 | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Taiping Recovery Sdn Bhd – In Liquidation for Ho Ngan Yin | 871,000 | 0.30 |
| 23 | Lee Ee Me | 862,200 | 0.30 |
| 24 | JF Apex Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account for Teo Kwee Hock (STA 1) | 812,700 | 0.28 |
| 25 | Teo Kwee Hock | 800,000 | 0.28 |
| 26 | Wong Choon Shein | 800,000 | 0.28 |
| 27 | Koh Kwee Hooi | 784,300 | 0.27 |
| 28 | Citigroup Nominees (Tempatan) Sdn Berhad<br>Pledged Securities Account for Ta Kin Yan (472435) | 751,851 | 0.26 |
| 29 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Wang Choon Keng (Penang) | 700,000 | 0.24 |
| 30 | Ong Ak Huk @ Ong Ah Huat | 700,000 | 0.24 |
| | **TOTAL** | **210,840,612** | **73.29** |

# ANALYSIS OF WARRANTHOLDINGS

AS AT 21 NOVEMBER 2014

| | | |
|---|---|---|
| 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 | 53 | 6.20 | 2,752 | 0.00 |
| 100 to 1,000 | 106 | 12.40 | 71,724 | 0.06 |
| 1,001 to 10,000 | 379 | 44.33 | 1,568,558 | 1.37 |
| 10,001 to 100,000 | 235 | 27.48 | 8,903,689 | 7.74 |
| 100,001 to less than 5% of issued shares | 81 | 9.47 | 35,750,460 | 31.07 |
| 5% and above of issued shares | 1 | 0.12 | 68,765,804 | 59.76 |
| **TOTAL** | **855** | **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' Sri Syed Hussien bin Abd Kadir | - | - | - | - |
| Ch'ng Soon Sen | - | - | - | - |
| Norsyahrin bin Hamidon | - | - | - | - |
| Da Cruz Sean Nicholas | - | - | - | - |
| Dato' Syed Norulzaman bin Syed Kamarulzaman | - | - | - | - |
| Tey Por Yee | - | - | - | - |
| Dr Lai Chee Chuen | 200,000 [(2)] | 0.17 [(2)] | - | - |

(1) Deemed interested by virtue 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 JS Nominees (Tempatan) Sdn Bhd Amara Investment Management Sdn Bhd for Lai Chee Chuen.

# ANALYSIS OF WARRANTHOLDINGS

AS AT 21 NOVEMBER 2014

## TOP THIRTY WARRANTHOLDERS

| | Name of Shareholders | Holdings No. of Warrant | Holdings % of Issued Warrant |
|---|---|---|---|
| 1 | Top Lander Offshore Inc. | 68,765,804 | 59.76 |
| 2 | Lee Sim Hee | 5,038,200 | 4.38 |
| 3 | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Tze Chyn | 3,242,100 | 2.82 |
| 4 | Tan Ba | 2,861,600 | 2.49 |
| 5 | Ng Kai Yuan | 2,073,200 | 1.80 |
| 6 | Nutox Limited | 1,363,500 | 1.19 |
| 7 | Hau Gat Niw | 950,000 | 0.82 |
| 8 | Lum Yin Mui | 875,700 | 0.76 |
| 9 | Wong Chee Kin | 865,200 | 0.75 |
| 10 | HLIB Nominees (Tempatan) Sdn Bhd<br>Hong Leong Bank Bhd for Choo Chin Hoong | 675,000 | 0.59 |
| 11 | Au Yang Tuan Kah | 640,000 | 0.56 |
| 12 | Siah Boon Pah | 632,300 | 0.55 |
| 13 | Goh Ah Led | 630,000 | 0.55 |
| 14 | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Au Yong Yin Ling | 599,700 | 0.52 |
| 15 | Maybank Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Looi Lee Yee (Margin) | 556,700 | 0.48 |
| 16 | Tan Joon Wei | 507,100 | 0.44 |
| 17 | Lee Mee Kuen | 486,600 | 0.42 |
| 18 | Maybank Nominees (Tempatan) Sdn Bhd<br>Song Mei Lee | 440,000 | 0.38 |
| 19 | Lim Chen Tong | 433,300 | 0.38 |
| 20 | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Wong Ah Yong (MY1278) | 400,000 | 0.35 |
| 21 | Lim Hwee Hoon | 400,000 | 0.35 |
| 22 | Tan Yee Ming | 383,400 | 0.33 |
| 23 | Yap Yok Foo | 354,600 | 0.31 |
| 24 | Maybank Nominees (Tempatan) Sdn Bhd<br>Ng Ah Goo @ Michael Ng | 317,000 | 0.27 |
| 25 | Citigroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ta Kin Yan (472435) | 300,740 | 0.26 |
| 26 | Chow Sow Chan | 300,000 | 0.26 |
| 27 | Goh Chong Seow | 300,000 | 0.26 |
| 28 | Lee Yi Ching | 300,000 | 0.26 |
| 29 | Lim Phee Lin | 300,000 | 0.26 |
| 30 | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Chee Wan | 300,000 | 0.26 |
| | **TOTAL** | **95,291,744** | **82.81** |

# APPENDIX I

**TOP LANDER OFFSHORE INC.**
17/F, Amber Commercial Building, 70 Morrison Hill Road,
Causeway Bay, Hong Kong.

Date: 28 Nov 2014

The Board of Directors
**MALAYSIA PACIFIC CORPORATION BERHAD**
21st Floor, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

**NOTICE OF NOMINATION OF AUDITORS**

I, the undersigned, being a shareholder of Malaysia Pacific Corporation Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs. UHY (AF 1411), for appointment as Auditors of the Company in place of the retiring auditors Messrs. BDO (AF 0206).

Therefore, I propose that the following resolution be considered at the forthcoming Annual General Meeting of the Company.

"THAT Messrs. UHY (AF 1411) be and are hereby appointed as Auditors of the Company in place of Messrs. BDO (AF 0206) who has retired as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

For and on behalf of
**Top Lander Offshore Inc.**

**Datin Kong Yuk Chu**

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-Second Annual General Meeting of the Company or at any adjournment thereof to be held at Concorde Ballroom I, Lobby Level, Concorde Hotel Kuala Lumpur, 2 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Tuesday, 30 December 2014 at 10.00am.

| No. | Resolution | For | Against |
| --- | --- | --- | --- |
| Ordinary Resolution 1 | To approve the payment of Directors' Fees for the financial year ended 30 June 2014. | | |
| Ordinary Resolution 2 | To re-elect Dr Lai Chee Chuen as a Director retiring pursuant to Article 92 of the Articles of Association of the Company. | | |
| Ordinary Resolution 3 | To re-elect Mr Tey Por Yee as a Director retiring pursuant to Article 92 of the Articles of Association of the Company. | | |
| Ordinary Resolution 4 | To appoint Messrs UHY as Auditors of the Company in place of the retiring Auditors, Messrs BDO 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.]*

Dated this ____________ day of ____________ 2014

______________________________
Signature or Common Seal of Member/(s)

**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 19 December 2014 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.*

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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

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**MALAYSIA PACIFIC CORPORATION BERHAD** (12200-M)

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