



MALAYSIA  
PACIFIC  
CORPORATION  
BERHAD  
(12200-M)



## BUILDING NEW MOMENTUM

Annual Report **2016**

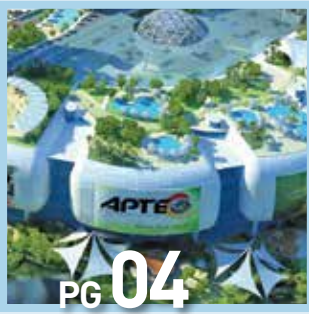
ANNUAL REPORT 2016

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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

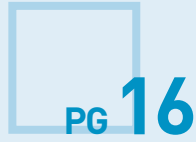
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[www.mpcb.com.my](http://www.mpcb.com.my)



PG 04

Chairman's Statement



PG 16

Statement on Corporate Governance



PG 06

Corporate Structure



PG 35

Financial Statements



PG 08

Board of Directors' Profile



PG 114

Analysis of Shareholdings

- 01 Notice of Annual General Meeting
- 03 Five Year Financial Highlights
- 04 Chairman's Statement
- 06 Corporate Structure
- 07 Corporate Information
- 08 Board of Directors' Profile
- 12 Profile of Key Senior Management
- 13 Audit and Risk Management Committee Report
- 16 Statement on Corporate Governance
- 30 Additional Compliance Information Disclosures
- 31 Directors' Responsibility Statement on Financial Statements
- 32 Statement on Risk Management and Internal Control
- 35 Financial Statements
- 112 Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses
- 113 Properties Held by the Group
- 114 Analysis of Shareholdings
  - Form of Proxy

# Contents

ANNUAL REPORT 2016



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Forty-Fourth Annual General Meeting of MALAYSIA PACIFIC CORPORATION BERHAD ("MPCORP" or "the Company") will be held at Room Matahari 1, Level 5, Cititel Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 24 November 2016 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of Directors and Auditors thereon (Please refer to Note A).
2. To approve the payment of Directors' fees for the financial year ended 30 June 2016. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire in accordance with Article 85 of the Articles of Association of the Company:-
  - (1) Datin Kong Yuk Chu **(Ordinary Resolution 2)**
  - (2) Mr Lim Yit Kiong **(Ordinary Resolution 3)**
4. To re-elect the following Directors who retire in accordance with Article 92 of the Company's Articles of Association:-
  - (1) Ms Ch'ng Se Hua **(Ordinary Resolution 4)**
  - (2) Dato' Ir. Hj. Md. Nasir Bin Ibrahim **(Ordinary Resolution 5)**
  - (3) Mr Ho Pui Hold **(Ordinary Resolution 6)**
5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications:

6. **Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Ordinary Resolution 8)**

"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."
7. To transact any other ordinary business of which due notice shall have been given.

## By order of the Board

**PANG KAH MAN** (MIA 18831)  
Company Secretary

Kuala Lumpur  
31 October 2016

# Notice of Annual General Meeting

## NOTES:

- (A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting at the Forty-Fourth Annual General Meeting ("Meeting").
1. Only depositors whose names appear in the Record of Depositors as at 15 November 2016 shall be regarded as members and be entitled to attend, speak and vote at this meeting.
  2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting on a show of hands or on a poll in his stead provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. There shall be no restriction as to the qualification of the proxy.
  3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
  4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
  5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
  6. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof.

## EXPLANATORY NOTES ON SPECIAL BUSINESS:

### 1. Ordinary Resolution no. 8

#### Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution no. 8, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued and paid-up capital of the Company for the time being for such purposes as they may deem fit and in the interest of the Company. This authority ("General Mandate"), unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next annual general meeting of the Company.

The General Mandate now sought is a renewal from the mandate obtained at the last annual general meeting held on 16 December 2015 which will expire at the conclusion of the forthcoming annual general meeting.

As at the date of this Notice, no new shares are being issued by the Company pursuant to the previous mandate granted to the Directors since the last annual general meeting held on 16 December 2015.

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

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## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

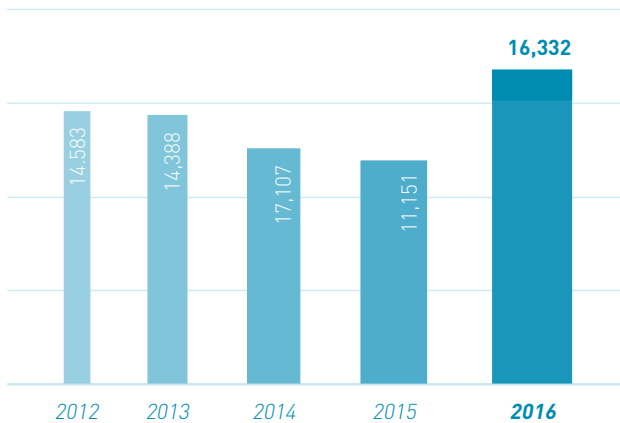
### DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

No individual is seeking for election as a Director at the Forty-Fourth Annual General Meeting of the Company.

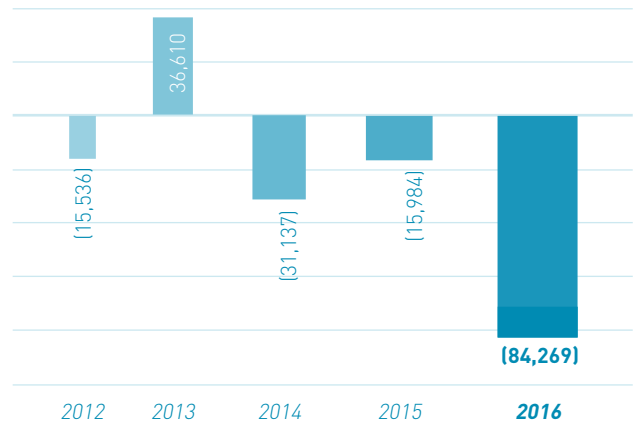
# Five Year Financial Highlights

		Year Ended 30 June				
		2016	2015	2014	2013	2012
Revenue	(RM'000)	16,332	11,151	17,107	14,388	14,583
Profit/(Loss) Before Taxation	(RM'000)	(88,426)	(16,049)	(14,587)	36,928	(15,331)
Profit/(Loss) After Taxation	(RM'000)	(84,269)	(15,984)	(31,137)	36,610	(15,536)
Paid-Up Capital	(RM'000)	287,660	287,660	287,660	287,660	287,660
Equity Attributable To Owners Of The Parent	(RM'000)	148,835	233,192	249,967	281,123	244,491
Total Assets	(RM'000)	489,496	562,168	565,462	565,344	508,236
Basic Earnings Per Share	(Sen)	(29.29)	(5.56)	(10.82)	12.73	(4.83)
Net Assets per Share	(RM)	0.52	0.81	0.87	0.98	0.85

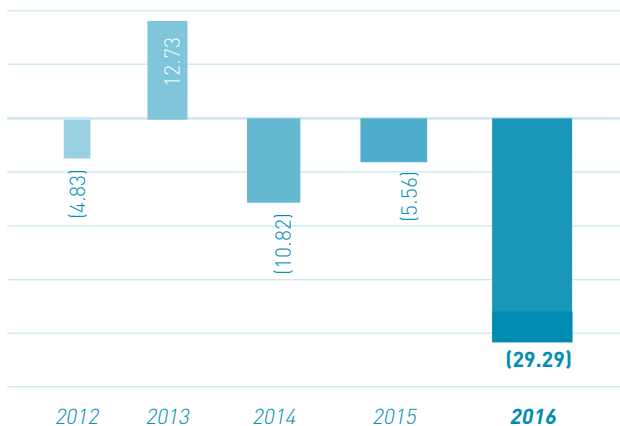
**REVENUE**  
(RM'000/Year)



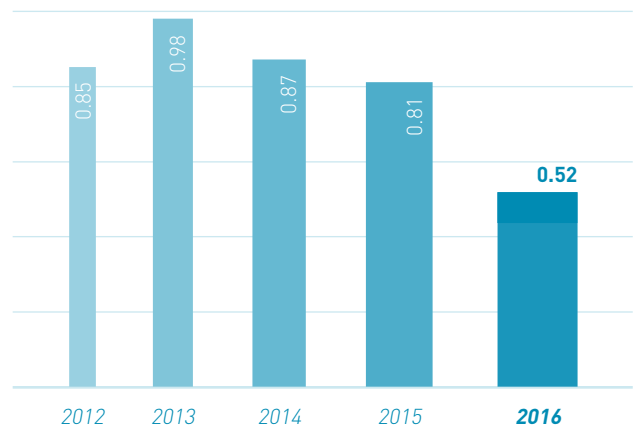
**PROFIT/(LOSS) AFTER TAXATION**  
(RM'000/Year)



**BASIC EARNINGS/(LOSS) PER SHARE**  
(Sen/Year)



**NET ASSETS PER SHARE**  
(RM/Year)



# Chairman's Statement



## Dear Shareholders,

On behalf of the Board of Directors of Malaysia Pacific Corporation Berhad ("MPCorp or the Company"), I am pleased to present to you the Annual Report and Financial Statements for the financial year ended 30 June 2016.

### FINANCIAL REVIEW

For the financial year ended 30 June 2016, the Group registered a revenue and loss before tax of RM16.3 million and RM88.4 million respectively, compared to a revenue and loss before tax of RM11.1 million and RM16 million respectively in the previous financial year.

The higher revenue was mainly attributed to the sales of a parcel of land in Mukim Plentong, Daerah Johor Bahru by the property development segment. However, revenue from investment properties segment was lower mainly due to the lower contributions from rental income.

The Group recorded a loss before tax of RM88.4 million of the financial year ended 30 June 2016 compared to a loss before tax of RM16 million in the preceding financial year. The higher loss before tax was mainly attributed to the impairment losses on assets held for sale. The Group has made an impairment losses of RM70 million on Wisma MPL which has been classify under assets held for sale during the financial year ended 30 June 2016.

The Group's net asset per share for the financial year ended 30 June 2016 has been reduced to RM0.51 as compared to RM0.81 in the preceding financial year ended 30 June 2015.

### OPERATION REVIEW

On 28 July 2016, MPCorp has entered into a Memorandum of Understanding ("MOU") with Terra Pontus Pte Ltd ("Terra"). MPCorp has agreed to dispose and Terra has agreed to acquire all the units owned by MPCorp and its subsidiaries in a 22 storey office complex comprising of 18 storey office tower and 4 storey retail podium block ("the Building") at a purchase price of RM250 million only. Unfortunately, Terra fail to make the required earnest deposit and MPCorp had on 9 September 2016 terminated the MOU.

However, On 17 August 2016, the Company has received a Letter of Intent to Purchase the Building from a potential buyer. Our stakeholder has also received and accepted the Refundable Earnest Deposit of RM5.0 million on 15 September 2016 from the potential buyer. Currently, the advisors for the potential buyer are carrying out the due diligence exercise on the Building.

# Chairman's Statement



The disposal of the Building serves as part of the Company's Regularisation Plan following the Company's admission into a Practice Note 17 (PN17) status company in year 2014. The disposal of the Building will strengthen the Company's financial outlook and also enable us to resolve the default in repayment of outstanding banking facilities to RHB Bank Berhad and other creditors. We have made a good progress and we remain confident that we will be able to dispose the Building in this challenging time.

Meanwhile, on 5 September 2016, the Company has obtained approval from Bursa Malaysia Securities Berhad an extension of time up to 29 December 2016 to make the requisite announcement and submit the Company's Regularisation Plan.

On the other hand, with regard to the car park of the Building, the Joint Management Body ("JMB") of the Building has proceeded with the Writ of Possession and taken possession of the management of the carpark on 18 January 2016. MPCorp has filed a notice of appeal on 28 March 2016. Unfortunately, the Court of Appeal has dismissed our application to appeal on 26 August 2016.

Further to the Joint Development arrangement with Bina Puri Properties Sdn Bhd which entered in year 2015, the Group disposed two parcel of land with total area approximately 19.53 acre for a total sales consideration of RM21.3 million during the financial year ended 30 June 2016. The said revenue will be recognized upon completion of all conditions.

Furthermore, the Group has completed the disposal of a parcel of land which disposed in year 2014 and the revenue of RM9.35 million has been recognized in the financial year under review.

The Group is actively looking for potential joint venture partners to develop certain phases of Lakehill Resort City. Currently, we are in the midst of negotiating with few prospective buyers. Certain parcel of land will be disposed to address the repayment of the amount due to AmanahRaya Development Sdn Bhd.

## PROSPECT AND FUTURE

The Board is evaluating various option including formulating its Regularisation Plan to breakthrough the tough challenges faced by the Group and its PN17 status. With the disposal of Wisma MPL and some of the land in Johor Bahru, the Group's gearing can be reduced tremendously. Hence, extra working capital to drive future business operation. Barring unforeseen circumstances, The Group is optimistic on the prospect for the next financial year.

## APPRECIATION

On behalf of the Board, I would like to convey our sincere appreciation to our business associates, financiers and relevant approving authorities for their continuing support and cooperation.

Finally, to all our valued shareholders, thank you once again for your continued support and confidence in us.

**DATO' IR. HJ. MD. NASIR BIN IBRAHIM**

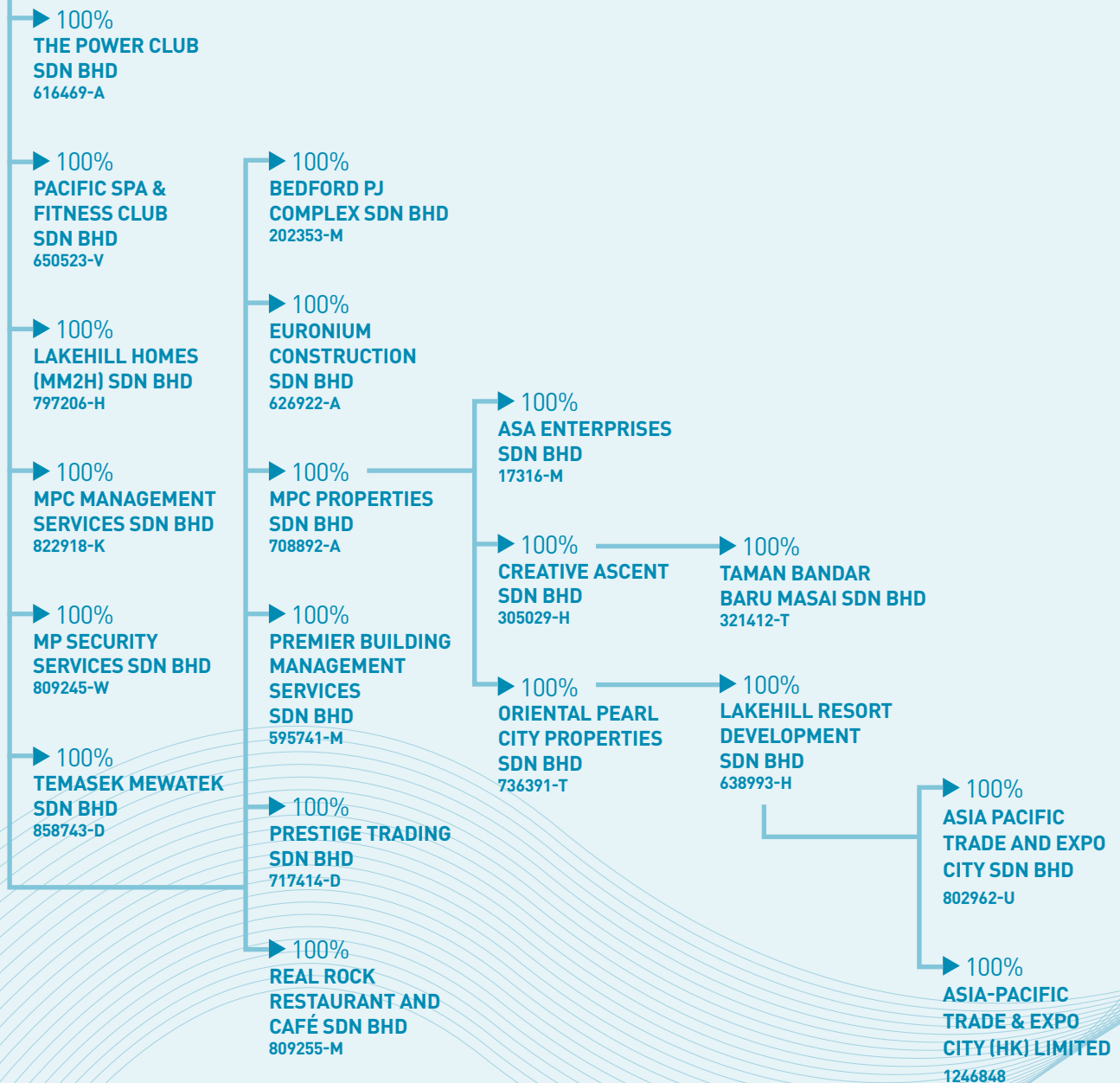
Chairman and Independent Non-Executive Director

# Corporate Structure



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

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





# Corporate Information

## BOARD OF DIRECTORS

### DATO' IR. HJ. MD. NASIR BIN IBRAHIM

Chairman and Independent  
Non-Executive Director  
(Appointed on 12 October 2016)

### DATO' MURALEE S/O Y.S. MENON

Chairman and Independent  
Non-Executive Director  
(Appointed on 09 November 2015)  
(Resigned w.e.f. 17 May 2016)

### DATIN KONG YUK CHU

Vice Chairman and Executive Director

### CH'NG SOON SEN

Chief Executive Officer and Executive Director

### CH'NG SE HUA

Executive Director  
(Appointed on 15 August 2016)

### YEE WEI MENG

Non-independent Non-Executive Director  
(Appointed on 09 November 2015)  
(Re-designated as Executive Director on  
1 February 2016)  
(Re-designated as Non-Independent  
Non-Executive Director on 1 September 2016)

### LIM YIT KIONG

Independent Non-Executive Director

### LEONG KAH MUN

Independent Non-Executive Director

### HO PUI HOLD

Independent Non-Executive Director  
(Appointed on 12 October 2016)

### NG KOK WAH

Independent Non-Executive Director  
(Resigned w.e.f. 09 November 2015)

### TANG BOON HIAP

Independent Non-Executive Director  
(Resigned w.e.f. 22 January 2016)

### TAN MENG HUI

Independent Non-Executive Director  
(Appointed on 1 March 2016)  
(Resigned w.e.f. 17 October 2016)

## AUDIT AND RISK MANAGEMENT COMMITTEE

*Committee Chairman*

### HO PUI HOLD

(Appointed as Committee  
Chairman on 12 October 2016)

### TAN MENG HUI

(Ceased as Committee  
Chairman w.e.f. 12 October  
2016)

*Committee Member*

### LIM YIT KIONG

### LEONG KAH MUN

### TAN MENG HUI

(Re-designated as member of the  
Committee w.e.f. 12 October  
2016)

(Resigned as member of the  
Committee w.e.f. 17 October  
2016)

## NOMINATING AND REMUNERATION COMMITTEE

*Committee Chairman*

### HO PUI HOLD

(Appointed as Committee  
Chairman on 17 October 2016)

### TAN MENG HUI

(Resigned as Committee  
Chairman w.e.f. 17 October  
2016)

*Committee Member*

### LIM YIT KIONG

### LEONG KAH MUN

## SECRETARY

Pang Kah Man (MIA 18831)

## REGISTERED OFFICE

No. 3-2, 3rd Mile Square  
No. 151 Jalan Kelang Lama  
Batu 3½ 58100 Kuala Lumpur  
Wilayah Persekutuan  
Tel : +603 - 7987 5300  
Fax : +603 - 7987 5200  
Email : lsca-kl@lsca.com.my

## 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 : +603 - 7720 1188  
Fax : +603 - 7720 1111 / 1177

## PRINCIPAL PLACE OF BUSINESS

21st Floor, Wisma MPL  
Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : +603 - 2070 4488  
Fax : +603 - 2070 4489

## AUDITORS

**Messrs UHY** (AF 1411)  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkar Syed Putra  
59200 Kuala Lumpur  
Tel : +603 - 2279 3088  
Fax : +603 - 2279 3099

## STOCK EXCHANGE LISTING

### Main Market of Bursa Malaysia Securities Berhad

Stock Name : MPCORP  
Stock Code : 6548

## WEBSITE

[www.mpcb.com.my](http://www.mpcb.com.my)

# Board of Directors' Profile

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

Dato' Ir. Hj. Md. Nasir bin Ibrahim ("Dato' Nasir"), aged 53, a Malaysian, was appointed to the Board on 12 October 2016. He is an Independent Non-Executive Director of the Company.

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

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

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

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

He has not been convicted of any offence within the past 10 years. Dato' Nasir did not attend any Board Meetings held in the financial year ended 30 June 2016 as he was appointed to the Board subsequent to the financial year.

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

Datin Kong Yuk Chu, aged 68, a Hong Kong SAR National, permanent resident of Malaysia, was appointed to the Board on 15 November 2007. She became an Executive Director of the Company on 1 October 2008 and as Vice Chairman of the Company on 18 February 2011.

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

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

Datin Kong is the mother of both Ch'ng Soon Sen and Ch'ng Se Hua. She has not been convicted of any offence within the past 10 years.

She attended 6 Board Meetings held in the financial year ended 30 June 2016.

# Board of Directors' Profile

## **CH'NG SOON SEN**

### **Chief Executive Officer and Executive Director**

Mr Ch'ng Soon Sen, aged 34, 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 Malaysia Pacific Corporation Berhad and also a shareholder and director of several private companies.

He is the sons of Datin Kong Yuk Chu, the Vice Chairman and Executive Director of the Company and the brother of Ch'ng Se Hua.

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

He attended all 7 Board Meetings held in the financial year ended 30 June 2016.

## **CH'NG SE HUA**

### **Executive Director**

Ms. Ch'ng Se Hua, aged 29, a Malaysian, was appointed to the Board on 15 August 2016 as Executive Director of the Company.

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

She is a director of Top Lander Offshore Inc, a company incorporated in British Virgin Islands which is a substantial shareholder of Malaysia Pacific Corporation Berhad.

She is the daughter of Datin Kong Yuk Chu, Vice-Chairman and Executive Director of the Company and sister of Mr. Ch'ng Soon Sen, the Chief Executive Officer and Executive Director of the Company. She has not been convicted of any offence within the past 10 years.

She did not attend any Board Meeting held in the financial year ended 30 June 2016 as she was appointed to the Board subsequent to the financial year.

# Board of Directors' Profile

## LIM YIT KIONG

### Independent Non-Executive Director

Mr Lim Yit Kiong, aged 40, a Malaysian, was appointed to the Board on 26 February 2015 as Independent Non-Executive Director of the Company.

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

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

He is also a member of the Audit and 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 4 Board Meetings held in the financial year ended 30 June 2016.

## LEONG KAH MUN

### Independent Non-Executive Director

Mr. Leong Kah Mun, aged 48, a Malaysian, was appointed to the Board on 9 November 2015 as Independent Non-Executive Director of the Company. He is also a member of the Audit and Risk Management Committee and Nominating and Remuneration Committee of the Company.

Mr. Leong is currently the managing director of a boutique management consultancy firm, specialising in corporate restructuring, internal auditing and risk management. He is a Chartered Accountant and a Council Member of the Malaysian Institute of Accountants (MIA) for the year 2012/15. He is also an Associate Member of the Institute of Internal Auditors, Malaysia (IIAM).

Mr. Leong began his career in an audit firm and subsequently moved into various senior management capacity in both private and public listed companies in Malaysia, with businesses ranging from property management, main contractor, manufacturing, trading and quarrying.

He is a member of the Finance & Marketing Committee of the Olympic Council of Malaysia (OCM). Mr Leong was also the honorary treasurer and founding member of the MSA ICT Resource Centre (MIRC) for year 2005 to 2009.

He is a Director of Halex Holding 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 and attended 5 Board Meetings held in the financial year ended 30 June 2016.

# Board of Directors' Profile

## **YEE WEI MENG**

### **Non-Independent Non Executive Director**

Yee Wei Meng, aged 38, a Malaysian was appointed to the Board on 9 November 2015 as Independent Non-Executive Director of the Company. On 1 February 2016, Mr Yee was re-designated to Executive Director of the Company. Subsequently, He was re-designated to Non-Independent Non-Executive Director of the Company on 1 September 2016.

Mr. Yee holds a Master degree in Business Admin from Charles Sturt University, Australia, CLP Malaysia and LL.B (Hons) from University of Leicester, England.

Mr. Yee is a qualified lawyer in Malaysia. Prior to 2004, he worked as legal assistant in various advocates and solicitors firms where he was responsible for conveyancing, corporate finance and litigation matters for two years.

He has served on the Board of Fontern International group of companies involving in all kinds of business such as steel & hardware trading, oil palm & rubber plantations, plantations development, property & share investment, business investment acquisition, property development and hotel industry and assumed the role as the Group Managing Director since 2004. He is also in charge of daily business operations, accounts, legal matters, marketing and business expansion. Mr. Yee is the Non-Independent Non-Executive Director of Superlon Holdings 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 and he attended 5 Board Meetings held in the financial year ended 30 June 2016.

## **HO PUI HOLD**

### **Independent Non-Executive Director**

Mr. Ho Pui Hold, aged 34, a Malaysian, was appointed to the Board on 12 October 2016 as an Independent Non-Executive Director of the Company.

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

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

Mr Ho 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 no conviction for any offences within the past 10 years and he did not attend any Board Meeting held in the financial year ended 30 June 2016 as he was appointed to the Board subsequent to the financial year end.

# Profile of Key Senior Management

## **LIM YONG HWA**

**General Manager, Malaysia Pacific Corporation Berhad  
Age 45, Male, Malaysian**

Mr Lim Yong Hwa was appointed as the General Manager of Malaysia Pacific Corporation Berhad on 4 July 2016. He is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of Malaysian Institute of Accountants (MIA).

Mr. Lim started his career in a public accounting firm in 1994 before he move to commercial sector which involved various industries, ie, plantation, property development, trading & building materials segment and held various capacities ranging from finance, project operation and business development.

He does not hold directorship in any public companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for any offences, within the past five years.

## **MOHD FARIDZ BIN MOHD NOOR**

**Head of Project, Lakehill Resort Development Sdn Bhd  
Age 40, Male, Malaysian**

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

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

He does not hold directorship in any public companies and has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for any offences within the past five years.

# Audit and Risk Management Committee ("ARMC") Report

## COMPOSITION AND ATTENDANCE

The ARMC of Malaysia Pacific Corporation Berhad ("the Company" or "MPCB") comprises three members, all of whom are all Independent Non-Executive Directors. This meets the requirements of Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Should there be a vacancy in the ARMC resulting in the non-compliance of Paragraphs 15.09(1) and 15.10 of the Listing Requirements, the Company must fill up the vacancy within three (3) months thereof. The ARMC members and their attendance records are outlined in the Statement on Corporate Governance ("CG").

The Board, through the Nominating and Remuneration Committee will review annually the terms of office of the ARMC members and assesses the performance of the ARMC through an annual ARMC effectiveness evaluation. The Board is satisfied that during the financial year under review, the ARMC and its members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference ("ToR") which is set out at the Company's corporate website [www.mpcb.com.my](http://www.mpcb.com.my), thereby supporting the Board in ensuring appropriate CG standards within the Company and the subsidiaries ("Group" or "MPCB Group").

## MEETINGS

The ARMC held five (5) meetings in the financial year ended 30 June ("FY") 2016 without the presence of other Directors, members of Senior Management and employees, except when their attendance was requested by the ARMC. The Group's Chief Executive Officer ("CEO") was invited to all ARMC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operational risk of the Group.

The lead audit engagement partner of the external auditors responsible for the Group attended two (2) ARMC meetings in FY2016 to present the audit plans and auditors' report on the Annual Audited Financial Statements for FY2016.

During the first meeting between the external auditors and the ARMC in FY2016, the ARMC sought the external auditors' confirmation that they had been given unfettered access to information and co-operation from the Management during the course of audit. The external auditors were invited to raise any matter they considered important for the ARMC's attention. The ARMC Chairman obtained confirmation from the external auditors that the Management had given its full support and unrestricted access to information as required by the external auditors to perform their duties and that there were no other matters considered important which had not been raised with the ARMC.

In addition, the ARMC members also gave unrestricted access to the external auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Deliberations during the ARMC meetings, including the issues tabled and rationale adopted for decisions, were recorded. Minutes of the ARMC meetings were tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

During the financial year under review, the ARMC Chairman presented to the Board the recommendations of the ARMC for approval of the annual and quarterly financial statements and also conveyed to the Board matters of significant concern as and when raised by the external auditors or internal auditors. The internal auditors were present at two (2) ARMC meetings to table the respective internal audit ("IA") reports. The relevant head of the departments and/or the Senior Management of the audit subjects were also invited to brief the ARMC on specific issues arising from the relevant IA reports.

In 2016, the ARMC also assisted the Board to facilitate the following up of key findings of the special audit which was reported in December 2015 by the special auditors. The key findings were on the design and operating effectiveness of the internal control system and the CG structure as well as the formalisation of the Standard Operating Procedures ("SOP") and Internal Control Procedures ("ICP") encompassing every key activity in all major facets of operations including the related party transactions. With the recommendations made by the special auditors, internal auditors and feedbacks given by the legal advisers respectively, the ARMC has regularly reviewed the progress of the implementation of action plans and/or rectification measures for the key findings noted as well as the formulation of SOP and ICP.

# ARMC Report

## MEETINGS (CONT'D)

Additionally, the ARMC has also assisted to the formulation of the Group's Practice Note ("PN") 17 regularisation plan to regularise its financial condition for submission to Bursa Securities as part of the requirement under PN17 prior to presentation to the Board for approval. Applications for extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements were also reviewed by ARMC before they were submitted on behalf by the Principal Adviser, M&A Securities Sdn Bhd to Bursa Securities on 27 November 2015, 8 January 2016, 29 January 2016, 11 March 2016 and 28 July 2016 respectively. Accordingly, Bursa Securities had, vide its letters dated 8 January 2016, 27 April 2016 and 5 September 2016 granted a further extension of time of up to 29 December 2016 to submit a regularisation plan to the regulatory authorities.

## OTHER MATTERS

During the financial year under review, the ARMC reviewed the related party transactions entered into by the Group, if any to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the Listing Requirements of Bursa Securities and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders. The details of the related party transactions are disclosed in the Note 33 to the Financial Statements of this Annual Report.

If any matter reported by the ARMC to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC shall promptly report such matter to the Bursa Securities.

## SUMMARY OF ACTIVITIES

The ARMC's activities during the financial year under review and up to the date of this Report encompassed the following:

### Activities with regards to external audit:

- review of external audit scope and audit plans based on the external auditors' presentation of audit strategy and plan;
- review of external audit results, audit reports, management letter and the response from the Management;
- discussions with the external auditors without the attendance of other directors and employees of the Group;
- review and evaluation of factors relating to the independence of the external auditors. The ARMC worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
- consideration and recommendation to the Board for approval of the audit fees and non-audit fees payable to the external auditors; and
- review of the performance and effectiveness of the external auditors in the provision of statutory audit services and recommendation to the Board for approval on the re-appointment of external auditors.

### Activities with regards to internal audit and risk management:

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



# ARMC Report

## SUMMARY OF ACTIVITIES (CONT'D)

### Activities with regards to financial statements:

- review of annual report and the annual audited financial statements of the Company prior to submission to the Directors for approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 1965 ("the Act") and the applicable approved accounting standards as per the Financial Reporting Standards ("FRSs") and Malaysian Accounting Standards Board ("MASB") and ;
- review of the Group's compliance with the Listing Requirements, FRSs, MASB and other relevant legal and regulatory requirements with regards to the quarterly financial statements and annual audited financial statements; and
- review of the unaudited quarterly results announcements before recommending them for Board's approval, focusing particularly on:
  - any change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with applicable FRSs and other legal requirements.

### Other activities:

- review of its ToR periodically and recommendation to the Board on revision, if necessary;
- review of related party transactions; and
- review of application of CG principles and the extent of the Group's compliance with the best practices set out under with the Malaysian Code for Corporate Governance 2012;
- review of the Statement on CG, ARMC Report and the Statement on Risk Management and Internal Control for adoption by the Board;
- review of the progress on implementation of action plans and rectification measures for the key findings noted through the special audit conducted previously; and
- review and formulation of the Group's PN 17 regularisation plan for submission to Bursa Securities as well as the applications for extension of time to submit regularisation plan.

## INTERNAL AUDIT FUNCTION

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

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

The internal audit activities were carried out based on a risk-based audit plan presented by the internal auditors to the ARMC for approval. The establishment of the IA plan took into consideration the corporate risk profile and input from Senior Management and the ARMC. The results of the audits provided in the IA reports were reviewed by the ARMC. The internal audit conducted did not reveal any weaknesses which would result in material losses, contingencies and uncertainties that would require a separate disclosure in this Annual Report. In this respect, the IA has added value by improving the control processes within the Group.

All internal audit activities carried out in FY2016 were outsourced to an independent professional firm and the total costs incurred were amounted to RM30,000.

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

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

This Report was made in accordance with the resolution of ARMC dated 18 October 2016.

# Statement on Corporate Governance ("CG")

The Board of Directors ("the Board") of Malaysia Pacific Corporation Berhad ("the Company" or "MPCB") recognises and is committed to ensure the importance of CG is being practised by the Company and the subsidiaries ("Group" or "MPCB Group") in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This Statement sets out the manner in which the Group has applied and the extent of compliance with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), the relevant chapters of the Main Market Listing Requirements ("Listing Requirements") on CG and all applicable laws and regulations throughout the financial year ended 30 June ("FY") 2016.

## 1. CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Functions, roles and responsibilities of the Board

The Board has the overall responsibility for the performance of the Group by maintaining effective control over strategic, financial, operational, compliance and governance issues. These include:

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's businesses to evaluate whether the 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 the Group;
- reviewing the adequacy and the integrity of the 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 and the Chief Executive Officer ("the CEO") are responsible in overseeing the implementation of objectives and business plans and policies established by the Board for the Group whilst together with the CEO, the Management is responsible for the day to day operations of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to the Management. The Board, as a whole, retains overall control of the Group.

The CEO is supported by the Executive Directors, the Management and the Board committees established namely, the Audit and Risk Management Committee ("ARMC") and the Nominating and Remuneration Committee. Each of the Board Committee has its own functions and responsibilities to assist the Board in discharging its duties and operates within its respective specific Term of Reference ("ToR") which has been approved by the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board of Directors as a whole.

The Board actively engages with Management in monitoring the progress of initiatives and projects identified from time to time and, where required, identifies alternative measures to be taken to ensure the successful realisation of the strategies. The Board discusses strategy implementation processes taking cognisance of internal and external factors which had supported various achievements as well as challenges facing Management.

The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance, as well as the follow up or implementation of its decisions/recommendations by the Management.

# Statement on CG

## 1. CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.1 Functions, roles and responsibilities of the Board (Cont'd)

In 2016, the Board, with the assistance by the Principal Adviser, M&A Securities Sdn Bhd has reviewed, assessed and formulated the Group's Practice Note ("PN") 17 regularisation plan as to regularise the financial condition for submission to Bursa Malaysia Securities Berhad ("Bursa Securities") as part of requirement under PN17 and overseen the progress of the Group's internal restructuring. In addition, the Board has also reviewed the application documents for extension of time to comply with Paragraph 8.04(3) and PN17 of the Listing Requirements. The regularisation plan was required to be submitted to Bursa Securities on 27 November 2015, and was subsequently extended until 29 December 2016 via Bursa Securities' letters dated 8 January 2016, 27 April 2016 and 5 September 2016.

On the other hand, the Board has also followed up with key findings of the special audit which was completed and reported in December 2015 by the special auditors as to address the queries raised by the minority shareholders and Bursa Securities in relation to a number of issues in the Forty-Second Annual General Meeting ("AGM") of the Company held on 30 December 2014 and the Disclaimer Opinion issued by the Company's former external auditors on the Annual Audited Financial Statements for FY2014.

With the recommendations made by the special auditors and internal auditors as well as feedbacks given by the legal advisers respectively, the Board, through the ARMC has regularly reviewed the progress of the implementation of action plans and/or rectification measures for the key findings in relation to the design and operating effectiveness of the internal control system and the CG structure as well as the formalisation of the Standard Operating Procedures ("SOP") and Internal Control Procedures ("ICP") encompassing every key activity in all major facets of operations including the related party transactions.

However, the frequent resignations of Senior Management personnel in MPCB Group, including the Chief Financial Officer ("CFO") coupled with difficulty to recruit and limited talent pool from internal succession, have somehow dampened the formalisation of regularisation plan as well as the process of internal restructuring and risk management activities.

As at the date of this Statement, the Board has taken mitigation steps in outsourcing certain functions (including the review on the design and operating effectiveness of the internal control system and the CG structure as well as formalisation of SOP and ICP) to professional firms and pending completion. In addition, the Board continues with the recruitment process for suitable candidates as to fill in available vacancies.

### 1.2 Strategies promoting sustainability

The Board is cognizant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance shall be taken into consideration. However, the Company did not undertake any sustainability activities during the financial year under review given much of the time and resources have been channeled into attaining corporate goals and reviving the performance of the Group as a whole.

Going forward, the Group will embrace sustainability in its operations and throughout its value chain and in partnership with its stakeholders.

### 1.3 Access to information and advice

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 Secretary in supporting the Board by advising and ensuring regulatory compliance and development and also board policies and procedures.

Prior to the Board meetings, the agenda for each meeting together with a full set of the board papers containing the information relevant to the business of the meetings are circulated to the Directors. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

# Statement on CG

## 1. CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

### 1.3 Access to information and advice (Cont'd)

The Directors are also notified of any corporate announcement released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly financial results.

### 1.4 Qualified and competent Company Secretary

The Company Secretary of MPCB is competent and suitably qualified to act as company secretary under Section 139A of the Companies Act, 1965 ("the Act"). The Company Secretary supports the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretary also keeps the Board updated on changes in the Listing Requirements of Bursa Securities and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training. The removal of the Company Secretary is a matter for the Board, as a whole to decide.

### 1.5 Board Charter, Code of Ethics and Code of Conduct

In order to ensure the effective discharge of its function and responsibilities, the Board has established a Board Charter which is in line with Recommendation 1.7 of the MCCG 2012. The Board Charter clearly delineates the roles of the Board, Board Committees and Management in order to provide a structured guidance for Directors and Management regarding their responsibilities of the Board, its Committees and Management, including the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities.

The Board reviews and updates its Charter from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. The salient features of the Board Charter are available for reference on the Company's website at [www.mpcb.com.my](http://www.mpcb.com.my).

The Company's Code of Ethics is formalised through the Company's Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

The salient features of the Board Charter, Code of Ethics and Code of Conducts are accessible by the public through the Company's corporate website.

## 2. STRENGTHEN COMPOSITION

### 2.1 The Nominating and Remuneration Committee ("the NRC")

The NRC of MPCB was established on 17 January 2002 to assist the Board in reviewing, recommending and considering 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 Board Committees of the Board, including the review on the term of office and performance of ARMC and its members on an annual basis. It also assesses the contribution of each Director, executive or independent non-executive.

The NRC will review the remuneration packages of each individual Executive Director and CEO 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, however a matter of the Board as a whole. The Independent Non-Executive Directors do not take part in decisions affecting their remuneration.

# Statement on CG

## 2. STRENGTHEN COMPOSITION (CONT'D)

### 2.1 The Nominating and Remuneration Committee ("the NRC") (Cont'd)

In line with Recommendation 2.1 of the MCCG 2012, the NRC comprises three Non-Executive Directors of whom are all Independent Directors. Details of the ToR for the NRC are available at the Company's corporate website.

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

The Company has put in place its procedures and criteria for appointment of new directors. In evaluating candidates for directorship, the NRC will consider the following criteria:

- Mix of skills, experience and diversity;
- Character, integrity, knowledge and expertise; and
- In the case of independent directors, their abilities to discharge their responsibilities and functions.

The NRC will also be reviewing the composition of respective Board Committee of the Company to ensure its effectiveness in functioning. A set of quantitative and qualitative performance criteria is established as to evaluate and review the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

The NRC will carry out the annual assessment exercise annually and the Company Secretary will facilitate the NRC in carrying out the annual assessment exercise. The annual assessment for FY2016 was conducted via the Board and Board Committee evaluation form. The NRC reviewed the outcome of the annual assessment and recommended to the Board the areas identified, if any for continuous improvement.

During the year, the NRC met to review the performance of all the Board members, individually and collectively as a whole based on the key aspects such as composition, administration and process, accountability and responsibility, the Board conduct, communication and relationship with Management, time commitment and performance of the Chairman and/or Vice Chairman and CEO as well as the application of good governance principles to create sustainable shareholder's value.

The NRC was satisfied that all the Executive, Non-Executive and Independent Directors on the Board possess sufficient qualification to remain on the Board. Save for the NRC members who are also a member of the Board and have abstained from assessing their own individual performance as Director of the Company, each of the NRC members viewed that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NRC agreed that all the Directors, including the CEO have discharged their stewardship duties and responsibilities towards the Company as a Director effectively.

In relation to the Independent Directors, the NRC concluded that the Board and Board Committees were functioning effectively as a whole with a high level of compliance and integrity.

The Company's re-election process accords with Article 85 of the Company's Articles of Association ("Articles"), which states that all Directors who have been appointed by the Board are subject to retirement and re-election by shareholders at the First AGM. The Articles also provide that one-third (1/3) (or the number nearest to one-third (1/3), if number is not three (3) or multiple of three (3)) of the Directors are to retire by rotation at every AGM. All the Directors are subject to retirement at an interval of at least once in every three (3) years. A retiring Director shall retain office until the close of the AGM at which he and/or she retires, whether the AGM is adjourned or not. In addition, the re-appointment of director who has attained seventy (70) years of age and above is subject to shareholders' approval at an AGM under Section 129 of the Act.

# Statement on CG

## 2. STRENGTHEN COMPOSITION (CONT'D)

### 2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors (Cont'd)

The Directors standing for re-election at the forthcoming Forty-Fourth AGM of the Company ("44<sup>th</sup> AGM") are as follows:

Name	Designation	Article No.
Datin Kong Yuk Chu	Vice Chairperson and Executive Director	85
Mr. Lim Yit Kiong	Independent Non-Executive Director	85
Ms. Ch'ng Se Hua	Executive Director	92
Dato' Ir. Hj. Md. Nasir bin Ibrahim	Chairman and Independent Non-Executive Director	92
Mr. Ho Pui Hold	Independent Non-Executive Director	92

Datin Kong Yuk Chu, Mr Lim Yit Kiong, Ms. Ch'ng Se Hua, Dato' Ir. Hj. Md. Nasir bin Ibrahim and Mr. Ho Pui Hold are due to retire pursuant to Articles 85 and 92 at the 44<sup>th</sup> AGM respectively and the Board has recommended all these Directors for re-election. Information of each Director standing for re-election is set out in pages 8 and 11 of the Board of Directors' Profile of this Annual Report.

### 2.3 Gender diversity policy

The Board is supportive of the thirty percent (30%) female representation on the Board as set out in Recommendation 2.2 of the MCCG 2012 and recognises that diversity is critical to a well-functioning Board and an essential measure of good governance. The Company currently has two (2) female directors who are the Vice Chairman of the Board and the Executive Director.

However, the appointment of a new Board member will not be guided solely by gender but will also take into account skill-set, experience, character, knowledge, time commitment and integrity of the candidate. The NRC is mindful of its responsibilities to ensure that new appointments should provide the appropriate mix of skills, experience, strength and other qualities which would be relevant to enhance the composition of the Board.

### 2.4 Remuneration Policies

The NRC reviews the Board remuneration policy annually and in the course of deliberating on the remuneration policy, it considers various factors including the Non-Executive Directors' fiduciary duties, time commitments expected of Non-Executive Directors and Board Committee members, the Company's performance and market conditions.

In 2016, the Board approved the NRC's recommendation on remuneration of the Executive Directors and CEO, remuneration of the Non-Executive Directors, and Directors' fees for FY2016 for the approval of the shareholders at the 44<sup>th</sup> AGM. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board. Disclosure of each Director's remuneration, including that of the CEO, is set out in the Annual Audited Financial Statements of this Annual Report.

Directors' remuneration for FY2016 in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

# Statement on CG

## 2. STRENGTHEN COMPOSITION (CONT'D)

### 2.4 Remuneration Policies (Cont'd)

[RM, In Gross] *	Executive Directors	Non-Executive Directors
Salaries	1,488,000	-
Directors Fees **	64,000	80,000
Emoluments ***	645,000	65,000
Benefits ^	-	-
<b>Total</b>	<b>2,197,000</b>	<b>145,000</b>

\* Numbers are provided before tax.

\*\* Fees paid to Non-Executive Directors.

\*\*\* Other emoluments include bonuses, incentives, retirement benefits, provision for leave passage and other allowances.

^ Benefits include rental payment, motor vehicle, club membership, personal expenses and other benefits as Directors.

The number of Directors of the Company whose remuneration band falls within the following successive bands of MYR50,000 is as follows:

Ranges of Remuneration (RM, In Gross)	Executive Directors	Non-Executive Directors
1 – 50,000	-	6
50,001 – 250,000	-	-
250,001 – 300,000	1	-
300,001 – 400,000	-	-
400,001 – 450,000	1	-
450,001 – 1,300,000	-	-
1,300,001 – 1,350,000	1	-
<b>Total</b>	<b>3</b>	<b>6</b>

\* Numbers are provided before tax

In respect of the non-disclosure of detailed remuneration of each Director, the Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented in this Statement.

## 3. REINFORCE INDEPENDENCE

### 3.1 Annual assessment of independence

To in line with Recommendation 3.1 of the MCG 2012, the Board has an established evaluation on an annual basis of Independent Directors to ensure compliance with the requirements of independent directors as prescribed in the Listing Requirements and Practice Note 13. 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.

# Statement on CG

## 3. REINFORCE INDEPENDENCE (CONT'D)

### 3.1 Annual assessment of independence (Cont'd)

Based on the annual assessment conducted and recommendation made by the NRC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Company. The NRC was also satisfied that the Independent Directors are independent of the Management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company.

Additionally, each of the Independent Directors has provided an annual confirmation of their independence to the NRC and the Board.

### 3.2 Tenure of Independent Directors

In line with Recommendation 3.2 of the MCCG 2012, the Board has adopted a nine (9) years policy for independent Directors. The Board will justify and seek the shareholders' approval in the event it retains an Independent Director who has served in that capacity for more than nine (9) years.

### 3.3 Shareholders' approval to retain an Independent Director who has served for more than nine (9) years

As at the date of this Statement, none of the Independent Non-Executive Directors has reached nine (9) years of service since their appointment and/or election as Directors. Their tenure of service is set out in the Directors' Profile of this Annual Report.

### 3.4 Separation of roles of Chairman and CEO

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 the Chairman and the CEO separate. This is to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman, who is an Independent Non-Executive Director, leads the Board with a keen focus on governance and compliance and acts as a facilitator at the Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the other Non-Executive and Independent Director, the Chairman leads the discussion on the strategies and policies recommended by the Management.

The Chairman will also exercise control over the quality, quantity and timeliness of information flow between the Board and the Management. At a general meeting, the Chairman will play a role in fostering constructive dialogue between shareholders, the Board and the Management.

The CEO is delegated by the Board the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time to ensure smooth operations. The CEO is required to report regularly to the Board on the progress being made by the Company's business units and operations.

### 3.5 Composition of the Board

MPCB 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.



# Statement on CG

## 3. REINFORCE INDEPENDENCE (CONT'D)

### 3.5 Composition of the Board (Cont'd)

The Board currently comprises eight (8) members, of whom three (3) are Executive Directors of whom one (1) is also the Vice Chairman and another one (1) is the CEO, one (1) is Non-Independent Non-Executive Director and four (4) are Independent Non-Executive Directors. In this respect, MPCB complies with the requirement of the Listing Requirements for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership. The Board believes that with the age of the Directors ranges from 29 to 68, this creates an environment where each generation brings different skills, experience and talents to the Board.

The Board also views the present number of its Independent Directors as ideal to provide the necessary check and balance to the Board's decision-making process. Though the presence of the existing four (4) Independent Directors, with their extensive knowledge and experience has not formed a majority on the Board of Directors is sufficient to provide the necessary checks and balances on the decision making process of the Board and in representing the investment of the public and the minority shareholders. Information of each Director is set out in pages 8 and 11 of the Board of Directors' Profile of this Annual Report.

The Board has not nominated a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Board is of the opinion that given the strong independent element of the Board, any concern regarding the Group may be conveyed by shareholders or investors to any of the Independent Directors at the principal place of business of the Company and such concerns will be reviewed and addressed by the Board accordingly.

## 4. FOSTER COMMITMENT

### 4.1 Time commitment

The Directors are mindful of their responsibilities and committed to carry out their responsibilities. To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively and in line with the Listing Requirements, a Director of MPCB must not hold directorships of more than five (5) Public Listed Companies ("PLC") as prescribed in Paragraph 15.06 of Listing Requirements and must be able to commit sufficient time to the Company. The Directors shall notify the Board on acceptance of any new board appointments.

The Directors are required to submit an update on their other directorships from time to time for monitoring of the number of directorships held and for notification to the Companies Commission of Malaysia ("CCM") accordingly.

The Board meetings are structured regularly, at least on a quarterly basis with pre-determined agendas. Notices to the Board meetings are sufficiently given to the Board. Appropriate and complete the Board papers are prepared and distributed to the Board at least three (3) days prior to each of the Board meeting as to enable the Directors to obtain further information and explanation, where necessary. The Directors also have unfettered access to all information within the Group in furtherance of their duties.

To facilitate the Directors in planning ahead and ensure that the Board and Board Committees meetings are reserved in their respective schedules, the Board and Board Committee meetings are scheduled well in advance, i.e. prior to the closing of each quarter.

Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

# Statement on CG

## 4. FOSTER COMMITMENT (CONT'D)

### 4.1 Time commitment (Cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of MPCB. This is evidenced by the attendance record of the Directors at Board of Directors and the Board Committee meetings during the year under review as set out as follows:

Meeting Attendance	Board	ARMC	NRC	AGM <sup>a</sup>
Dato' Ir. Hj. Md. Nasir bin Ibrahim (Appointed on 12 October 2016)	-	-	-	-
Datin Kong Yuk Chu	6/7	-	-	1/1
Mr. Ch'ng Soon Sen	7/7	-	-	1/1
Ms. Ch'ng Se Hwa (Appointed on 15 August 2016)	-	-	-	-
Mr. Yee Wei Meng (Appointed on 9 November 2015)	5/5	1/1	-	1/1
Mr. Lim Yit Kiong	4/7	4/5	2/3	1/1
Mr. Leong Kah Mun (Appointed on 9 November 2015)	5/5 <sup>^</sup>	3/3	1/1	1/1
Mr. Ho Pui Hold (Appointed on 12 October 2016)	-	-	-	-
Mr. Tan Meng Hui (Appointed on 1 March 2016 and resigned w.e.f. 17 October 2016)	3/3	1/1 <sup>^</sup>	- <sup>^</sup>	-
Dato' Muralee A/L Y.S. Menon (Resigned w.e.f 17 May 2016)	4/4	-	-	<sup>^</sup> 1/1
Mr. Tang Boon Hiap (Resigned w.e.f. 21 January 2016)	3/3	3/3	2/2	1/1
Mr. Ng Kok Wah (Resigned w.e.f. 9 November 2015)	2/2	2/2	2/2	-

<sup>^</sup> Chairman and/or Acting Chairman of the Board or Board Committees or AGM

<sup>@</sup> Forth-Third AGM held on 16 December 2015

### 4.2 Continuing training programmes

The Board takes a strong view of the importance of continuing education for its Directors and through the NRC, reviews annually the training needs of each Director as to ensure they are equipped with the necessary skills and knowledge to meet the challenges of the Board. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, each of the Director shall determine the areas of training that he or she may require for personal development as a Director or as a member of the Board Committee.

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of appointment as required by Bursa Securities. In addition, an induction programme and/or briefings will be organised by the Management teams for a newly appointed Director as to familiarize him/her with the Group's business, operations and governance process.

The external auditors briefed the Board members on any changes to the Financial Reporting Standards and Malaysian Accounting Standards Board that affect the Group's financial statements during the year. In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretary. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as directors, at the Company's expense.

# Statement on CG

## 4. FOSTER COMMITMENT (CONT'D)

### 4.2 Continuing training programmes (Cont'd)

Save and except for Dato' Ir. Hj. Md. Nasir bin Ibrahim, all the Directors have attended the MAP and were updated by the Company Secretary on the various salient amendments to the Listing Requirements. The details of trainings attended by the Directors during the financial year under review and up to the date of this Statement are as follows:

Board members	Courses/Training Programmes Attended
Dato' Ir. Hj. Md. Nasir bin Ibrahim (Appointed on 12 October 2016)	<ul style="list-style-type: none"> <li>i) Capability Building Programmes for Teras Companies and Dana Mudahcara Recipients by INSKEN</li> <li>ii) BIM Day 2016 (Building Information Modeling) BIM showcase – Live in Action by CIDB</li> <li>iii) The 11<sup>th</sup> Malaysia Plan – Realizing Green Growth: Sustainable and Resilient Infrastructure as the Game Changer by CIDB</li> <li>iv) GLC Explorace 2016 by MITI</li> </ul>
Datin Kong Yuk Chu	<ul style="list-style-type: none"> <li>i) GST implementation briefing</li> <li>ii) Updates on the New Companies Bill 2015/ Listing Requirements of Bursa Malaysia / Shareholders Activism</li> </ul>
Mr. Ch'ng Soon Sen	<ul style="list-style-type: none"> <li>i) GST implementation briefing</li> <li>ii) Updates on the New Companies Bill 2015/ Listing Requirements of Bursa Malaysia / Shareholders Activism</li> </ul>
Ms. Ch'ng Se Hua (Appointed on 15 August 2016)	<ul style="list-style-type: none"> <li>i) MAP for Directors of PLC by Bursatra Sdn Bhd</li> </ul>
Mr. Yee Wei Meng (Appointed on 9 November 2015)	<ul style="list-style-type: none"> <li>i) Japan Export Trade Exhibition</li> <li>ii) Guangzhou Import and Export Fair</li> <li>iii) Guangzhou Building Materials Exhibition</li> </ul>
Mr. Lim Yit Kiong	<ul style="list-style-type: none"> <li>i) Capital Allowances – Principles and Latest Developments by the Malaysian Institute of Accountants ("the MIA")</li> <li>ii) GST Post – Implementation Issues by the MIA</li> <li>iii) New Public Rulings – 2015 &amp; 2016 by the MIA</li> </ul>
Mr. Leong Kah Mun (Appointed on 9 November 2015)	<ul style="list-style-type: none"> <li>i) International Accountants conference 2015 by the MIA</li> <li>ii) Financial Risk Management for PLC – W4 Managing Financial Risk by the MIA</li> <li>iii) Risk Awareness Program by Tricor Roots Consulting Sdn Bhd</li> <li>iv) Enterprise Risk Management – Applying the Principles of ISO 31000 by the MIA</li> <li>v) Crowdfunding Seminar 2016 by the MIA</li> </ul>
Mr. Tan Meng Hui (Appointed on 1 March 2016 and resigned w.e.f. 17 October 2016)	<ul style="list-style-type: none"> <li>i) MAP for Directors of PLC by Bursatra Sdn Bhd</li> </ul>
Mr. Ho Pui Hold (Appointed on 12 October 2016)	<ul style="list-style-type: none"> <li>i) MAP for Directors of PLC by Bursatra Sdn Bhd</li> <li>ii) Tax Issue for Land Traders, Investor and Property Developers by the MIA</li> <li>iii) Future of Auditor Reporting – The Game Changer For Boardroom by Bursa Securities</li> </ul>

# Statement on CG

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with applicable financial reporting standards

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each financial year, primarily through annual audited financial statements, announcement of results to the shareholders as well as the Chairman's Statement in the annual report. Details of the Directors' responsibility in the preparation of the Group's financial statements are disclosed in page 31 of this Annual Report.

The Board is assisted by the ARMC in overseeing the Group's financial reporting processes and the quality of its financial reporting. The ARMC review the Group's annual audited financial statements and the quarterly condensed financial statements focusing particularly on changes in accounting policies, the Management's judgment in applying these accounting policies as well as assumptions and estimates applied in accounting for certain material transactions in the presence of both external auditors and internal auditors (or "independent assurance provider"), prior to recommending them for the Board's approval and issuance to stakeholders.

As part of the governance process in reviewing the quarterly and annual audited financial statements by the ARMC, the Executive Directors including the CEO provided assurance to the ARMC on a quarterly basis that adequate processes and controls were in place for an effective and efficient financial statement close process, that appropriate accounting policies had been adopted and applied consistently and that the relevant financial statements gave a true and fair view of the state of affairs of the Group.

In addition to the above, the Head of each department also undertook an independent assessment of the system of internal control on an annually basis and assured the ARMC that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

As such, the Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the annual audited financial statements set out in this Annual Report.

During the FY2016, the Board, through the NRC reviewed the term of office and performance of the ARMC and each of its members annually and was satisfied that the ARMC and its members have carried out their duties in accordance with its ToR.

### 5.2 Assessment of suitability and independence of external auditors

The external auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements. The external auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management, and if necessary, to the ARMC and the Board.

The external auditors are working closely with the internal auditors and tax consultants, without compromising their independence. Their liaison with the internal auditors would be in accordance with International Standards on Auditing (ISA) No. 610: "Considering the Work of Internal Auditing", with the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The external auditors review internal audit reports and discuss findings with internal auditors, where necessary.

In accordance with the principles set out in ISA No. 260 "Communicating of Audit Matters with Those Charged with Governance", the external auditors have brought to the Board's attention through the ARMC, all the significant accounting, auditing, taxation, internal accounting systems and process control and other related matters that arise from the audit of the financial statements of the Company.

# Statement on CG

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

### 5.2 Assessment of suitability and independence of external auditors (Cont'd)

The ARMC has established a formal and transparent relationship with the external auditors of the Company. At least twice a year, the ARMC will meet with the external auditors without the presence of the Executive Directors and the Management to exchange free and honest views on issues which the external auditors may wish to discuss in relation to their audit findings. 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 MIA, evaluate the level of threat to objectivity and potential safeguards to prevent any threats prior to acceptance of any non-audit engagement.

The ARMC also obtained a written confirmation from the external auditors that they are, and have been, independent throughout the conduct of the audit engagement with the MPCB Group for FY2016 in accordance with the terms of all relevant professional and regulatory requirements. In addition, the external auditors also provided such declaration in their annual audit plan presented to the ARMC prior to the commencement of audit for a particular financial year.

After having satisfied with the performance and technical competency of Messrs. UHY and its audit independence, the ARMC recommended their re-appointment to the Board for the approval of the shareholders at 44<sup>th</sup> AGM.

### 5.3 Conflict of Interest and Related Party Transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, the Directors are reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions are submitted to the ARMC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

The Board has engaged a professional firm in August 2016 to undertake the review of the Group's design and operating effectiveness of the internal control system and the CG structure and to formalise the SOP and ICP encompassing every key activity in all major facets of operations including the related party transactions as well as to update the Board Charter, Code of Ethics and Code of Conducts, if necessary. As at the date of this Statement, the review is still on-going.

The details of the related party transactions are set out under Note 33 to the Annual Audited Financial Statements on pages 97 to 98 of this Annual Report.

### 5.4 Trading on Insider Information

The Directors and employees of the Group are prohibited from trading in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced.

Directors are also prompted not to deal in the Company's shares at any point when price sensitive information is shared with them, occasionally in the form of the Board papers.

# Statement on CG

## 6. RECOGNISE AND MANAGE RISK

### 6.1 Sound framework to manage risk

The Board and the Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment. The responsibilities of identifying and managing risks are delegated to the Head of Departments. The Board and the ARMC are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The ARMC will assist the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

### 6.2 Internal audit function

The Board has established an internal audit function within the Company based on the risk profiles of all the departments of the Group. The Board has also outsourced the internal audit function to an independent professional firm to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the system of internal control of the Group to the ARMC.

Details of the Company's internal control system and risk management framework are set out in the ARMC Report and Statement on Risk Management and Internal Control of this Annual Report.

## 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### 7.1 Corporate disclosure policy

To ensure and facilitate compliance with the Listing Requirements as a PLC, the Company has set out clear roles and responsibilities of the Directors, the Management and employees with levels of authority, to be accorded to the designated person(s) and spokespersons in the handling and disclosure of material information. The persons responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the timely disclosure of material information to the investing public.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

### 7.2 Leverage on information technology for effective dissemination of information

The Group recognises the importance of prompt and timely dissemination of information to shareholders and investors, in order for these stakeholders to be able to make informed investment decisions. The Company's corporate website incorporates an Investor Relations ("IR") section which provides all relevant information on the Group and is accessible by the public. This section enhances the IR function by including share price information, all announcements made by the Company, annual reports, the Board Charter, the Code of Ethics, Code of Conducts and the corporate and governance structure of the Company.

The Company will enhance the disclosures on its website for broader and effective dissemination of information to its stakeholders from time to time. The announcement of the quarterly financial results is also made via Bursa LINK in a timely manner as required under the Listing Requirements in ensuring equal and fair access to information by the investing public.

# Statement on CG

## 8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### 8.1 Encourage shareholders participation at general meetings

The Company dispatches its notice of AGM to the shareholders at least twenty one (21) days before the AGM, in advance of the notice period as required under the Act and the Listing Requirements. This would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney together with the Notice of AGM, which provides information to shareholders with regard to, among others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

The Company allows a member to appoint a proxy who may be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the CCM. The Articles further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

To in line with Paragraph 7.21A(2) of the Listing Requirements for further promoting participation of members through proxies, the Chairman of the AGM will brief the shareholders, corporate representatives and proxies present of their right to speak and vote on the resolutions set out in the Notice of the 44<sup>th</sup> AGM dated 31 October 2016.

### 8.2 Poll voting

Under Recommendation 8.2 of the MCCG 2012 and Paragraph 8.29A(1) of the Listing Requirements, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the poll administrator and an independent scrutineer will be appointed to validate the votes cast at the 44<sup>th</sup> AGM.

Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. The outcome of the 44<sup>th</sup> AGM will be announced to Bursa Securities on the same meeting day.

### 8.3 Effective communication and proactive engagement

The proceedings of the 44<sup>th</sup> AGM include the Company's operating and financial performance for FY2016. The Chairman will also invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, the Management and the external auditors will be in attendance to respond to the shareholders' queries. The Board will also share with the shareholders the Company's responses to questions submitted in advance of the 44<sup>th</sup> AGM by the Minority Shareholder Watchdog Group, if any.

In addition to the above, the Company will consider allocation of time during AGM for dialogue with the shareholders, if necessary to address the issues concerning the Group and to make arrangement for Officers of the Company to present and handle other face-to-face enquiries from the shareholders.

## Compliance Statement

Having reviewed the governance structure and practices of the Group, the Board considers that the Company has complied with the principles and recommendations as set out in the MCCG 2012 (save and except for the appointment of a Senior Independent Non-Executive Director), the relevant chapters of the Listing Requirements on CG and all applicable laws and regulations throughout FY2016.

This Statement was made in accordance with the resolution of the Board of Directors dated 18 October 2016.

# Additional Compliance Information Disclosures

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

## 2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, Messrs UHY in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 30 June 2016 are as follows:

	<b>The Company RM</b>	<b>The Group RM</b>
Audit fees	75,000	127,000
Non audit fees	5,000	5,000

## 3. VARIATION IN RESULTS

There was no variation between the financial results in the annual audited financial statements for the financial year ended 30 June 2016 and the unaudited financial results for the period ended 30 June 2016 announced by the Company on 30 August 2016.

## 4. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, other than those disclosed in Note 33 of the note to the Financial Statements of this Annual Report either still subsisting at the end of the financial year under review entered into since the end of the previous financial year.



# Directors' Responsibility Statement on Financial Statements

The Board of Directors ("Board" or "Directors") of Malaysia Pacific Corporation Berhad ("Company") are required by the Companies Act, 1965 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), and the requirements of the Act in Malaysia and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

The Board, after due consideration, is satisfied that the financial statements for the financial year ended 30 June 2016 has been prepared adopting appropriate accounting policies and applied them consistently and made judgement and estimation that are reasonable and prudent. The Board also considers that relevant approved accounting standards have been followed and confirms that the financial statements have been prepared on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

# Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2012 requires the Public Listed Companies (or "Listed Issuers") to maintain a sound risk management and internal control system to reasonably safeguard shareholders' investment and the Group's assets.

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control ("Statement") which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Company and the subsidiaries ("Group" or "MPCB Group") during the financial year under review and up to the date of this Statement.

## BOARD'S 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 on-going process for identifying, evaluating and managing the significant risks affecting the achievement of its business objectives.

The Board recognises that the risk management and internal control system are designed to manage rather than eliminate the risks to achieve the business objectives. In addition, the system provides only reasonable and not absolute assurance against material misstatement or loss.

The Group's Chief Executive Officer ("CEO") has provided assurance to the Board in writing that the Group's system of risk management policy and internal control is operating adequately in all material aspects based on the risk management and internal control system put in place.

The internal control and risk management systems and processes are subjected to regular evaluations on their adequacy and effectiveness by the Management team and are updated from time to time, including mitigating measures taken by the Management team, through the Audit and Risk Management Committee ("ARMC") to address areas of key risks as identified. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The adequacy and effectiveness of internal controls were reviewed by ARMC via internal audits conducted by an independent professional firm, S F Chang Corporate Services Sdn Bhd (or "internal auditors") during the financial year under review. Audit issues and actions taken by Management to address the issues tabled by internal auditors were deliberated during the ARMC meetings. Minutes of the ARMC meetings which recorded these deliberations were presented to the Board.

## RISK MANAGEMENT

The Board is aware that an effective risk management system is an integral part of the daily operations of the Group to ensure success in the Group's risk-taking activities. The Board, through the respective Senior Management of the Company and subsidiaries determine the level of risk tolerance, applicability of risk monitoring and reporting procedure for identifying, evaluating and managing the significant risks that could potentially impact the Group.

The ARMC, with the assistance of the Head of Departments shall be responsible of implementing and maintaining the appropriate risk management framework to achieve the following objectives:

- Communicate the vision, role, direction and priorities to all employees and key stakeholders.
- Ensuring that key risks to the Group's business are identified and evaluated, and responses are developed to mitigate these risks.
- Create a risk-aware culture and building the necessary knowledge for risk management at every level of management.

However, the numerous resignations of Senior Management personnel in MPCB Group including the Chief Financial Officer ("CFO") coupled with difficulty to recruit and limited talent pool from internal succession, have somehow dampened the process of risk monitoring and implementation of appropriate systems and risk management framework.

# Statement on Risk Management and Internal Control

## RISK MANAGEMENT (CONT'D)

Resulting from the above, the Group's strategic, financial, organisational and compliance structures were subject to the various risks stated below:

- Lack of segregation of duties. Critical review, check and balance in many areas of operations are difficult due to the lack of segregation of duties resultant from the resignations of staff at all levels.
- Absence of good knowledge of Senior Management staff to oversee the progress of business and the financial management of the Group. The lack of sufficient Senior Management staff meant that progress meetings, evaluation and assessment are not held effectively and efficiently to monitor the operations.
- Management team has not addressed itself adequately to the issue of succession planning, and this posed a serious problem with the resignation of Senior Management staff within a short time frame.
- The risks associated with the classification of the Group as a Practice Note ("PN") 17 listed issuer. Until the regularisation plan is submitted for approval, this status carries the implied risk of the Group losing its listed status which the Board had resolved to maintain.

However, the Board has taken mitigation steps in outsourcing certain functions to professional firms and continues with the recruitment process for available vacancies.

Following the completion of special audit conducted by the special auditors in December 2015 on the design and operating effectiveness of the internal control system and the corporate governance structure of MPCB, the Board has, through the ARMC addressed the findings thereof and regularly reviewed the progress of the implementation of action plans and/or rectification measures as recommended (including the formalisation of the Standard Operating Procedures ("SOP") and Internal Control Procedures ("ICP") encompassing every key activity in all major facets of operations). As at the date of this Statement, the group has outsourced the formalisation of the SOP and ICP to a professional firm and pending completion.

## OTHER RISKS AND INTERNAL CONTROL PROCESSES

Apart from risk management and internal audit function, the Board, through the ARMC has also put in place the following key elements as part of the Group's system of internal control:

- The CEO meets monthly with Senior Management to discuss and review the financial and business performance of all operating entities, management accounts, new business initiatives, other management and corporate issues of the Group.
- An ARMC comprising entirely of Independent Non-Executive Members of the Board, is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group. The ARMC and the Board are also entitled to seek such other third party independent professional advice deemed necessary to the discharge of its responsibilities.
- An integrated Board Charter, Code of Ethics and Code of Conducts are in place and available at the Company's corporate website to set the pace of upholding integrity and ethical values within the Group

The internal auditors are engaged to independently assess the implementation and the efficiency and effectiveness of the system of risk management and internal controls, based on a detailed internal audit plan approved by the ARMC. For the financial year under review, internal audit activities carried out by S F Chang Corporate Services Sdn Bhd covered the following divisions and/or functions:

1. Leasing and Human Resource;
2. Finance and Projects;
3. The following-up on Management feedback and internal audit findings on the Leasing and Human Resources.

The results of the internal audits were presented to the ARMC together with the Management's responses and proposed action plans and the report of the ARMC is a permanent agenda in the meeting of the Board. The Management team responded on each internal audit recommendation and action plans were regularly reviewed and followed up by internal auditors and reported to the ARMC.

# Statement on Risk Management and Internal Control

## OTHER RISKS AND INTERNAL CONTROL PROCESSES (CONT'D)

For FY2016, based on the assessment and feedback from the internal auditors, the ARMC was satisfied that there were no major gaps in respect to the minimum internal controls as determined by the Group that would require disclosure in this Annual Report.

The CEO also reported to the Board on significant changes in the business and the external environment which affects the operations. Financial information, key performance and risk indicators are also reported on a quarterly basis to the Board.

## REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement pursuant to paragraph 15.23 of the Listing Requirements of Bursa Malaysia, and have reported to the Board that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control.

Internal auditors have reviewed this Statement and reported to the ARMC that, while it has addressed individual lapses in internal control during the course of its internal audit assignments for the financial year under review, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

## CONCLUSIONS

As the office of CFO is still vacant, the Board has received reasonable assurance from the CEO that the Group's risk management and internal control system, in all material aspects, are operating adequately and affectively.

The Board is of the opinion that there were no significant weakness identified during the financial year under review in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Company and the Group save and except for the specific shortcomings in operational related issues as highlighted by the special audit conducted previously. These gaps will be gradually closed through the institution of the on-going corrective measures.

Given the on-going proposed regularisation scheme and PN17 status, the Group has continuously faced several challenges and limitations which include cash flow constraints, personnel and business related issues for the financial year under review and up to the date of this Statement.

Nevertheless, the Board recognises that the systems must continuously improve to meet the changing business environment and to safeguard the interest of the shareholders' investments and the Group's assets. The Board and the Management will continue to take necessary measures to strengthen and improve its internal control environment and processes.

This statement was made in accordance with the resolution of the Board Of Directors dated 18 October 2016.

# Financial Statements



- 36 Directors' Report
- 40 Statement by Directors
- 40 Statutory Declaration
- 41 Independent Auditors' Report to the Members
- 44 Statements of Financial Position
- 45 Statements of Profit or Loss and Other Comprehensive Income
- 46 Statements of Changes in Equity
- 48 Statements of Cash Flows
- 50 Notes to the Financial Statements



# Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

## Principal Activities

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

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

On 1 December 2014, the Company announced that it is a Practice Note 17 ("PN17") company pursuant to Paragraph 8.04 and Paragraph 2.1(d) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as the Company's auditors had expressed a disclaimer opinion in the Company's audited financial statements for the financial year ended 30 June 2014. The Company has submitted application for further extension of time to make requisite announcement and to submit the regularisation Plan as disclosed in Note 37(a) to the financial statements.

## Financial Results

	Group RM'000	Company RM'000
Loss for the financial year, attributable to owners of the parent	84,269	105,255

## Dividends

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

## Reserves and Provisions

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

## Issue of Shares and Debentures

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

## Options Granted Over Unissued Shares

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

# Directors' Report

## Directors

The Directors in office since the date of the last report are as follows:

YBhg. Datin Kong Yuk Chu	
Ch'ng Soon Sen	
Lim Yit Kiong	
Dato' Ir Hj. Md. Nasir Bin Ibrahim	(appointed on 12.10.2016)
Ho Pui Hold	(appointed on 12.10.2016)
Ch'ng Se Hua	(appointed on 15.8.2016)
Yee Wei Meng	(appointed on 9.11.2015)
Leong Kah Mun	(appointed on 9.11.2015)
Tang Boon Hiap	(resigned on 22.1.2016)
Ng Kok Wah	(resigned on 9.11.2015)
Dato' Muralee A/L Y.S. Menon	(appointed on 9.11.2015, resigned on 17.5.2016)
Tang Meng Hui	(appointed on 1.3.2016, resigned on 17.10.2016)

## Directors' Interests

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

	Number of ordinary shares of RM1.00 each			At 30.6.2016
	At 1.7.2015	Addition	Disposal	
<b>Interests in the Company</b>				
<b>Direct interests</b>				
Ch'ng Soon Sen	469,000	-	-	<b>469,000</b>
Yee Wei Meng	-	4,682,989	-	<b>4,682,989</b>
<b>Indirect interests</b>				
YBhg. Datin Kong Yuk Chu #	162,133,561	-	(14,382,989)	<b>147,750,572</b>
Yee Wei Meng *	-	9,700,000	-	<b>9,700,000</b>

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

\* Deemed interested by virtue of his substantial interest in Fortern Holding (M) Sdn. Bhd., and Transgrow Corporation Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

By virtue of her interests in the shares of the Company, YBhg. Datin Kong Yuk Chu is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

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

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

# Directors' Report

## Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by 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 certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33(b) to the financial statements.

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

## Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.



# Directors' Report

## Other Statutory Information (Cont'd)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than the effect, if any, that may arise from material litigations as disclosed in Note 32 to the financial statements;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to the financial statements; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than as disclosed in Note 32 to the financial statements.

## Significant and Subsequent Events

The significant and subsequent events are disclosed in Note 37 to the financial statements.

## Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 October 2016.

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**YBHG. DATIN KONG YUK CHU**

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**CH'NG SOON SEN**

KUALA LUMPUR

# Statements by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 44 to 111 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 112 have been compiled in accordance with 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, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 October 2016.

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**YBHG. DATIN KONG YUK CHU**

KUALA LUMPUR

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**CH'NG SOON SEN**

# Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, CH'NG SOON SEN, being the Director primarily responsible for the financial management of MALAYSIA PACIFIC CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 44 to 112 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at KUALA )  
LUMPUR in the Federal Territory on 18 October 2016 )

**CH'NG SOON SEN**

Before me,

**No. W710**  
**MOHAN A.S. MANIAM**  
COMMISSIONER FOR OATHS

# Independent Auditors' Report

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

## Report on the Financial Statements

We were engaged to audit the financial statements of Malaysia Pacific Corporation Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 44 to 111.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the 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 error.

### *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*

(1) We draw attention to Note 2(c) to the financial statements which state the following:

- (i) The Group and the Company have reported net losses of RM84,269,000 and RM105,255,000 respectively during the financial year ended 30 June 2016 and, as of that date, the Group's current liabilities exceeded its current assets by RM34,387,000.
- (ii) As disclosed in Note 16 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. The Company has continued defaulted in the repayment of revolving credit and bank overdraft facilities as at 30 June 2016 amounting to RM118,957,000.
- (iii) As disclosed in Note 22(a) and 32(a) to the financial statements, on 28 September 2012, a creditor of a subsidiary company of the Group had served a Writ of Summons on the subsidiary company and the Company (collectively known as the "Defendants") for a sum of RM113,170,308 together with interest of 7.20% per annum calculated from 19 September 2012 until the date of full settlement. The amount due to the creditor arose from a Put Option exercised by the creditor under a joint venture agreement dated 20 August 2008 entered into between the creditor and the subsidiary company and a Deed of Undertaking between the creditor and the Defendants.

As at 30 June 2016, the Company has continued defaulted in the repayment of amount due to the creditor amounted to RM115,000,000 within the agreed date stated in the settlement agreement signed on 10 March 2014.

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.

# Independent Auditors' Report

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

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

- (2) (i) As at the date of this report, replies relating to certain creditors confirmation requests of certain subsidiary companies are outstanding. We are unable to confirm or verify by alternative means as to whether the carrying amounts of the creditors balances for the financial year ended 30 June 2016 were appropriate.
- (ii) In current financial year, a subsidiary company has received a letter from Optima Mewah Sdn. Bhd. to mutually terminate the sale and purchase agreement ("Proposed Mutual Termination") in relation to the disposal of land in Mukim Plentong, Johor as disclosed in Note 8(c) to the financial statements and the Board of Directors of the Company has subsequently approved the Proposed Mutual Termination. The total revenue and cost recognised in previous financial years amounted to RM10,742,000 and RM6,290,000 respectively. We are unable to determine whether any adjustments to be made in current financial year until the conclusion of extraordinary general meeting.

## *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 of 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 followings:

- (a) In view of the matters as described in the Basis for Disclaimer of Opinion paragraph, in our opinion, the accounting and other records required by the Companies Act, 1965 in Malaysia to be kept by the Company and by its subsidiary companies 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 by its subsidiary companies 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 company of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiary companies did not contain any qualifications or any adverse comment made under Section 174(3) of the Act, except as disclosed in Note 6 to the financial statements.

## **Other Reporting Responsibilities**

The supplementary information set out on in Note 40 on page 112 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 Disclosures 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.

# Independent Auditors' Report

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

## 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.

UHY

Firm Number: AF 1411

Chartered Accountants

NG WEE TEIK

Approved Number: 1817/12/16 (J)

Chartered Accountant

KUALA LUMPUR

18 October 2016

# Statements of Financial Position

As at 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	450	788	311	536
Investment property	5	-	320,000	-	289,530
Investment in subsidiary companies	6	-	-	8,128	8,128
Land held for property development	7	212,380	224,576	-	-
		<b>212,830</b>	<b>545,364</b>	<b>8,439</b>	<b>298,194</b>
<b>Current Assets</b>					
Property development costs	8	21,698	15,268	-	-
Inventories	9	-	-	-	-
Trade receivables	10	495	429	-	-
Other receivables	11	812	750	576	445
Amount due from subsidiary companies	12	-	-	56,890	81,225
Tax recoverable		592	-	267	-
Cash and bank balances		3,069	357	1,429	86
		<b>26,666</b>	<b>16,804</b>	<b>59,162</b>	<b>81,756</b>
Assets held for sale	13	250,000	-	224,651	-
		<b>276,666</b>	<b>16,804</b>	<b>283,813</b>	<b>81,756</b>
<b>Total Assets</b>		<b>489,496</b>	<b>562,168</b>	<b>292,252</b>	<b>379,950</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	14	287,660	287,660	287,660	287,660
Exchange translation reserve	15	(744)	(656)	-	-
Accumulated losses	15	(138,081)	(53,812)	(204,660)	(99,405)
<b>Total Equity</b>		<b>148,835</b>	<b>233,192</b>	<b>83,000</b>	<b>188,255</b>
<b>Non-Current Liabilities</b>					
Bank borrowings	16	297	655	130	437
Deferred tax liabilities	20	29,311	33,275	10,066	13,310
		<b>29,608</b>	<b>33,930</b>	<b>10,196</b>	<b>13,747</b>
<b>Current Liabilities</b>					
Trade payables	21	2,839	2,849	-	-
Other payables	22	188,858	196,691	50,910	62,925
Amount due to Directors	23	-	701	-	701
Amount due to subsidiary companies	12	-	-	29,079	21,408
Bank borrowings	16	119,094	91,856	119,067	91,808
Provision for liquidated and ascertained damages	24	257	257	-	-
Tax payable		5	2,692	-	1,106
		<b>311,053</b>	<b>295,046</b>	<b>199,056</b>	<b>177,948</b>
<b>Total Liabilities</b>		<b>340,661</b>	<b>328,976</b>	<b>209,252</b>	<b>191,695</b>
<b>Total Equity and Liabilities</b>		<b>489,496</b>	<b>562,168</b>	<b>292,252</b>	<b>379,950</b>

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 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	25	16,332	11,151	6,702	8,672
Cost of sales		(14,841)	(6,843)	(6,459)	(5,236)
Gross profit		1,491	4,308	243	3,436
Other income		589	914	959	3,848
Administrative expenses		(10,217)	(15,326)	(5,128)	(6,948)
Other expenses		(70,225)	(800)	(94,730)	(2,230)
Loss from operations		(78,362)	(10,904)	(98,656)	(1,894)
Finance costs	26	(10,064)	(5,145)	(10,043)	(5,132)
Loss before tax	27	(88,426)	(16,049)	(108,699)	(7,026)
Taxation	28	4,157	65	3,444	76
Loss for the financial year		(84,269)	(15,984)	(105,255)	(6,950)
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Exchange translation difference for foreign operation		(88)	(791)	-	-
Total comprehensive loss for the financial year		(84,357)	(16,775)	(105,255)	(6,950)
Loss for the financial year attributable to:					
Owners of the parent		(84,269)	(15,984)	(105,255)	(6,950)
Total comprehensive loss for the financial year attributable to:					
Owners of the parent		(84,357)	(16,775)	(105,255)	(6,950)
Loss per ordinary share attributable to equity holders of the Company (sen):					
- Basic and diluted	29	(29.29)	(5.56)		

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

# Statements of Changes in Equity

For the financial year ended 30 June 2016

	Attributable to Owners of the Parent				Total Equity RM'000
	Non-distributable		Warrant Reserve RM'000	Accumulated Losses RM'000	
Group	Share Capital RM'000	Exchange Translation Reserve RM'000			
At 1 July 2015	287,660	(656)	-	(53,812)	233,192
Loss for the financial year	-	-	-	(84,269)	(84,269)
Other comprehensive loss for the financial year	-	(88)	-	-	(88)
Total comprehensive loss for the financial year	-	(88)	-	(84,269)	(84,357)
At 30 June 2016	<b>287,660</b>	<b>(744)</b>	-	<b>(138,081)</b>	<b>148,835</b>
At 1 July 2014	287,660	135	10,011	(47,839)	249,967
Loss for the financial year	-	-	-	(15,984)	(15,984)
Other comprehensive loss for the financial year	-	(791)	-	-	(791)
Total comprehensive loss for the financial year	-	(791)	-	(15,984)	(16,775)
<b>Transactions with owners:</b>					
Cancellation of expired warrants	-	-	(10,011)	10,011	-
At 30 June 2015	287,660	(656)	-	(53,812)	233,192



# Statements of Changes in Equity

For the financial year ended 30 June 2016 (Cont'd)

Company	Attributable to Owners of the Parent			
	Share Capital RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total RM'000
At 1 July 2015	287,660	-	(99,405)	188,255
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(105,255)	(105,255)
At 30 June 2016	<b>287,660</b>	-	<b>(204,660)</b>	<b>83,000</b>
At 1 July 2014	287,660	10,011	(102,466)	195,205
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(6,950)	(6,950)
<b>Transactions with owners:</b>				
Cancellation of expired warrants	-	(10,011)	10,011	-
At 30 June 2015	287,660	-	(99,405)	188,255

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

# Statements of Cash Flows

For the financial year ended 30 June 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash Flows From Operating Activities</b>				
Loss before tax	(88,426)	(16,049)	(108,699)	(7,026)
Adjustments for:				
Bad debts written off	38	197	-	-
Depreciation of property, plant and equipment	366	678	267	507
Impairment losses on:				
- amount due from subsidiary companies	-	-	30,023	1,797
- trade receivables	453	224	-	-
- other receivables	26	-	-	-
- investment in subsidiary companies	-	-	-	53
- investment property	70,000	-	64,879	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(533)	(3,030)
- trade receivables	(439)	-	-	-
Property, plant and equipment written off	8	-	-	-
Gain on disposal of property, plant and equipment	(2)	-	-	-
Unrealised gain on foreign exchange	-	(809)	(332)	(807)
Finance costs	10,064	5,145	10,043	5,132
Interest income	(77)	(73)	(77)	-
Operating loss before working capital changes	(7,989)	(10,687)	(4,429)	(3,374)
Change in working capital:				
Land and property development costs	5,766	1,197	-	-
Inventories	-	274	-	-
Trade receivables	(86)	(263)	-	-
Other receivables	(123)	607	(131)	(66)
Trade payables	(10)	18	-	-
Other payables	10,165	8,182	6,068	4,121
Amount due to Directors	(701)	186	(701)	186
Amount due from/to subsidiary companies	-	-	2,848	(1,433)
	15,011	10,201	8,084	2,808
Cash generated from/(used in) operations	7,022	(486)	3,655	(566)
Interest received	77	73	77	-
Interest paid	(10,064)	(2,149)	(10,043)	(2,136)
Tax paid	(3,086)	(88)	(1,173)	(118)
	(13,073)	(2,164)	(11,139)	(2,254)
Net cash used in operating activities	(6,051)	(2,650)	(7,484)	(2,820)

# Statements of Cash Flows

For the financial year ended 30 June 2016 (Cont'd)

Note	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash Flows From Investing Activities</b>				
Proceeds from disposal of property, plant and equipment	8	-	-	-
Purchase of property, plant and equipment	(42)	(11)	(42)	(10)
Net cash used in investing activities	(34)	(11)	(42)	(10)
<b>Cash Flows From Financing Activity</b>				
Repayment of finance lease liabilities	(495)	(258)	(423)	(210)
Net cash used in financing activity	(495)	(258)	(423)	(210)
<b>Net decrease in cash and cash equivalents</b>	<b>(6,580)</b>	<b>(2,919)</b>	<b>(7,949)</b>	<b>(3,040)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>(65,521)</b>	<b>(62,602)</b>	<b>(65,792)</b>	<b>(62,752)</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>(72,101)</b>	<b>(65,521)</b>	<b>(73,741)</b>	<b>(65,792)</b>
30				

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

# Notes to the Financial Statements

30 June 2016

## 1. CORPORATE INFORMATION

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

The Company is principally engaged in the business of letting of investment properties and investment holding. The principal activities of the subsidiary companies are disclosed in Note 6. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company is located at 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama Batu 3 ½, 58100 Kuala Lumpur, Wilayah Persekutuan.

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

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

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

### Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

		<b>Effective dates for financial periods beginning on or after</b>
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101	Disclosure Initiative	1 January 2016
Amendments to FRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 - 2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107	Disclosure Initiative	1 January 2017

# Notes to the Financial Statements

30 June 2016

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective (Cont'd)

		<b>Effective dates for financial periods beginning on or after</b>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt the above FRSs when they become effective.

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

#### FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting FRS 9.

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

# Notes to the Financial Statements

30 June 2016

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (Cont'd)

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective (Cont'd)**

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 30 June 2019. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2016 could be different if prepared under the MFRS Framework.

### (b) Functional and presentation currency

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

### (c) Going concern

The Group and the Company have reported net losses of RM84,269,000 and RM105,255,000 respectively during the financial year ended 30 June 2016 and, as of that date, the Group's current liabilities exceeded its current assets by RM34,387,000.

As disclosed in Note 16, 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. The outstanding amount of revolving credit and bank overdraft facilities of the Company as at 30 June 2016 amounting to RM118,957,000.

On 10 August 2016, the High Court has made an Order for Sale of Wisma MPL and the auction to be held on 21 November 2016. The Company has since filed the Notice of Application for Stay of Execution on 6 September 2016. The court has fixed the case management on 26 October 2016.

In addition, on 26 August 2016, the Company has filed an appeal to the Court of Appeal to appeal against the High Court's decision for sale of Wisma MPL and the court has fixed the case management on 25 November 2016.

As disclosed in Note 22(a) and 32(a) to the financial statements, on 28 September 2012, a creditor of a subsidiary company of the Group had served a Writ of Summons on the subsidiary company and the Company (collectively known as the "Defendants") for a sum of RM113,170,308 together with interest of 7.20% per annum calculated from 19 September 2012 until the date of full settlement. The amount due to the creditor arose from a Put Option exercised by the creditor under a joint venture agreement dated 20 August 2008 entered into between the creditor and the subsidiary company and a Deed of Undertaking between the creditor and the Defendants.

# Notes to the Financial Statements

30 June 2016

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Going concern (Cont'd)

On 12 April 2016, the creditor had filed a Notice of Application to the High Court to fix an auction price at RM139,500,000 for the sale of the seven (7) parcels of land in Johor which were pledged to the creditor. On 29 September 2016, the Defendants have obtained the stay of execution of the Order for Sale. On 5 October 2016, the court has fixed the hearing of the Plaintiff's application to fix the auction date on 3 November 2016.

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.

### (d) Significant accounting judgements, estimates and assumptions

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

#### **Judgements**

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

#### 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.

#### Operating lease commitments - Group as lessor

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

#### **Key sources of estimation uncertainty**

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

# Notes to the Financial Statements

30 June 2016

## 2. BASIS OF PREPARATION (CONT'D)

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

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

#### Useful lives of property, plant and equipment (Note 4)

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

#### 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 specialist. The carrying amount of the Group's property development costs is disclosed in Notes 7 and 8.

#### Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the end of the reporting period for loans and receivables are disclosed in Notes 10, 11 and 12 respectively.

#### Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

#### Fair value of financial instruments

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



# Notes to the Financial Statements

30 June 2016

## 2. BASIS OF PREPARATION (CONT'D)

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

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

#### Deferred tax assets

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

- (a) Basis of consolidation

- (i) Subsidiary companies

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 *Financial Instruments: Recognition and Measurement* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (i) Subsidiary companies (Cont'd)

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

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

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

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

#### (iii) Disposal of subsidiary companies

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

#### (iv) Goodwill on consolidation

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

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Foreign currency translation

#### (i) Foreign currency transactions and balances

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

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

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

#### (ii) Foreign operations

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

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

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

### (c) Property, plant and equipment

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

#### (i) Recognition and measurement

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

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (d) Leases

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

#### As lessee

#### (i) Finance lease

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

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

#### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

#### As lessor

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

### (e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Investment properties (Cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### (f) Property development activities

#### (i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(k)(i).

Land held for property development is reclassified as current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of reporting period and where it can be demonstrated that the development activities can 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.

#### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of reporting period or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year or where the activities are expected to be completed within the normal operating cycle.

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Property development activities (Cont'd)

#### (ii) Property development costs (Cont'd)

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion. 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.

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

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

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

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

### (g) Inventories

Inventory of completed development properties is stated at the lower of cost and net realisable value.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (h) Financial assets

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

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

### (i) Financial liabilities

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

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

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

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

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

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

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.



# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Impairment of assets

#### (i) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

#### (ii) Financial assets

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (k) Impairment of assets (Cont'd)

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

##### Financial assets carried at amortised cost

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

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

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

### (l) Share capital

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

Interim dividends on ordinary shares are recognised as liabilities when declared. Proposed final dividends are accrued as liabilities only after approval by shareholders.

### (m) Employee benefits

#### (i) Short term employee benefits

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

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

#### (ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Revenue

#### (i) 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.

#### (ii) Rental income

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

#### (iii) Property development

Revenue derived from property development activities is recognised based on the stage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

#### (iv) Revenue from provision of property management services

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

#### (v) Interest income

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

### (o) Provisions

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

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

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

#### (i) Onerous contracts

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

#### (ii) Provision for liquidated ascertained damages

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Income taxes

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

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

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

### (q) Borrowing costs

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

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

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

# Notes to the Financial Statements

30 June 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) Segments reporting

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

### (s) Contingencies

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

### (t) Non-current assets held for sale

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

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

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

# Notes to the Financial Statements

30 June 2016

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>2016</b>					
<b>Cost</b>					
At 1 July 2015	9,770	5,087	2,006	4,480	21,343
Additions	-	3	-	39	42
Disposals	-	-	(8)	-	(8)
Written off	(325)	(87)	-	-	(412)
At 30 June 2016	9,445	5,003	1,998	4,519	20,965
<b>Accumulated depreciation</b>					
At 1 July 2015	9,737	4,988	1,510	4,320	20,555
Charge for the financial year	19	45	226	76	366
Disposals	-	-	(2)	-	(2)
Written off	(325)	(79)	-	-	(404)
At 30 June 2016	9,431	4,954	1,734	4,396	20,515
<b>Carrying amount</b>					
At 30 June 2016	14	49	264	123	450
<b>2015</b>					
<b>Cost</b>					
At 1 July 2014	9,769	5,077	2,006	4,480	21,332
Additions	1	10	-	-	11
At 30 June 2015	9,770	5,087	2,006	4,480	21,343
<b>Accumulated depreciation</b>					
At 1 July 2014	9,648	4,916	1,120	4,193	19,877
Charge for the financial year	89	72	390	127	678
At 30 June 2015	9,737	4,988	1,510	4,320	20,555
<b>Carrying amount</b>					
At 30 June 2015	33	99	496	160	788

# Notes to the Financial Statements

30 June 2016

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

Company	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>2016</b>					
<b>Cost</b>					
At 1 July 2015	8,982	4,522	1,700	3,657	18,861
Additions	-	3	-	39	42
At 30 June 2016	<b>8,982</b>	<b>4,525</b>	<b>1,700</b>	<b>3,696</b>	<b>18,903</b>
<b>Accumulated depreciation</b>					
At 1 July 2015	8,965	4,449	1,415	3,496	18,325
Charge for the financial year	4	21	166	76	267
At 30 June 2016	8,969	4,470	1,581	3,572	18,592
<b>Carrying amount</b>					
At 30 June 2016	<b>13</b>	<b>55</b>	<b>119</b>	<b>124</b>	<b>311</b>
<b>2015</b>					
<b>Cost</b>					
At 1 July 2014	8,981	4,513	1,700	3,657	18,851
Additions	1	9	-	-	10
At 30 June 2015	8,982	4,522	1,700	3,657	18,861
<b>Accumulated depreciation</b>					
At 1 July 2014	8,959	4,404	1,086	3,369	17,818
Charge for the financial year	6	45	329	127	507
At 30 June 2015	8,965	4,449	1,415	3,496	18,325
<b>Carrying amount</b>					
At 30 June 2015	17	73	285	161	536

### Assets held under finance lease

At 30 June 2016, the net carrying amounts of leased motor vehicles of the Group and of the Company are RM274,000 and RM119,000 (2015: RM489,000 and RM285,000) respectively.

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

# Notes to the Financial Statements

30 June 2016

## 5. INVESTMENT PROPERTY

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 July	<b>320,000</b>	320,000	<b>289,530</b>	289,530
Impairment losses recognised	<b>(70,000)</b>	-	<b>(64,879)</b>	-
Transfer to asset held for sale	<b>(250,000)</b>	-	<b>(224,651)</b>	-
At 30 June	-	320,000	-	289,530

### (a) Fair value basis of investment property

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. ("JBJBKL") on 14 October 2014. The fair values are within level 2 of the fair value hierarchy. 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.

Based on the certificate of update valuation issued by JBJBKL dated 30 June 2016, the market value of the investment property amounting to RM250,000,000. The decrease in fair value of the investment property of the Group and the Company amounting to RM70,000,000 and RM64,879,000 (2015: RMNil and RMNil) respectively has been recognised as impairment losses in profit or loss during the financial year.

In previous financial year, the fair value of the investment property of the Group and of the Company carried in the financial statements included fair value of the Car Parks notwithstanding that the Company's ongoing litigation with Wisma MPL JMB as disclosed in Note 32(c), (d) and (e). The Group and the Company have recognised impairment losses on the Car Parks amounting to RM19,500,000 and RM19,500,000 respectively in profit or loss during the current financial year.

### (b) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment property:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Rental income	<b>6,892</b>	9,592	<b>6,702</b>	8,672
Direct operating expenses:				
Income generating investment properties	<b>2,181</b>	3,371	<b>2,092</b>	2,970
Non-income generating investment properties	<b>4,495</b>	2,624	<b>4,367</b>	2,222

### (c) Investment property pledged as security to a financial institution

The investment property of the Group and of the Company are charged to a financial institution for credit facilities granted to the Company as disclosed in Notes 17 and 19.



# Notes to the Financial Statements

30 June 2016

## 6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2016 RM'000	2015 RM'000
<b>In Malaysia</b>		
Unquoted shares, at cost	8,551	8,551
Less: Accumulated impairment losses	(423)	(423)
	<u>8,128</u>	<u>8,128</u>

Impairment losses on investment in subsidiary companies amounted to RM53,000 have been recognised in previous financial year due to declining business operations of the subsidiary companies.

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2016 %	2015 %	
MPC Properties Sdn. Bhd.*	Malaysia	100	100	Letting of investment properties and property development
Bedford PJ Complex Sdn. Bhd. #	Malaysia	100	100	Dormant
Euronium Construction Sdn. Bhd. #	Malaysia	100	100	Dormant
Pacific Spa & Fitness Club Sdn. Bhd.*	Malaysia	100	100	Dormant
Premier Building Management Services Sdn. Bhd.*	Malaysia	100	100	Dormant
Prestige Trading Sdn. Bhd.*	Malaysia	100	100	Dormant
The Power Club Sdn. Bhd.*	Malaysia	100	100	Dormant
Lakehill Homes (MM2H) Sdn. Bhd.*	Malaysia	100	100	Dormant
MPC Management Services Sdn. Bhd.*	Malaysia	100	100	Management services
MP Security Services Sdn. Bhd.*	Malaysia	100	100	Dormant
Real Rock Restaurant and Cafe Sdn. Bhd.*	Malaysia	100	100	Dormant
Temasek Mewatek Sdn. Bhd.*	Malaysia	100	100	Dormant

# Notes to the Financial Statements

30 June 2016

## 6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2016 %	2015 %	
<b>Subsidiary companies of MPC Properties Sdn. Bhd.</b>				
ASA Enterprises Sdn. Bhd.	Malaysia	100	100	Letting of investment properties
Oriental Pearl City Properties Sdn. Bhd. ("OPCP") #	Malaysia	100	100	Investment holding
Creative Ascent Sdn. Bhd. ("CASB") *	Malaysia	100	100	Investment holding, project management and property co-development
<b>Subsidiary company of Oriental Pearl City Properties Sdn. Bhd.</b>				
Lakehill Resort Development Sdn. Bhd. ("LHRD") #	Malaysia	100	100	Property management and property development
<b>Subsidiary company of Creative Ascent Sdn. Bhd</b>				
Taman Bandar Baru Masai Sdn. Bhd. ("TBBM") #	Malaysia	100	100	Property development
<b>Subsidiary companies of Lakehill Resort Development Sdn. Bhd.</b>				
Asia Pacific Trade and Expo City Sdn. Bhd.*	Malaysia	100	100	Trade and distribution and property development
Asia Pacific Trade & Expo City (HK) Limited ^	Hong Kong	100	100	Provision of corporate management services, marketing and promotion to Greater China

^ Subsidiary company not audited by UHY

\* Subsidiary company 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.

# Notes to the Financial Statements

30 June 2016

## 7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2016 RM'000	2015 RM'000
<b>At 1 July</b>		
Freehold land, at cost	93,677	93,677
Development expenditure	130,899	132,006
	224,576	225,683
Development expenditure incurred	330	140
Transfer to property development cost	(12,526)	-
Recognised in profit or loss	-	(1,247)
<b>Carrying amount</b>		
<b>At 30 June</b>	212,380	224,576
<b>Analysed as:</b>		
Freehold land, at cost	101,952	93,677
Development expenditure	110,428	130,899
	212,380	224,576

- (a) As disclosed in Note 32(a), seven (7) undeveloped plots of land measuring approximately 188 acres in Mukim of Plentong, Daerah Johor Bahru, Johor have been charged to a creditor [Note 22(a) and 32(a) and (b)] of the Group in previous financial year. Based on the independent valuer's report dated 25 November 2014, the market value for the seven (7) undeveloped plots of land is approximately RM139,000,000.

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

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 7. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

- (c) Based on the certificate of update valuation issued by DTZ dated 2 September 2016 (2015: dated 15 July 2015), the market value of 36 parcels of freehold agricultural and commercial lands with an approximate aggregate land area of 16.63 million square foot amounting to RM328.93 million (2015: RM313.13 million), based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. As such, the management is in view that no impairment is required for land held for property development and property development costs as disclosed in Note 8.

## 8. PROPERTY DEVELOPMENT COSTS

	Group	
	2016 RM'000	2015 RM'000
<b>At 1 July</b>		
Freehold land, at cost	7,728	7,728
Development expenditure	7,540	7,630
	15,268	15,358
Development expenditure incurred	19	13
Transfer from land held for property development	12,526	-
Recognised in profit or loss	(6,115)	(103)
<b>Carrying amount</b>		
<b>At 30 June</b>	21,698	15,268
Analysed as:		
Freehold land, at cost	10,211	7,728
Development expenditure	11,487	7,540
	21,698	15,268

- (a) A valuation had been performed by an independent firm of professional valuer, DTZ Nawawi Tie Leung Property Consultants Sdn. Bhd. ("DTZ") on the development land based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. Based on the valuation report dated 19 December 2014, the market value for these parcels of land approximately RM18.82 per square foot.
- (b) Based on the certificate of update valuation issued by DTZ dated 2 September 2016 (2015: dated 15 July 2015), the market value of 36 parcels of freehold agricultural and commercial lands with an approximate aggregate land area of 16.63 million square foot amounting to RM328.93 million (2015: RM313.13 million), based on 'as is' basis by using comparison method, making reference to relevant comparable transactions in the market. As such, the management is in view that no impairment is required for land held for property development as disclosed in Note 7 and property development costs.
- (c) In financial year 2011, a subsidiary company, LHRD entered into a sale and purchase agreement ("SPA") of dispose 46 plots of vacant bungalow land within Lakehill Resort City, Iskandar Malaysia, Pasir Gudang, Johor Darul Ta'zim, of approximately 375,351 square foot of freehold land in Mukim Plentong, District of Johor Bahru, State of Johor to a related party, Optima Mewah Sdn. Bhd. ("Optima Mewah") for a sale consideration of RM16,890,815.

In current financial year, LHRD had received a letter from Optima Mewah to mutually terminate the SPA ("Proposed Mutual Termination") and the Board of Directors of Company has subsequently approved the Proposed Mutual Termination. The total revenue and cost recognised in previous financial years amounted to RM10,742,558 and RM6,290,548 respectively. No accounting adjustment is made on the Proposed Mutual Termination until the conclusion of extraordinary general meeting.

# Notes to the Financial Statements

30 June 2016

## 9. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
Recognised in profit or loss:		
Inventories recognised as cost of sales	-	274

## 10. TRADE RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	3,207	3,127	14	14
Less: Accumulated impairment losses	(2,712)	(2,698)	(14)	(14)
	<b>495</b>	<b>429</b>	<b>-</b>	<b>-</b>

Trade receivables are non-interest bearing and the normal credit term is 7 days (2015: 7 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Analysis of the trade receivables ageing at the end of the reporting period is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	209	127	-	-
Past due but not impaired:				
Less than 30 days	157	143	-	-
31 to 60 days	67	13	-	-
61 to 90 days	-	3	-	-
More than 90 days	62	143	-	-
	<b>286</b>	<b>302</b>	<b>-</b>	<b>-</b>
	<b>495</b>	<b>429</b>	<b>-</b>	<b>-</b>
Impaired	2,712	2,698	14	14
	<b>3,207</b>	<b>3,127</b>	<b>14</b>	<b>14</b>

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 July	2,698	2,474	14	14
Impairment losses recognised	453	224	-	-
Impairment losses reversed	(439)	-	-	-
At 30 June	<b>2,712</b>	<b>2,698</b>	<b>14</b>	<b>14</b>

# Notes to the Financial Statements

30 June 2016

## 10. TRADE RECEIVABLES (CONT'D)

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

As at 30 June 2016, trade receivables of the Group of RM286,000 (2015: RM302,000) were past due but not impaired. These trade receivables are not impaired as the Directors are confident that these amounts are fully recoverable.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM2,712,000 and RM14,000 (2015: RM2,698,000 and RM14,000) respectively, related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

## 11. OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	356	272	230	85
Less: Accumulated impairment losses	(63)	(37)	(20)	(20)
	<b>293</b>	235	<b>210</b>	65
Deposits	479	482	346	347
Prepayments	40	33	20	33
	<b>812</b>	750	<b>576</b>	445

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 July	37	37	20	20
Impairment losses recognised	26	-	-	-
At 30 June	<b>63</b>	37	<b>20</b>	20

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

# Notes to the Financial Statements

30 June 2016

## 12. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

### (a) Amount due from subsidiary companies

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from subsidiary companies	<b>253,116</b>	247,961
Less: Accumulated impairment losses	<b>(196,226)</b>	(166,736)
	<b>56,890</b>	81,225

Amount due from subsidiary companies represents advances and payments made on behalf, which are unsecured, non-interest bearing and repayable on demand.

An amount of RMNil (2015: RM1,943,000) represents trade balances.

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

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	<b>166,736</b>	167,969
Impairment losses recognised	<b>30,023</b>	1,797
Reversal of impairment losses	<b>(533)</b>	(3,030)
At 30 June	<b>196,226</b>	166,736

Subsidiary companies that are individually determined to be impaired at the end of the reporting period relate to subsidiary companies that are in significant financial difficulties and have defaulted on payments.

### (b) Amount due to subsidiary companies

	<b>Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due to subsidiary companies	<b>29,079</b>	21,408

Amount due to subsidiary companies represents non-trade transactions, advances and payments made on behalf, which are unsecured, non-interest bearing and repayable on demand.

# Notes to the Financial Statements

30 June 2016

## 13. ASSET HELD FOR SALE

- (a) In current financial year, the office buildings and shoplots have been classified from investment property to asset held for sale as the management has actively in identifying prospective investors for the disposal of the investment property. The asset held for sale is as follow:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Office buildings and shoplots	<b>250,000</b>	-	<b>224,651</b>	-

The carrying amount of buildings and shoplots of the Group and the Company, net of impairment losses amounting to RM70,000,000 and RM64,879,000 respectively, are recognised in current financial year before it was transferred to current assets.

- (b) On 28 July 2016, the Company had entered into a memorandum of understanding ("MOU") with Terra Pontus Pte Ltd, ("Purchaser"), in relation to the proposed disposal of part of the investment property, namely Wisma MPL, owned by the Company and its subsidiary companies for a total consideration of RM250,000,000. However, the MOU has been terminated on 9 September 2016 as the Company has not received any earnest deposit from the Purchaser.

On 17 August 2016, the Company also received a letter of intent from a potential buyer for its intention to purchase Wisma MPL. Potential buyer's advisors are currently carrying out the due diligence exercise on Wisma MPL.

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

## 14. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2016 Units ('000)	2015 Units ('000)	2016 RM'000	2015 RM'000
Ordinary shares of RM1.00 each				
<b>Authorised</b>				
At 1 July/30 June	<b>500,000</b>	500,000	<b>500,000</b>	500,000
<b>Issued and fully paid shares</b>				
At 1 July/30 June	<b>287,660</b>	287,660	<b>287,660</b>	287,660

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



# Notes to the Financial Statements

30 June 2016

## 15. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Exchange translation reserve (Non-distributable)	(744)	(656)	-	-
Accumulated losses	(138,081)	(53,812)	(204,660)	(99,405)
	<b>(138,825)</b>	<b>(54,468)</b>	<b>(204,660)</b>	<b>(99,405)</b>

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.

## 16. BANK BORROWINGS

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current liabilities</b>					
Finance lease liabilities	18	297	655	130	437
<b>Current liabilities</b>					
Revolving credit	17	43,787	25,704	43,787	25,704
Finance lease liabilities	18	137	274	110	226
Bank overdrafts	19	75,170	65,878	75,170	65,878
		<b>119,094</b>	<b>91,856</b>	<b>119,067</b>	<b>91,808</b>
<b>Total bank borrowings</b>					
Revolving credit	17	43,787	25,704	43,787	25,704
Finance lease liabilities	18	434	929	240	663
Bank overdrafts	19	75,170	65,878	75,170	65,878
		<b>119,391</b>	<b>92,511</b>	<b>119,197</b>	<b>92,245</b>

(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 ("PN 1") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As at 30 June 2016, the revolving credit and bank overdraft facilities of the Company amounted to RM118,957,000 (2015: RM108,957,000). The outstanding interest in respect of the revolving credit has been accounted for under other payables in previous financial year as disclosed in Note 22.

On 15 February 2016, the Company has received from the financial institution's solicitor the sealed Originating Summons dated 8 January 2016 on the Claim for Order for Sale of Wisma MPL which is charged to the financial institution by Public Auction.

On 10 August 2016, the High Court has made an Order for Sale of Wisma MPL and the auction to be held on 21 November 2016. The Company has since filed the Notice of Application for Stay of Execution on 6 September 2016. The court has fixed the case management on 26 October 2016.

In addition, on 26 August 2016, the Company has filed an appeal to the Court of Appeal to appeal against the High Court's decision for order for sale of Wisma MPL and the court has fixed the case management on 25 November 2016.

# Notes to the Financial Statements

30 June 2016

## 16. BANK BORROWINGS (CONT'D)

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

## 17. REVOLVING CREDIT

	Group and Company	
	2016	2015
	RM'000	RM'000
<b>Secured</b>		
Revolving credit	<b>43,787</b>	25,704

The revolving credit is secured by a fixed charge over the investment property of the Group and of the Company as disclosed in Note 5(c) and 13(c).

The interest rate of revolving credit for the Group and the Company is 9.35% (2015: 9.35%) per annum.

## 18. FINANCE LEASE LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Minimum lease payments</b>				
Within one year	153	311	118	252
Between one and five years	272	605	134	442
After five years	49	98	-	14
	<b>474</b>	1,014	<b>252</b>	708
Less: Future finance charges	(40)	(85)	(12)	(45)
Present value of minimum lease payments	<b>434</b>	929	<b>240</b>	663
<b>Present value of minimum lease payments</b>				
Within one year	137	274	110	226
Between one and five years	249	557	130	418
After five years	48	98	-	19
	<b>434</b>	929	<b>240</b>	663
Analysed as:				
Repayable within twelve months	137	274	110	226
Repayable after twelve months	297	655	130	437
	<b>434</b>	929	<b>240</b>	663

The interest rates of finance lease payables for the Group and the Company are ranged from 2.4% to 2.6% and 2.4% to 2.6% (2015: 2.4% to 2.8% and 2.4% to 2.8%) per annum respectively.

# Notes to the Financial Statements

30 June 2016

## 19. BANK OVERDRAFTS

	Group and Company	
	2016	2015
	RM'000	RM'000
Secured		
Bank overdrafts	75,170	65,878

The bank overdrafts are secured by a charge over the investment property and asset held for sale of the Group and of the Company as disclosed in Note 5(c) and 13(c).

The interest rate of bank overdrafts for the Group and the Company is 10.35% (2015: 10.35%) per annum.

## 20. DEFERRED TAX LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 July	33,275	33,275	13,310	13,310
Recognised in profit or loss (Note 28)	(3,964)	-	(3,244)	-
At 30 June	29,311	33,275	10,066	13,310

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

	Revaluation surplus arising from subsidiary companies' development properties	Temporary differences arising from interest capitalised into development properties	Revaluation surplus arising from investment property	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
At 1 July 2015	11,634	7,200	14,441	33,275
Recognised in profit or loss	(287)	(177)	(3,500)	(3,964)
At 30 June 2016	11,347	7,023	10,941	29,311
At 1 July 2014/ 30 June 2015	11,634	7,200	14,441	33,275

	Revaluation surplus arising from investment property	
	2016	2015
	RM'000	RM'000
<b>Company</b>		
At 1 July	13,310	13,310
Recognised in profit or loss	(3,244)	-
At 30 June	10,066	13,310

# Notes to the Financial Statements

30 June 2016

## 20. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accelerated capital allowances	108	129	-	-
Unabsorbed capital allowances	245	459	97	83
Unused tax losses	90,985	86,709	3,942	368
	<b>91,338</b>	<b>87,297</b>	<b>4,039</b>	<b>451</b>

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

## 21. TRADE PAYABLES

Credit terms of trade payables of the Group and of the Company ranged from 30 to 90 days (2015: 30 to 90 days).

## 22. OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables	165,697	162,712	40,525	38,674
Accruals	23,161	33,979	10,385	24,251
	<b>188,858</b>	<b>196,691</b>	<b>50,910</b>	<b>62,925</b>

Included in other payables and accruals are the following:

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount due to AmanahRaya Development Sdn. Bhd. ("ADSB")	22(a)	115,000	115,000	-	-
Amount due to companies in which certain Directors have substantial financial interests	22(b)	32,587	28,600	28,452	25,084
Amount due to Wisma MPL JMB		8,750	6,233	8,274	6,149
Interest accrued on bank borrowings		-	17,375	-	17,375
Provision for litigation claims	22(c)	8,561	7,566	2,587	2,587

# Notes to the Financial Statements

30 June 2016

## 22. OTHER PAYABLES (CONT'D)

- (a) As disclosed in the Note 32(a), on 10 March 2014, the Company and its subsidiary companies, OPCP, TBBM and LHRD had entered into a Settlement Agreement with ADSB to settle the Judgement Sum for RM120,000,000.

In financial year 2014, 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 due 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.

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

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

- (b) The amount due to companies in which certain Directors of the Company have substantial financial interests are unsecured, non-interest bearing and repayable on demand.
- (c) In previous financial year, the Group and the Company have recognised total gross amount of the income derived from the operation of the car parks of the investment property amounted to approximately RM11,569,000 and RM2,587,000 respectively for the period commencing from the date of the formation of the investment property's joint management body on 5 April 2008 up till 30 June 2015. As at 30 June 2016, the Group and the Company had made a provision of RM8,561,000 and RM2,587,000 (2015: RM7,566,000 and RM2,587,000) respectively for the litigation claim with Wisma MPL JMB.

As disclosed in Note 32(c), (d) and (e) to the financial statements, on 18 January 2016, JMB has proceeded with the Writ of Possession and taken possession of the management of car parks at Wisma MPL.

# Notes to the Financial Statements

30 June 2016

## 22. OTHER PAYABLES (CONT'D)

- (c) On 12 January 2016, the Company had filed an appeal to the Court of Appeal against the High Court's decision on the striking out of the Company's Originating Summons.

The Court of Appeal had on 26 August 2016 dismissed the Company's appeal against the High Court's decision on the striking out of the Company's Originating Summons.

As the Company had failed to defend the litigation in both Kuala Lumpur High Court and Court of Appeal in relation to the ownership of car parks of the investment property, the Group has ceased to recognise car parks rental income in current financial year.

In view of the on-going and lengthy appealing process, subsequent to the financial year, the Board of Directors has decided to accept the Court's judgement on 26 August 2016 and not to pursue further appeal in future.

## 23. AMOUNT DUE TO DIRECTORS

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

## 24. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group	
	2016	2015
	RM'000	RM'000
At 1 July/30 June	<u>257</u>	<u>257</u>

## 25. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Rental income from investment properties and property management services	6,982	9,593	6,702	8,672
Property development revenue	9,350	1,558	-	-
	<u>16,332</u>	<u>11,151</u>	<u>6,702</u>	<u>8,672</u>

## 26. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
Bank overdrafts	6,796	4,497	6,796	4,497
Finance lease liabilities	50	49	39	36
Revolving credit	3,208	599	3,208	599
Other	10	-	-	-
	<u>10,064</u>	<u>5,145</u>	<u>10,043</u>	<u>5,132</u>

# Notes to the Financial Statements

30 June 2016

## 27. LOSS BEFORE TAX

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration:				
Auditors of the Company				
- statutory	127	120	75	70
- non-statutory				
- current year	5	355	5	355
- underprovision in prior years	5	-	5	-
Other auditors				
- statutory	-	50	-	42
Bad debts written off	38	197	-	-
Depreciation of property, plant and equipment	366	678	267	507
Impairment losses on:				
- amount due from subsidiary companies	-	-	30,023	1,797
- trade receivables	453	224	-	-
- other receivables	26	-	-	-
- investment property	70,000	-	64,879	-
- investment in subsidiary companies	-	-	-	53
Non-executive Directors' remuneration:				
- Fee				
- current year	80	311	80	311
- overprovision in prior years	(108)	-	(108)	-
- Other emoluments	65	65	65	65
Property, plant and equipment written off	8	-	-	-
Rental of machinery	33	-	26	-
Rental of premises	618	519	-	-
Reversal of impairment losses on:				
- trade receivables	(439)	-	-	-
- amount due from subsidiary companies	-	-	(533)	(3,030)
Gain on disposal of property, plant and equipment	(2)	-	-	-
Interest income	(77)	(73)	(77)	-
Unrealised gain on foreign exchange	-	(809)	(332)	(807)
Rental income from subsidiary companies	-	-	(6,702)	(8,672)

# Notes to the Financial Statements

30 June 2016

## 28. TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Tax expenses recognised in profit or loss</b>				
Current income tax	5	201	-	200
Over provision of taxation in prior years	(198)	(266)	(200)	(276)
	<b>(193)</b>	<b>(65)</b>	<b>(200)</b>	<b>(76)</b>
<b>Deferred tax</b>				
- Origination and reversal of temporary differences	(464)	-	-	-
- Deferred tax on fair value loss on investment property	(3,500)	-	(3,244)	-
	<b>(3,964)</b>	<b>-</b>	<b>(3,244)</b>	<b>-</b>
	<b>(4,157)</b>	<b>(65)</b>	<b>(3,444)</b>	<b>(76)</b>

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before tax	<b>(88,426)</b>	(16,049)	<b>(108,699)</b>	(7,026)
At Malaysian statutory tax rate of 24% (2015: 25%)	<b>(21,222)</b>	(4,012)	<b>(26,088)</b>	(1,757)
Tax effects in respect of:				
Expenses not deductible for tax purposes	19,899	4,332	25,227	2,917
Non-taxable income	(106)	(199)	-	(960)
Deferred tax assets not recognised	970	80	861	-
Deferred tax on fair value loss on investment property	(3,500)	-	(3,244)	-
Over provision of taxation in prior years	(198)	(266)	(200)	(276)
Tax expenses for the financial year	<b>(4,157)</b>	<b>(65)</b>	<b>(3,444)</b>	<b>(76)</b>

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unabsorbed capital allowances	245	459	97	83
Unused tax losses	90,985	86,709	3,942	368
	<b>91,230</b>	<b>87,168</b>	<b>4,039</b>	<b>451</b>



# Notes to the Financial Statements

30 June 2016

## 29. LOSS PER ORDINARY SHARE

### (a) Basic

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

	Group	
	2016 RM'000	2015 RM'000
Loss attributable to Owners of the Parent	<b>(84,269)</b>	(15,984)
Weighted average number of ordinary shares in issue ('000)	<b>287,660</b>	287,660
Basic loss per ordinary share (sen)	<b>(29.29)</b>	(5.56)

### (b) Diluted

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

## 30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	<b>3,069</b>	357	<b>1,429</b>	86

Included in the Group's cash and bank balances is an amount of RM34,000 (2015: RM34,000) held under the Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

For the purpose of the statements of cash flows, cash and cash equivalents comprises the following at the end of the reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	<b>3,069</b>	357	<b>1,429</b>	86
Bank overdrafts included in bank borrowings	<b>(75,170)</b>	(65,878)	<b>(75,170)</b>	(65,878)
	<b>(72,101)</b>	(65,521)	<b>(73,741)</b>	(65,792)

# Notes to the Financial Statements

30 June 2016

## 31. STAFF COSTS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fee	64	120	64	120
Salaries and other emoluments	3,347	2,551	39	9
Defined contribution plan	349	267	-	-
Other employee benefits	449	444	14	-
	<b>4,209</b>	<b>3,382</b>	<b>117</b>	<b>129</b>

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Executive Directors of the Company</b>				
Fee	64	120	64	120
Salaries and other emoluments	1,368	1,124	39	9
Defined contribution plan	169	108	-	-
Other employee benefits	428	313	-	-
	<b>2,029</b>	<b>1,665</b>	<b>103</b>	<b>129</b>
<b>Executive Directors of the subsidiary companies</b>				
Salaries and other emoluments	160	172	-	-
Defined contribution plan	8	12	-	-
Other employee benefits	-	14	-	-
	<b>168</b>	<b>198</b>	<b>-</b>	<b>-</b>
	<b>2,197</b>	<b>1,863</b>	<b>103</b>	<b>129</b>

## 32. MATERIAL LITIGATIONS

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

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

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

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONTD)

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

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

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

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

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

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

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

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

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

The Johor Bahru High Court has on 29 February 2016 allowed the Plaintiff's Originating Summons with costs of RM10,000. The Johor Bahru High Court has further fixed 29 May 2016 for auction.

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

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

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

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

- (b) Taman Bandar Baru Masai Sdn Bhd ("Appellant" or "Company") vs. Amanahraya Development Sdn Bhd ("Respondent" or "AmanahRaya")  
[Johor Bahru Court of Appeal No.: J-02\(A\)-619-04/2016](#)

This is an appeal against the Johor Bahru High Court Originating Summons No.: 24FC-1845-11/2014.

The Respondent's solicitors had on 27 November 2014 served an Originating Summons dated 20 November 2014 to the Appellant claiming for an Order for Sale of the seven (7) pieces of land located at Mukim Plentong, Daerah Johor Bahru, Negeri Darul Takzim by way of a Public auction to settle the outstanding amount due from the Appellant to the Respondent.

On the 29 February 2016, the High Court has allowed the Respondent's Originating Summons with costs of RM10,000.00. The High Court has also fixed the date of 29 May 2016 for the auction.

The Appellant has filed a Notice of Appeal on the 28 March 2016 to appeal against the High Court's decision in allowing the Respondent's Originating Summons application.

The matter has been fixed for hearing on 31 October 2016.

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

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

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

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

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

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

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

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

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

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

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.

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

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

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

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

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

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

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

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

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

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

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

- (d) Malaysia Pacific Corporation Berhad ("Appellant" or "the Company") vs Wisma MPL JMB ("JMB" or "Respondent")  
Kuala Lumpur High Court Originating Summons No. 24NCVC-1055-07/2015  
Court of Appeal No. W-02(IM)(NCVC)-179-01/2016

This is an appeal against the Kuala Lumpur High Court Originating Summons No. 24NCVC-1055-07/2015.

On 10 July 2015, the Appellant had filed an Originating Summons No.: 24NCVC-1055-07/2015 ("Originating Summons") at the Kuala Lumpur High Court against the Respondent that the Kuala Lumpur High Court Order dated 10 January 2014 ("High Court Order") is a nullity and is not binding on the Appellant as:

- (i) The High Court Order allows Respondent to exercise ownership rights over the car parks which is allegedly contrary to the Building and Common Property (Maintenance and Management) Act 2007 ("Act 663") and the Company's alleged ownership rights over the car parks derive from the Sale and Purchase agreements between the Company and the purchasers of the parcels in Wisma MPL that were executed before the Act 663 and Strata Titles Act 1985 came into force; and
- (ii) The High court Judge lacked the jurisdiction to make the High Court Order as Act 663 cannot be applied retrospectively.



# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

- (d) Malaysia Pacific Corporation Berhad ("Appellant" or "the Company") vs Wisma MPL JMB ("JMB" or "Respondent") Kuala Lumpur High Court Originating Summons No. 24NCVC-1055-07/2015 Court of Appeal No. W-02(IM)(NCVC)-179-01/2016 (Cont'd)

On 4 September 2015, Respondent had filed an application to strike out the Appellant's Originating Summons.

On 16 November 2015, an application for stay was filed by the Appellant for stay of the execution of the Writ of Possession (the "application for stay") pending the full and final disposal of the court proceedings.

On 18 December 2015, the High Court dismissed the Appellant's application for stay of execution of the Writ of Possession pending the full and final disposal of the court proceedings filed in the High Court of Malaya at Kuala Lumpur vide Originating Summons No.: 24NCVC-1055-07/2015.

The Kuala Lumpur High Court had on 6 January 2016, has allowed the Respondent's application to strike out the Appellant's Originating Summons with cost of RM3,000.00 ("High Court's Decision").

On 12 January 2016, the Appellant had filed an appeal to the Court of Appeal against the said High Court's Decision on the striking out of the Appellant's Originating Summons.

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

The Court of Appeal had on 26 August 2016, dismissed the Appellant's appeal.

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

- (f) Malaysia Pacific Corporation Berhad ("Appellant" or "the Company") vs RHB Bank Berhad ("Respondent" or "RHB")  
Court of Appeal No.: W-02(IIM)(NCC)-925-05/2016

This is an appeal against the Kuala Lumpur High Court Suit No.: 22NCC-397-11/2015.

The Appellant had on 11 December 2015 received a Writ of Summons and Statement of Claims both dated 30 November 2015 from the Respondent on the claim for the outstanding amount from the bank overdraft, interest charge on the outstanding bank overdraft, interest charge on principal amount, cost of legal fees, cost and any relief the court may order owing from the Appellant to the Respondent.

On 11 April 2016, the High Court has allowed the Respondent's application to strike out the Appellant's defence with costs of RM5,000.00 and the High Court then proceeded to enter Judgment against the Appellant ("said decision").

On 4 May 2016, the Appellant has filed an appeal to the Court of Appeal against the said decision.

The matter has been fixed for hearing on 4 October 2016.

On 4 October 2016, the Court of Appeal has dismissed the Company's appeal.

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

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

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

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

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

- (h) Malaysia Pacific Corporation Berhad ("Appellant" or "Company") vs. RHB Bank Berhad ("Respondent" or "RHB")  
Court of Appeal No.: W-02(A)-1716-09/2016

This is an appeal against the Kuala Lumpur High Court Originating Summons No.: 24FC-30-01/2016.

On 26 August 2016, the Company has filed an appeal to the Court of Appeal to appeal against the High Court's decision in the Originating Summons No.:24FC-30-01/2016.

The court has fixed the case management on 25 November 2016.

# Notes to the Financial Statements

30 June 2016

## 32. MATERIAL LITIGATIONS (CONT'D)

- (i) Malaysia Pacific Corporation Berhad ("Plaintiff" or "Company") vs. RHB Bank Berhad ("Defendant" or "RHB")  
Kuala Lumpur High Court Originating Summons No.: 24NCC-292-07/2016

On 14 June 2016, the Company had received a notice of statutory demand pursuant to Section 218 of the Companies Act 1965 dated 8 June 2016 from the Defendant's solicitors.

On 4 July 2016, the Company has successfully obtained the injunction on an ex-parte basis and on 18 July 2016, the High Court has granted an ad interim injunction to the Company.

On 8 September 2016, the High Court has allowed the Company's application for Fortuna Injunction and the Company's application in the Originating Summons. The High Court has held that it was an abuse of process for the Defendant to serve the Company the Notice under Section 218 of the Companies Act 1965. In addition, the Company has also been rewarded with the cost of RM2,500 for the inter-parte application for the Fortuna Injunction and RM2,500 for the Amended Originating Summons.

On 29 September 2016, the Company's solicitors informed that RHB has filed an appeal to the Court of Appeal against the High Court's decision.

Subsequently, on 4 October 2016, the Company has instructed their solicitors to resist the appeal.

## 33. RELATED PARTY DISCLOSURES

- (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other parties.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Related parties of the Group include:

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

# Notes to the Financial Statements

30 June 2016

## 33. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party balances disclosed in elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ocean Power Enterprise Limited				
- rental of office premises paid/payable	618	519	-	-
Subsidiary companies				
- rental income	-	-	6,702	8,672
- commission payable	-	-	120	120
- management fee payable	-	-	1,494	515
Advances from Top Lander Offshore Inc. (net)	3,837	2,766	3,369	2,246

### (c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term employee benefits	2,448	2,276	140	129
Contributions to defined contribution plan	223	139	-	-
	<b>2,671</b>	<b>2,415</b>	<b>140</b>	<b>129</b>

## 34. SEGMENT INFORMATION

The Company and its subsidiary companies are principally engaged in the business of property development, investment property and construction. The Group's property development activity is mainly undertaken by LHRD, a wholly-owned subsidiary company of the Company.

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

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

# Notes to the Financial Statements

30 June 2016

## 34. SEGMENT INFORMATION (CONT'D)

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax. Segment assets and liabilities exclude tax assets and tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements).

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Property development RM'000	Investment property RM'000	Construction RM'000	Total RM'000
<b>Group</b>				
<b>2016</b>				
Revenue				
Total revenue	9,350	16,757	-	26,107
Inter-segment revenue	-	(9,775)	-	(9,775)
Revenue from external customers	9,350	6,982	-	16,332
Interest income	-	77	-	77
Finance costs	-	(10,064)	-	(10,064)
Net finance expense	-	(9,987)	-	(9,987)
Depreciation of property, plant and equipment	22	344	-	366
Segment profit/(loss) before tax	905	(89,325)	(6)	(88,426)
Other material non-cash items:				
Bad debts written off	22	16	-	38
Impairment losses on:				
- investment property	-	70,000	-	70,000
- trade receivables	-	453	-	453
- other receivables	26	-	-	26
Reversal of impairment losses on trade receivables	-	(439)	-	(439)
<b>Segment assets</b>	<b>266,860</b>	<b>337,470</b>	<b>11</b>	<b>604,341</b>
<b>Segment liabilities</b>	<b>96,868</b>	<b>549,216</b>	<b>1,881</b>	<b>647,965</b>

# Notes to the Financial Statements

30 June 2016

## 34. SEGMENT INFORMATION (CONT'D)

<b>Group</b>	<b>Property development RM'000</b>	<b>Investment property RM'000</b>	<b>Construction RM'000</b>	<b>Total RM'000</b>
<b>2015</b>				
Revenue				
Total revenue	1,558	19,339	-	20,897
Inter-segment revenue	-	(9,746)	-	(9,746)
Revenue from external customers	1,558	9,593	-	11,151
Interest income	-	73	-	73
Finance costs	-	(5,145)	-	(5,145)
Net finance expense	-	(5,072)	-	(5,072)
Depreciation of property, plant and equipment	24	654	-	678
Segment loss before tax	(4,991)	(9,863)	(5)	(14,859)
Other material non-cash items:				
Bad debts written off	-	197	-	197
Impairment loss on trade receivables	-	224	-	224
Segment assets	163,344	538,423	10	701,777
Segment liabilities	92,368	506,274	1,874	600,516

### Major customers

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

	<b>Revenue</b>		<b>Segment</b>
	<b>2016 RM'000</b>	<b>2015 RM'000</b>	
Customer A	<u>9,350</u>	-	Property development

# Notes to the Financial Statements

30 June 2016

## 34. SEGMENT INFORMATION (CONT'D)

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

	2016 RM'000	2015 RM'000
<b>Revenue</b>		
Total revenue for reportable segments	26,107	20,897
Elimination of inter-segment revenue	(9,775)	(9,746)
Group's revenue per consolidated statement of profit or loss and other comprehensive income	<u>16,332</u>	<u>11,151</u>
<b>Loss for the financial year</b>		
Segment loss before tax	(88,426)	(14,859)
Elimination of inter-segment profit or loss	-	(1,190)
Loss before tax	(88,426)	(16,049)
Taxation	4,157	65
Loss for the financial year	<u>(84,269)</u>	<u>(15,984)</u>
<b>Assets</b>		
Total assets for reportable segments	604,341	701,777
Elimination of inter-segment assets	(115,437)	(139,609)
Current tax assets	592	-
Group's assets	<u>489,496</u>	<u>562,168</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	647,965	600,516
Elimination of inter-segment liabilities	(336,620)	(307,507)
Current tax liabilities	5	2,692
Deferred tax liabilities	29,311	33,275
Group's liabilities	<u>340,661</u>	<u>328,976</u>

## 35. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
<b>Group</b>			
<b>2016</b>			
<b>Financial Assets</b>			
Trade receivables	495	-	495
Other receivables	772	-	772
Cash and bank balances	3,069	-	3,069
	<b>4,336</b>	<b>-</b>	<b>4,336</b>
<b>Financial Liabilities</b>			
Trade payables	-	2,839	2,839
Other payables	-	188,858	188,858
Bank borrowings	-	119,391	119,391
	<b>-</b>	<b>311,088</b>	<b>311,088</b>
<b>2015</b>			
<b>Financial Assets</b>			
Trade receivables	429	-	429
Other receivables	717	-	717
Cash and bank balances	357	-	357
	<b>1,503</b>	<b>-</b>	<b>1,503</b>
<b>Financial Liabilities</b>			
Trade payables	-	2,849	2,849
Other payables	-	196,691	196,691
Amount due to Directors	-	701	701
Bank borrowings	-	92,511	92,511
	<b>-</b>	<b>292,752</b>	<b>292,752</b>



# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Classification of financial instruments (Cont'd)

Company	Loans and receivables RM'000	Financial liabilities measured at amortised cost RM'000	Total RM'000
<b>2016</b>			
<b>Financial Assets</b>			
Other receivables	556	-	556
Amount due from subsidiary companies	56,890	-	56,890
Cash and bank balances	1,429	-	1,429
	<b>58,875</b>	<b>-</b>	<b>58,875</b>
<b>Financial Liabilities</b>			
Other payables	-	50,910	50,910
Amount due from subsidiary companies	-	29,079	29,079
Bank borrowings	-	119,197	119,197
	<b>-</b>	<b>199,186</b>	<b>199,186</b>
<b>2015</b>			
<b>Financial Assets</b>			
Other receivables	412	-	412
Amount due from subsidiary companies	81,225	-	81,225
Cash and bank balances	86	-	86
	<b>81,723</b>	<b>-</b>	<b>81,723</b>
<b>Financial Liabilities</b>			
Other payables	-	62,925	62,925
Amount due to Directors	-	701	701
Amount due to subsidiary companies	-	21,408	21,408
Bank borrowings	-	92,245	92,245
	<b>-</b>	<b>177,279</b>	<b>177,279</b>

### (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiary companies.

# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

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

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with licensed banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's maximum exposure to credit risk. The Company has no significant concentration of credit risk except for advances to its subsidiary companies where risks of default have been assessed to be low.

#### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

As disclosed in Note 16, the Group had defaulted in the repayment of principal sums and interest in respect of banking facilities, amounting to RM118,957,000 (2015: RM108,957,000).

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	<b>Repayable on demand or within 1 year RM'000</b>	<b>1 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Group 2016</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	2,839	-	-	2,839	2,839
Other payables	188,858	-	-	188,858	188,858
Revolving credit	43,787	-	-	43,787	43,787
Finance lease liabilities	153	272	49	474	434
Bank overdrafts	75,170	-	-	75,170	75,170
	<b>310,807</b>	<b>272</b>	<b>49</b>	<b>311,128</b>	<b>311,088</b>

# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	Repayable on demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
<b>Group (Cont'd)</b>					
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Trade payables	2,849	-	-	2,849	2,849
Other payables	196,691	-	-	196,691	196,691
Amount due to Directors	701	-	-	701	701
Revolving credit	25,704	-	-	25,704	25,704
Finance lease liabilities	311	605	98	1,014	929
Bank overdrafts	65,878	-	-	65,878	65,878
	<b>292,134</b>	<b>605</b>	<b>98</b>	<b>292,837</b>	<b>292,752</b>
<b>Company</b>					
<b>2016</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	<b>50,910</b>	-	-	<b>50,910</b>	<b>50,910</b>
Amount due to subsidiary companies	<b>29,079</b>	-	-	<b>29,079</b>	<b>29,079</b>
Revolving credit	<b>43,787</b>	-	-	<b>43,787</b>	<b>43,787</b>
Finance lease liabilities	<b>118</b>	<b>134</b>	-	<b>252</b>	<b>240</b>
Bank overdrafts	<b>75,170</b>	-	-	<b>75,170</b>	<b>75,170</b>
	<b>199,064</b>	<b>134</b>	-	<b>199,198</b>	<b>199,186</b>
<b>2015</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	62,925	-	-	62,925	62,925
Amount due to Directors	701	-	-	701	701
Amount due to subsidiary companies	21,408	-	-	21,408	21,408
Revolving credit	25,704	-	-	25,704	25,704
Finance lease liabilities	252	442	14	708	663
Bank overdrafts	65,878	-	-	65,878	65,878
	<b>176,868</b>	<b>442</b>	<b>14</b>	<b>177,324</b>	<b>177,279</b>

# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks

##### (a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in foreign currency. The currency giving rise to this risk is primarily Hong Kong Dollar (HKD).

The Group has not entered into any derivative instruments for hedging or trading purposes. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	<b>Denominated in HKD RM'000</b>	<b>Total RM'000</b>
<b>Group</b>		
<b>2016</b>		
Cash and bank balances	<u>24</u>	<u>24</u>
<b>2015</b>		
Cash and bank balances	24	24
Other payables	(607)	(607)
	<u>(583)</u>	<u>(583)</u>

#### Foreign currency 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.

### (b) Interest rate risk

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

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

# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The carrying amounts of the Group's financial instruments that are exposed to interest rate risk is as follows:

	2016 RM'000	2015 RM'000
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial liabilities	434	929
<b>Floating rate instruments</b>		
Financial liabilities	118,957	91,582
<b>Company</b>		
<b>Fixed rate instruments</b>		
Financial liabilities	240	663
<b>Floating rate instruments</b>		
Financial liabilities	118,957	91,582

### Interest rate sensitivity analysis

A change in 0.25% interest rate at the end of the reporting period would have increased/decreased the Group's and the Company's loss before tax by RM297,000 and RM297,000 (2015: RM229,000 and RM229,000) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term loans and borrowings approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

# Notes to the Financial Statements

30 June 2016

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000
<b>Group</b>				
<b>2016</b>				
<b>Financial liabilities</b>				
Finance lease liabilities (non-current liabilities)	-	268	-	297
<b>2015</b>				
<b>Financial liabilities</b>				
Finance lease liabilities (non-current liabilities)	-	841	-	655
<b>Company</b>				
<b>2016</b>				
<b>Financial liabilities</b>				
Finance lease liabilities (non-current liabilities)	-	116	-	130
<b>2015</b>				
<b>Financial liabilities</b>				
Finance lease liabilities (non-current liabilities)	-	656	-	437

#### (i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

#### (ii) Level 1 fair value

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

#### (iii) Level 2 fair value

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

#### Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

#### (iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

# Notes to the Financial Statements

30 June 2016

## 36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total loans and borrowings	119,391	92,511	119,197	92,245
Less: Cash and bank balances	(3,069)	(357)	(1,429)	(86)
Net debt	116,322	92,154	117,768	92,159
Total equity	148,835	233,192	83,000	188,255
Gearing ratio	78%	40%	142%	49%

There were no changes in the Group's approach to capital management during the financial year.

As disclosed in 37(a), the Company has submitted an application to Bursa Securities for further extension of time to submit its Proposed Regularisation Plan to Bursa Securities and it is pending approval from Bursa Securities as at the date of issuance of these financial statements.

## 37. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) On 1 December 2014, the Company announced that the Company is a Practice Note 17 ("PN17") company as it has triggered the prescribed criteria under PN17 pursuant to Paragraph 8.04 and Paragraph 2.1(d) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The PN17 criteria was triggered as the Company's auditors have expressed a disclaimer opinion in the Company's audited financial statements for the financial year ended 30 June 2014.

Pursuant to PN17, the Company is required to comply with the following:

- (i) within twelve (12) months from the date of this First Announcement;
  - (a) submit a regularisation plan to the Securities Commission ("SC") if the plan will result in a significant change in the business direction or policy of the Company; or
  - (b) submit a regularisation plan to Bursa Securities if the plan will not result in a significant change in the business direction or policy of the Company, and obtain Bursa Securities' approval to implement the plan;

# Notes to the Financial Statements

30 June 2016

## 37. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

- (a) Pursuant to PN17, the Company is required to comply with the following:
- (ii) implement the regularisation plan within the time frame stipulated by the SC or Bursa Securities, as the case may be;
  - (iii) announce within three (3) months from this First Announcement, on whether the regularisation plan will result in a significant change in the business direction or policy of the Company;
  - (iv) announce the status of its regularisation plan and the number of months to the end of the relevant time frames referred to in Paragraphs 5.1 and 5.2 of PN17, as may be applicable, on a monthly basis until further notice from Bursa Securities;
  - (v) announce its compliance or non-compliance with a particular obligation imposed pursuant to PN17, on an immediate basis;
  - (vi) announce the details of the regularisation plan ("Requisite Announcement") and sufficient information to demonstrate that the Company is able to comply with all the requirements set out in Paragraph 3.1 of PN17 after implementation of the regularisation plan, which shall include a timetable for the complete implementation of the regularisation plan. The Requisite Announcement must be made by the Company's Principal Adviser; and
  - (vii) where the Company fails to regularise its condition, it will announce the dates of suspension and de-listing of its listed securities immediately upon notification of suspension and de-listing by Bursa Securities.

In the event the Company fails to comply with the obligations to regularise its condition, all its listed securities will be suspended from trading on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and de-listing procedures shall be taken against the Company, subject to the Company's right to appeal against the de-listing.

M&A Securities Sdn. Bhd. had on 28 July 2016 submitted to Bursa Securities an application for further extension of time up to 28 February 2017 for the Company to make the requisite announcement and up to 15 April 2017 to submit the regularisation plan. On 5 September 2016, Bursa Securities had approved the application for an extension of time up to 29 December 2016 for the Company to make the requisite announcement and submit its regularisation plan to the regulatory authorities.

- (b) On 29 February 2016, Lakehill Resort Development Sdn. Bhd. ("LHRD"), a wholly-owned subsidiary company of the Company had entered into a Sale and Purchase Agreement ("SPA") with Choice Avenue Development Sdn. Bhd. for disposal of all piece of freehold land held under GRN 293541 Lot 95839 (formerly known as HS (D) 310439 PTD 149686), in the Mukim Plentong, District of Johor Bahru, measuring approximately of 5,481 square feet, for total consideration of RM2,316,822. As at 30 June 2016, the condition precedents of the SPA have yet to be fulfilled.
- (c) On 26 May 2015, LHRD, had entered into a Joint Development Agreement ("JDA") with Bina Puri Properties Sdn. Bhd.. LHRD, as a land owner will grant to who acts as developer, the sole and exclusive rights to carry out a housing development project on the land with total area of 1,063,299.55 square feet. As a return, LHRD is entitled to RM21,265,991 as consideration together with an agreed proportion of profit sharing. As at 30 June 2016, the condition precedents of the JDA have yet to be fulfilled.
- (d) On 30 October 2014, LHRD, had entered into a Sale and Purchase Agreement ("SPA") with Temokin Development Sdn. Bhd. for disposal of 163 subs-divided residential lots in the project land held under HS (D) 310454 PTD 149708, in the Mukim Plentong, District of Johor Bahru, measuring approximately of 260,938.46 square feet, for total consideration of RM9,350,676. The disposal has completed during the financial year.



# Notes to the Financial Statements

30 June 2016

## 38. COMPARATIVE FIGURES

The following reclassifications were made to the financial statement of prior year to be consistent with current year presentation. There was no significant impact to the financial performance in relation to financial year ended 30 June 2015.

	<b>As previously stated RM'000</b>	<b>Reclassification RM'000</b>	<b>As restated RM'000</b>
<b>Group</b>			
<b>Statements of profit or loss and other comprehensive income</b>			
Revenue	12,580	(1,429)	11,151
Other expenses	(2,229)	1,429	(800)

## 39. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 18 October 2016.

# Supplementary Information On The Disclosure Of Realised And Unrealised Profits Or Losses

## 40. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and 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.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total accumulated losses of the Company and its subsidiary companies				
- realised	<b>(561,629)</b>	(490,859)	<b>(396,246)</b>	(353,103)
- unrealised	<b>207,885</b>	256,361	<b>191,586</b>	253,698
	<b>(353,744)</b>	(234,498)	<b>(204,660)</b>	(99,405)
Less: Consolidation adjustments	<b>215,663</b>	180,686	-	-
	<b>(138,081)</b>	(53,812)	<b>(204,660)</b>	(99,405)

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

## Properties Held by the Group

	Tenure	Location	Approximately Net Lettable Area/ Land Area	Approximate Age of Building (years)	Net Carrying Amount @ 30 June 2016 (RM'000)	Date of Revaluation
1	Freehold	<ul style="list-style-type: none"> <li>i 19 Level office tower</li> <li>ii Majority of the floor area of 4 level retail podium at Jalan Raja Chulan 50200 Kuala Lumpur</li> </ul>	<ul style="list-style-type: none"> <li>257,805 sq ft</li> <li>76,864 sq ft</li> </ul>	42	250,000	30/6/2016
2	Freehold	Remaining land & Development in the Mukim Plentong, District of Johore Bahru, Johor Darul Takzim	487 acres	-	234,078	24/7/2008

# Analysis of Shareholdings

As at 22 September 2016

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

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	188	5.72	6,664	0.00
100 to 1,000 shares	999	30.41	886,518	0.31
1,001 to 10,000 shares	1,135	34.55	5,671,126	1.97
10,001 to 100,000 shares	776	23.62	27,009,103	9.39
100,001 to less than 5% of issued shares	186	5.66	106,335,797	36.97
5% and above of issued shares	1	0.03	147,750,572	51.36
<b>TOTAL</b>	<b>3,285</b>	<b>100.00</b>	<b>287,659,780</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Top Lander Offshore Inc.	147,750,572	51.36	-	-
Dato' Ch'ng Poh @ Ch'ng Chong Poh	-	-	147,750,572	51.36 <sup>1</sup>
Datin Kong Yuk Chu	-	-	147,750,572	51.36 <sup>1</sup>
Seacrest Land Limited	-	-	147,750,572	51.36 <sup>1</sup>

### Notes:-

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

# Analysis of Shareholdings

As at 22 September 2016

## DIRECTORS' INTERESTS IN SHARES

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of shares	% of Issued Capital
Datin Kong Yuk Chu	-	-	147,750,572	51.36 <sup>1</sup>
Ch'ng Soon Sen	469,000	0.16 <sup>2</sup>	-	-
Ch'ng Se Hua	-	-	-	-
Tan Meng Hui	-	-	-	-
Leong Kah Mun	-	-	-	-
Lim Yit Kiong	-	-	-	-
Yee Wei Meng	4,682,989	1.63	9,700,000	3.37 <sup>3</sup>

### Notes:-

- 1 Deemed interested by virtue of her substantial interest in Seacrest Land Limited, which has an indirect interest in the Company via its wholly-owned subsidiary company, Top Lander Offshore Inc. pursuant to Section 6A 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 Deemed interested by virtue of his substantial interest in Fontern Holdings (M) Sdn Bhd and Transgrow Corporation Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

## LIST OF TOP 30 SHAREHOLDERS AS AT 22/9/2016

NO	NAME	HOLDINGS	%
1	TOP LENDER OFFSHORE INC.	147,750,572	51.36
2	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEY POR CHEN (MARGIN)	14,300,000	4.97
3	FONTERN HOLDINGS (M) SDN. BHD.	5,200,000	1.81
4	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,682,989	1.63
5	TRANSGROW CORPORATION SDN. BHD.	4,500,000	1.56
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR FAIZATUL IKMI BINTI ABD RAZAK (E-SLY)	3,074,300	1.07
7	TEO KWEE HOCK	3,049,900	1.06
8	YAP LIAN FAR	2,495,700	0.87
9	HLIB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TOH AH LOU	2,320,000	0.81
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YAP LIAN FAR (8039110)	2,145,200	0.75

# Analysis of Shareholdings

As at 22 September 2016

## LIST OF TOP 30 SHAREHOLDERS AS AT 22/9/2016 (CONT'D)

NO	NAME	HOLDINGS	%
11	NG FAAI @ NG YOKE PEI	2,110,000	0.73
12	LEE SIM HEE	1,576,600	0.55
13	CHONG HUNG LAI	1,570,600	0.55
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POH CHOO (PENAMG-CL)	1,557,000	0.54
15	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG HENG LOONG (CCTS)	1,450,000	0.50
16	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,335,000	0.46
17	ONN PHAIK SIEW	1,332,700	0.46
18	UNITED SIN MOTOR ENTERPRISE SDN. BHD.	1,280,000	0.45
19	LIM HONG LEONG	1,080,100	0.38
20	CHENG KEN SEONG	999,700	0.35
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG KUN TZU @ WONG KING TZU	950,000	0.33
22	LIM CHEN TONG	933,300	0.32
23	LEE EE ME	930,200	0.32
24	SIN BEE LEAN	920,000	0.32
25	ONG KEK POH	879,000	0.31
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. TAIPING RECOVERY SDN BHD - IN LIQUIDATION FOR HO NGAN YIN	871,000	0.30
27	NG KAI YUAN	864,000	0.30
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WANG CHOON KENG (PENANG)	800,000	0.28
29	WONG CHOON SHEIN	800,000	0.28
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN (472435)	751,851	0.26
		<b>212,509,712</b>	<b>73.88</b>

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# Proxy Form



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

I/We\*, \_\_\_\_\_ NRIC No./Passport No./Company No\* \_\_\_\_\_

of \_\_\_\_\_

FULL ADDRESS

being (a) member(s) of Malaysia Pacific Corporation Berhad hereby appoint(s) \_\_\_\_\_

of \_\_\_\_\_

and/or failing him / her\*, \_\_\_\_\_ of \_\_\_\_\_

or failing him/her\*, the CHAIRMAN OF THIS MEETING as my/our\* proxy to vote for me/us\* and on my/our\* behalf at the Forty-Fourth Annual General Meeting of the Company to be held at Room Matahari 1, Level 5, Cititel Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Thursday, 24 November 2016 at 10.00 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1	Approval of Directors' fees for the financial year ended 30 June 2016		
2	Re-election of Datin Kong Yuk Chu as Director		
3	Re-election of Mr Lim Yit Kiong as Director		
4	Re-election of Mr Ms Ch'ng Se Hua as Director		
5	Re-election of Dato' Ir. Hj. Md. Nasir Bin Ibrahim as Director		
6	Re-election of Mr Ho Pui Hold as Director		
7	Re-appointment of Messrs UHY as Auditors and to authorise the Directors to fix their remuneration		
8	Renewal of authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy(ies) to vote at his/her discretion.

For appointment of two proxies, percentage of shareholdings to be represented by each proxy is as follows:

	No. of Shares	Percentage	CDS Account No.	
Proxy 1				
Proxy 2				
Total		100%	Number of Shares held	

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016 \_\_\_\_\_

Signature of Shareholder(s) or Common Seal

\* Strike out whichever is not applicable

## Notes:

- Only depositors whose names appear in the Record of Depositors as at 15 November 2016 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.
- A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting on a show of hands or on a poll in his stead provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. There shall be no restriction as to the qualification of the proxy.
- 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.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
- The instrument appointing a proxy, must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof.

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Affix  
Stamp

Company Secretary

**Malaysia Pacific Corporation Berhad (12200-M)**

No. 3-2, 3rd Mile Square  
No. 151 Jalan Kelang Lama  
Batu 3½, 58100 Kuala Lumpur

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