MALAYSIA PACIFIC CORPORATION BERHAD

[Registration No.: 197201000550 (12200-M)]
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2023

Registered office:
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

Principal place of business:
BO03-A-09-01, Level 9
Menara Pacific
No. 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur

Registration No. 197201000550 (12200-M)

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2023

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MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

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 2023.

Principal Activities

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

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

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year, attributable to owners of the parent	7,845	2,550

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

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

Options Granted Over Unissued Shares

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

Directors

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

YBhg. Datin Kong Yuk Chu*	
Ch'ng Soon Sen*	
Ch'ng Se Hua*	
Dato' Ir Hj. Md. Nasir Bin Ibrahim	(Resigned on 15.2.2023)
Chua Yeong Lin	(Resigned on 15.2.2023)
Lim Yit Kiong	(Resigned on 15.2.2023)

** Director of the Company and its subsidiaries*

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

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

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

Directors' Interests in Shares

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

	Number of ordinary shares			
	At 1.7.2022	**Addition**	**Disposal**	**At 30.6.2023**
Interests in the Company				
Direct interests				
Ch'ng Soon Sen	469,000	-	-	469,000
Indirect interests				
YBhg. Datin Kong Yuk Chu #	147,750,572	-	-	147,750,572

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

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

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

Directors' 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 benefits included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report) 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.

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.

Directors' Remuneration

The details of the Directors' remuneration paid/payable to the Director of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Executive:		
Salaries and other emoluments	1,492	746
Defined contribution plans	165	82
Other employee benefits	3	1
	1,660	829
Non-executive:		
Fees	67	63
Other emoluments	8	8
	75	71
	1,735	900

Indemnity and Insurance Costs

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

Other Statutory Information

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

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

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

Other Statutory Information (Cont'd)

(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.

(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;

(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; 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.

Subsidiaries

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year are RM94,000 and RM60,000 respectively.

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 8 November 2023.

YBHG. DATIN KONG YUK CHU	CH'NG SOON SEN

KUALA LUMPUR

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 November 2023.

YBHG. DATIN KONG YUK CHU	CH’NG SOON SEN

KUALA LUMPUR

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

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

I, Ch'ng Soon Sen, being the Director primarily responsible for the financial management of Malaysia Pacific Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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 8 November 2023	)))	
		CH'NG SOON SEN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD
[Registration No.: 197201000550 (12200-M)]
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Malaysia Pacific Corporation Berhad, which comprise the statements of financial position as at 30 June 2023 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 88.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(d) to the financial statements. The Group and the Company incurred net losses of RM7,845,000 and RM2,550,000 respectively during the financial year ended 30 June 2023 and, as of that date, the Group's and Company's current liabilities exceeded its current assets by RM167,654,000 and RM1,049,000 respectively and the Company had a deficit in its shareholders' equity of RM731,000. As stated in Note 2(d), these events or conditions, along with other matters as set forth in Note 2(d), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD (CONT'D)
[Registration No.: 197201000550 (12200-M)]
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD (CONT'D)
[Registration No.: 197201000550 (12200-M)]
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Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosure in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA PACIFIC CORPORATION BERHAD (CONT'D)
[Registration No.: 197201000550 (12200-M)]
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, is disclosed in Note 6 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2023 J
Chartered Accountant

KUALA LUMPUR

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	59	86	103	129
Right-of-use assets	5	660	1,032	470	709
Investment in subsidiaries	6	-	-	-	-
Investment in an associate	7	-	-	-	-
Inventories	8	194,498	194,059	-	-
		195,217	195,177	573	838
Current Assets					
Inventories	8	367	367	-	-
Trade receivables	9	-	10,160	-	-
Other receivables	10	235	948	118	819
Amount due from subsidiaries	11	-	-	65,409	70,148
Amount due from an associate	12	-	39	-	-
Tax recoverable		121	122	104	105
Cash and bank balances		1,062	639	409	104
		1,785	12,275	66,040	71,176
Total Assets		197,002	207,452	66,613	72,014
EQUITY AND LIABILITIES					
Equity					
Share capital	13	287,660	287,660	287,660	287,660
Exchange translation reserve	14	(1,312)	(1,296)	-	-
Accumulated losses	14	(269,508)	(261,663)	(288,391)	(285,841)
Total Equity		16,840	24,701	(731)	1,819

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONT'D)

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-Current Liabilities					
Lease liabilities	15	434	821	255	505
Deferred tax liabilities	16	10,289	10,289	-	-
		10,723	11,110	255	505
Current Liabilities					
Trade payables	17	1,596	1,308	-	-
Other payables	18	167,456	169,950	45,300	47,913
Amount due to subsidiaries	11	-	-	21,539	21,543
Lease liabilities	15	387	383	250	234
		169,439	171,641	67,089	69,690
Total Liabilities		180,162	182,751	67,344	70,195
Total Equity and Liabilities		197,002	207,452	66,613	72,014

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

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	19	-	3,449	-	-
Cost of sales		(232)	(1,625)	-	-
Gross profit		(232)	1,824	-	-
Other income		381	73	595	521
Administrative expenses		(4,430)	(7,058)	(1,808)	(4,161)
Other expenses		-	(4)	-	(4)
Net (loss)/gain on impairment of financial instruments		(3,508)	1,925	(1,298)	(515)
Loss from operations		(7,789)	(3,240)	(2,511)	(4,159)
Finance cost	20	(56)	(47)	(39)	(26)
Loss before tax	21	(7,845)	(3,287)	(2,550)	(4,185)
Taxation	22	-	(3,671)	-	(3,745)
Loss for the financial year		(7,845)	(6,958)	(2,550)	(7,930)

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Other comprehensive (loss)/income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange translation difference for foreign operation	(16)	(12)	-	-
Total comprehensive loss for the financial year	(7,861)	(6,970)	(2,550)	(7,930)
Loss for the financial year attributable to:				
Owners of the parent	(7,845)	(6,958)	(2,550)	(7,930)
Total comprehensive loss for the financial year attributable to:				
Owners of the parent	(7,861)	(6,970)	(2,550)	(7,930)

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

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Attributable to Owners of the Parent			
	Non-distributable			
	Share Capital RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Group				
At 1 July 2021	287,660	(1,284)	(254,705)	31,671
Loss for the financial year	-	-	(6,958)	(6,958)
Other comprehensive loss for the financial year	-	(12)	-	(12)
Total comprehensive loss for the financial year	-	(12)	(6,958)	(6,970)
At 30 June 2022	287,660	(1,296)	(261,663)	24,701

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Attributable to Owners of the Parent			
	Non-distributable			
	Share Capital RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Group				
At 1 July 2022	287,660	(1,296)	(261,663)	24,701
Loss for the financial year	-	-	(7,845)	(7,845)
Other comprehensive loss for the financial year	-	(16)	-	(16)
Total comprehensive loss for the financial year	-	(16)	(7,845)	(7,861)
At 30 June 2023	287,660	(1,312)	(269,508)	16,840

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Attributable to Owners of the Parent		
	Non-distributable		
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
Company			
At 1 July 2021	287,660	(277,911)	9,749
Loss for the financial year, representing total comprehensive loss for the financial year	-	(7,930)	(7,930)
At 30 June 2022	287,660	(285,841)	1,819
At 1 July 2022	287,660	(285,841)	1,819
Loss for the financial year, representing total comprehensive loss for the financial year	-	(2,550)	(2,550)
At 30 June 2023	287,660	(288,391)	(731)

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Operating Activties				
Loss before tax	(7,845)	(3,287)	(2,550)	(4,185)
Adjustments for:				
Bad debts written off	39	-	-	-
Depreciation of:				
- property, plant and equipment	32	37	31	32
- right-of-use assets	372	430	239	236
Impairment losses on				
- amount due from subsidiaries	-	-	610	542
- trade receivables	2,806	-	-	-
- other receivable	702	-	702	-
Provision for litigation claim	-	4	-	4
Reversal of impairment losses on:				
- amount due from subsidiaries	-	-	(14)	(27)
- trade receivables	-	(1,925)	-	-
Unrealised gain on foreign exchange	-	-	(594)	(482)
Finance cost	56	47	39	26
Interest income	(7)	(3)	(1)	-
Operating loss before working capital changes	(3,845)	(4,697)	(1,538)	(3,854)
Changes in working capital:				
Inventories	(439)	2,211	-	-
Trade receivables	7,354	2,310	-	-
Other receivables	11	726	(1)	273
Amount due from/to subsidiaries	-	-	4,733	4,499
Trade payables	288	186	-	-
Other payables	(607)	594	(726)	505
Foreign exchange reserve	(16)	(12)	-	-
	6,591	6,015	4,006	5,277
Cash generated from operations carried down	2,746	1,318	2,468	1,423

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating Activities (Cont'd)				
Cash generated from operations brought down	2,746	1,318	2,468	1,423
Interest received	7	3	1	-
Interest paid	(56)	(47)	(39)	(26)
Tax refund	1	23	1	19
Tax paid	(1,887)	(1,200)	(1,887)	(1,200)
	(1,935)	(1,221)	(1,924)	(1,207)
Net cash from operating activities	811	97	544	216
Investing Activity				
Purchase of property, plant and equipment, representing net cash used in investing activity	(5)	(6)	(5)	(3)
Financing Activity				
Payment of lease liabilities, representing net cash used in financing activity	(383)	(378)	(234)	(234)
Net increase/(decrease) in cash and cash equivalents	423	(287)	305	(21)
Cash and cash equivalents at the beginning of the financial year	639	926	104	125
Cash and cash equivalents at the end of the financial year	1,062	639	409	104
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	1,062	639	409	104

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

Note to statements of cash flows

Cash flows for leases as a lessee

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Included in operating activities:					
Interest paid in relation to lease liabilities	20	56	47	39	26
Included in financing activity:					
Payment of lease liabilities	15	383	378	234	234
Total cash outflows for leases		439	425	273	260

MALAYSIA PACIFIC CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2023

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

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

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan. With effect from 2 January 2023, the Company's registered office has been relocated to B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at BO03-A-09-01, Level 9, Menara Pacific, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur.

2. Basis of Preparation

(a) Statement of compliance

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

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020:
- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Company has not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(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 RM in thousands except when otherwise stated.

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

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

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

The Group recognises revenue over time in the following circumstances:

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

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

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

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

2. **Basis of Preparation (Cont'd)**

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

Judgements (Cont'd)

<u>Determining the lease term of contracts with renewal options - the Group as lessee</u>

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

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:

<u>Useful lives of property, plant and equipment and right-of-use ("ROU") assets</u>

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets 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 and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

2. **Basis of Preparation (Cont'd)**

(c) 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, unutilised 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, unutilised 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 16.

Revenue from property development contracts

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the stage of completion of the development activity at the end of the reporting period. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

Significant judgement is required in determining the completeness and accuracy of the total property development costs as estimates of future property development costs are inherently uncertain, which involve management's estimation of future cost to completion of the development. Substantial changes in cost estimates in future periods may affect the profitability of the respective property development projects. In making the estimation, the Group evaluates based on past experiences and by relying on the work of specialists. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss is disclosed in Note 9.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Groups estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

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 and the Company recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 30 June 2023, the Group and the Company have tax recoverable of RM121,000 and RM104,000 (2022: RM122,000 and RM105,000) respectively.

2. **Basis of Preparation (Cont'd)**

(d) Going concern assumption

The Group and the Company incurred net losses of RM7,845,000 and RM2,550,000 respectively during the financial year ended 30 June 2023 and, as of that date, the Group's and Company's current liabilities exceeded its current assets by RM167,654,000 and RM1,049,000 respectively and the Company had a deficit in its shareholders' equity of RM731,000. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The validity of the going concern assumption depends on the continuing financial support from the corporate shareholder of the Company.

The substantial corporate shareholder of the Company, Top Lander Offshore Inc. has indicated its intention to provide continuous financial support to the Company so as to enable the Company to meet its obligations as and when they fall due and to operate as a going concern in the foreseeable future.

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

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) Subsidiaries

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. **Significant Accounting Policies (Cont’d)**

(a) Basis of consolidation (Cont’d)

(i) Subsidiaries (Cont’d)

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary 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 interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

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

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

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

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

In the Company's separate financial statements, investment in subsidiaries 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. Refer accounting policy Note 3(j)(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries 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 subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

If the Group losses control of a subsidiary, the assets and liabilities of the subsidiary, 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 acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation (Cont'd)

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. Refer accounting policy Note 3(j)(i) on impairment of non-financial assets.

(b) Investment in associates

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

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

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

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

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

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates (Cont'd)

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

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

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

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

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, which are treated as assets and liabilities of the Company. 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 subsidiaries, 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.

3. **Significant Accounting Policies (Cont’d)**

(c) Foreign currency translation (Cont’d)

(ii) Foreign operations (Cont’d)

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

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

3. Significant Accounting Policies (Cont'd)

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

(i) Recognition and measurement

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:

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

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

3. **Significant Accounting Policies (Cont'd)**

(e) Leases

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Building	Over the lease term
Office equipment	5 years or over the lease term, if shorter
Motor vehicles	5 years or over the lease term, if shorter

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

3. **Significant Accounting Policies (Cont'd)**

(e) Leases (Cont'd)

As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(f) Financial assets

Recognition and initial measurement

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.

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

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3. **Significant Accounting Policies (Cont'd)**

(f) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(j)(ii) on impairment of financial assets.

3. Significant Accounting Policies (Cont'd)

(f) Financial assets (Cont'd)

Regular way purchase or sale of financial assets

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

Derecognition

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

(g) Financial liabilities

Recognition and initial measurement

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

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

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

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

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

3. **Significant Accounting Policies (Cont'd)**

(g) Financial liabilities (Cont'd)

Financial liability categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial liabilities as follows: (Cont'd)

(ii) Financial liabilities at amortised cost

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

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

The Group and the Company's financial liabilities designated at amortised cost comprises trade and other payables, amount due to subsidiaries, and lease liabilities.

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Inventories

(i) Land held for property development

Land held for property development consists of land held for future development where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

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.

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

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

3. **Significant Accounting Policies (Cont'd)**

(h) Inventories (Cont'd)

(ii) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising cost of land, direct materials, direct labour, other direct costs and related overheads incurred that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. The property development costs are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

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

Property development costs for which work has been undertaken and development activities are expected to be completed within the normal operating cycle, are classified as current asset.

(i) Offsetting of financial instruments

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

(j) Impairment of assets

(i) Non-financial assets

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

3. **Significant Accounting Policies (Cont'd)**

(j) Impairment of assets (Cont'd)

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

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

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(j) Impairment of assets (Cont'd)

(ii) Financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term 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.

3. **Significant Accounting Policies (Cont'd)**

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Defined contribution plans

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

3. **Significant Accounting Policies (Cont'd)**

(n) Revenue and other income

(i) Revenue from contracts with customers

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

<u>Revenue from property development</u>

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the level the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

(ii) Interest income

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

3. Significant Accounting Policies (Cont'd)

(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 expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(p) Income taxes

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

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

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

3. **Significant Accounting Policies (Cont'd)**

(p) Income taxes (Cont'd)

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

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

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

(q) Contingencies

Where it is not probable that an inflow or 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.

(r) Fair value measurement

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

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

3. **Significant Accounting Policies (Cont'd)**

(r) Fair value measurement (Cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1	:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2	:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	:	unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. **Property, Plant and Equipment**

	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Group				
2023				
Cost				
At 1 July 2022	484	595	805	1,884
Additions	5	-	-	5
At 30 June 2023	489	595	805	1,889
Accumulated depreciation				
At 1 July 2022	456	595	747	1,798
Charge for the financial year	25	-	7	32
At 30 June 2023	481	595	754	1,830
Carrying amount				
At 30 June 2023	8	-	51	59
2022				
Cost				
At 1 July 2021	478	595	805	1,878
Additions	6	-	-	6
At 30 June 2022	484	595	805	1,884
Accumulated depreciation				
At 1 July 2021	429	593	739	1,761
Charge for the financial year	27	2	8	37
At 30 June 2022	456	595	747	1,798
Carrying amount				
At 30 June 2022	28	-	58	86

4. Property, Plant and Equipment (Cont'd)

	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Company				
2023				
Cost				
At 1 July 2022	307	447	71	825
Additions	5	-	-	5
At 30 June 2023	312	447	71	830
Accumulated depreciation				
At 1 July 2022	237	447	12	696
Charge for the financial year	24	-	7	31
At 30 June 2023	261	447	19	727
Carrying amount				
At 30 June 2023	51	-	52	103
2022				
Cost				
At 1 July 2021	304	447	71	822
Additions	3	-	-	3
At 30 June 2022	307	447	71	825
Accumulated depreciation				
At 1 July 2021	212	447	5	664
Charge for the financial year	25	-	7	32
At 30 June 2022	237	447	12	696
Carrying amount				
At 30 June 2022	70	-	59	129

5. Right-of-use Assets

	Building RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group				
2023				
Cost				
At 1 July 2022/ 30 June 2023	1,262	45	977	2,284
Accumulated depreciation				
At 1 July 2022	521	17	714	1,252
Charge for the financial year	260	9	103	372
At 30 June 2023	781	26	817	1,624
Carrying amount				
At 30 June 2023	481	19	160	660
2022				
Cost				
At 1 July 2021	739	45	977	1,761
Additions	59	-	-	59
Lease modification	464	-	-	464
At 30 June 2022	1,262	45	977	2,284
Accumulated depreciation				
At 1 July 2021	265	8	549	822
Charge for the financial year	256	9	165	430
At 30 June 2022	521	17	714	1,252
Carrying amount				
At 30 June 2022	741	28	263	1,032

5. **Right-of-use Assets (Cont'd)**

	Building RM'000	Office equipment RM'000	Total RM'000
Company			
2023			
Cost			
At 1 July 2022/30 June 2023	1,144	45	1,189
Accumulated depreciation			
At 1 July 2022	463	17	480
Charge for the financial year	230	9	239
At 30 June 2023	693	26	719
Carrying amount			
At 30 June 2023	451	19	470
2022			
Cost			
At 1 July 2021	680	45	725
Lease modification	464	-	464
At 30 June 2022	1,144	45	1,189
Accumulated depreciation			
At 1 July 2021	236	8	244
Charge for the financial year	227	9	236
At 30 June 2022	463	17	480
Carrying amount			
At 30 June 2022	681	28	709

(a) Included in the right-of-use assets of the Group are motor vehicles with carrying amount of RM160,000 (2022: RM263,000) pledged as securities for the related lease liabilities as disclosed in Note 15.

5. **Right-of-use Assets (Cont'd)**

(b) The aggregate additional costs for right-of-use assets of the Group and of the Company during the financial year acquired under lease financing and cash payments are as follows:

	Group 2023 RM'000	Group 2022 RM'000
Aggregate costs	-	59
Less: Lease financing	-	(59)
Cash payments	-	-

6. **Investment in Subsidiaries**

(a) Investment in subsidiaries

	Company 2023 RM'000	Company 2022 RM'000
In Malaysia		
Unquoted shares, at cost	8,501	8,501
Less: Accumulated impairment losses	(8,501)	(8,501)
	-	-

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activities
MPC Properties Sdn. Bhd. *	Malaysia	100	100	Letting of investment properties and property development
Bedford PJ Complex Sdn. Bhd. *	Malaysia	100	100	Dormant

6. **Investment in Subsidiaries (Cont'd)**

(a) Investment in subsidiaries (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activities
Euronium Construction Sdn. Bhd.	Malaysia	100	100	Dormant
Premier Building Management Services Sdn. Bhd.	Malaysia	100	100	Dormant
Prestige Trading Sdn. Bhd.	Malaysia	100	100	Dormant
MPC Management Services Sdn. Bhd.	Malaysia	100	100	Management services
Subsidiaries of MPC Properties Sdn. Bhd.				
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.	Malaysia	100	100	Investment holding, project management and property co-development

6. **Investment in Subsidiaries (Cont'd)**

(a) Investment in subsidiaries (Cont'd)

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

Name of company	Place of business/ Country of incorporation	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activities
Subsidiary of Oriental Pearl City Properties Sdn. Bhd.				
Lakehill Resort Development Sdn. Bhd. ("LHRD")	Malaysia	100	100	Property management and property development
Subsidiary of Creative Ascent Sdn. Bhd.				
Taman Bandar Baru Masai Sdn. Bhd. ("TBBM")	Malaysia	100	100	Property development
Subsidiaries of Lakehill Resort Development Sdn. Bhd.				
Asia Pacific Trade and Expo City Sdn. Bhd.	Malaysia	100	100	Dormant
Asia Pacific Trade & Expo City (HK) Limited ^	Hong Kong	100	100	Provision of corporate management services, marketing and promotion to Greater China

^ Subsidiary not audited by UHY

7. Investment in an Associate

	Group 2023 RM'000	Group 2022 RM'000
In Malaysia		
Unquoted shares, at cost	87	87
Share of post-acquisition reserve	(87)	(87)
	-	-

Details of the associate is as follow:

Name of company	Place of business/ Country of incorporation	Effective equity interest 2023 %	Effective equity interest 2022 %	Principal activity
Held through Lakehill Resort Development Sdn. Bhd.				
Chun Fu Lakehill Sdn. Bhd. ("Chun Fu") ^	Malaysia	35	35	Property development

^ Associate not audited by UHY

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

	Chun Fu 2023 RM'000	Chun Fu 2022 RM'000
Summarised statement of financial position		
Current assets, representing total assets	2,476	2,476
Current liabilities, representing total liabilities	(2,866)	(2,742)
Total net assets	(390)	(266)

7. **Investment in an Associate (Cont'd)**

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

	Chun Fu	
	2023	**2022**
	RM'000	**RM'000**
Summarised statement of profit or loss and other comprehensive income		
Financial results		
Revenue	-	-
Loss for the financial year	(123)	(140)

The Group has not recognised the following losses related to Chun Fu since the Group has no obligation in respect of these losses:

	Chun Fu	
	2023	**2022**
	RM'000	**RM'000**
At 1 July	(85)	(36)
Share of loss during the financial year	(43)	(49)
At 30 June	(128)	(85)

7. **Inventories**

		Group	
		2023	**2022**
	Note	**RM'000**	**RM'000**
Non-current			
Land held for property development and property development costs	(a)	194,498	194,059
Current			
Land held for property development and property development costs	(b)	367	367

8. **Inventories (Cont'd)**

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Non-current		
Freehold land, at cost		
At 1 July	109,936	110,772
Additions/(Reversal)	439	(836)
At 30 June	110,375	109,936
Property development costs		
At 1 July/30 June	84,123	84,123
Total non-current land held for property development and property development costs	194,498	194,059

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
Current		
Freehold land, at cost		
At 1 July	197	935
Recognised in profit or loss	-	(738)
At 30 June	197	197
Property development costs		
At 1 July	170	807
Recognised in profit or loss	-	(637)
At 30 June	170	170
Total current land held for property development and property development costs	367	367

8. Trade Receivables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	6,806	14,160	82	82
Less: Accumulated impairment losses	(6,806)	(4,000)	(82)	(82)
	-	10,160	-	-

Trade receivables are non-interest bearing and the normal credit term is 7 days (2022: 7 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Lifetime allowance RM'000	**Credit impaired RM'000**	**Loss allowance RM'000**
Group			
At 1 July 2022	-	4,000	4,000
Impairment losses recognised	-	2,806	2,806
At 30 June 2023	-	6,806	6,806
At 1 July 2021	-	5,925	5,925
Impairment losses reversed	-	(1,925)	(1,925)
At 30 June 2022	-	4,000	4,000

	Lifetime allowance RM'000	**Credit impaired RM'000**	**Loss allowance RM'000**
Company			
At 1 July 2022/30 June 2023	-	82	82
At 1 July 2021/30 June 2022	-	82	82

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

In the previous financial year, the Group's credit exposures are concentrated mainly on 1 debtor which accounted for 100% of the total trade receivables at the end of the reporting period.

9. **Trade Receivables (Cont'd)**

The ageing analysis of the trade receivables at the end of the reporting period are as follows:

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2023			
Credit impaired			
Individually impaired	6,806	(6,806)	-
2022			
Not past due	6,483	-	6,483
Past due			
More than 90 days	3,677	-	3,677
Credit impaired			
Individually impaired	4,000	(4,000)	-
	14,160	(4,000)	10,160
Company			
2023			
Credit impaired			
Individually impaired	82	(82)	-
2022			
Credit impaired			
Individually impaired	82	(82)	-

As at 30 June 2023, gross trade receivables of the Group amounting to RMNil (2022: RM3,677,000) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The Group and the Company assesses credit quality of the trade receivables on a collective basis by using ageing of past due days.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM6,806,000 and RM82,000 (2022: RM4,000,000 and RM82,000) 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.

10. Other Receivables

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other receivables	709	702	702	702
Less: Accumulated impairment losses	(702)	-	(702)	-
	7	702	-	702
Deposits	129	136	106	106
Prepayments	13	24	12	11
Goods and Services Tax receivable	86	86	-	-
	235	948	118	819

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

	Group/Company 2022 RM'000	Group/Company 2021 RM'000
At 1 July	-	-
Impairment losses recognised	702	-
At 30 June	702	-

11. Amount Due from/(to) Subsidiaries

(a) Amount due from subsidiaries

	Company 2023 RM'000	Company 2022 RM'000
Amount due from subsidiaries	245,698	249,841
Less: Accumulated impairment losses	(180,289)	(179,693)
	65,409	70,148

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

11. **Amount Due from/(to) Subsidiaries (Cont'd)**

(a) Amount due from subsidiaries (Cont'd)

Movements in the impairment losses of amount due from subsidiaries are as follows:

	Company	
	2023	**2022**
	RM'000	**RM'000**
At 1 July	179,693	179,178
Impairment losses recognised	610	542
Impairment losses reversed	(14)	(27)
At 30 June	180,289	179,693

(b) Amount due to subsidiaries

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

12. **Amount Due from an Associate**

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

13. **Share Capital**

	Group and Company			
	Number of shares		**Amount**	
	2023	**2022**	**2023**	**2022**
	Units ('000)	**Units ('000)**	**RM'000**	**RM'000**
Issued and fully paid ordinary shares				
At 1 July/30 June	287,660	287,660	287,660	287,660

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. Reserves

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Exchange translation reserve (Non-distributable)	(1,312)	(1,296)	-	-
Accumulated losses	(269,508)	(261,663)	(288,391)	(285,841)
	(270,820)	(262,959)	(288,391)	(285,841)

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

15. Lease Liabilities

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
At 1 July	1,204	1,059	739	509
Additions	-	59	-	-
Lease modification	-	464	-	464
Payments	(439)	(425)	(273)	(260)
Accretion of interest	56	47	39	26
At 30 June	821	1,204	505	739
Presented as:				
Non-current	434	821	255	505
Current	387	383	250	234
	821	1,204	505	739

15. **Lease Liabilities (Cont'd)**

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one year	421	439	273	273
Later than one year and not later two years	337	421	262	273
Later than two years and not later five years	116	453	1	263
	874	1,313	536	809
Less: Future finance charges	(53)	(109)	(31)	(70)
Present value of lease liabilities	821	1,204	505	739

The Group and the Company lease building, office equipment and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities of the Group and of the Company at reporting date range from 2.41% to 6.20% (2022: 2.41% to 6.20%) and 5.45% to 6.20% (2022: 5.45% to 6.20%) respectively.

16. **Deferred Tax Liabilities**

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 July	10,289	10,363	-	-
Recognised in profit or loss (Note 22)	-	(74)	-	-
At 30 June	10,289	10,289	-	-

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax liabilities	10,289	10,289	-	-

16. **Deferred Tax Liabilities (Cont'd)**

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

Deferred tax liabilities of the Group

	Accelerated capital allowances RM'000	Revaluation surplus arising from development properties RM'000	Total RM'000
2023			
At 1 July 2022	12	10,289	10,301
Recognised in profit or loss	(2)	-	(2)
At 30 June 2023 (before offsetting)	10	10,289	10,299
Less: Offsetting			(10)
At 30 June 2023 (after offsetting)			10,289
2022			
At 1 July 2021	18	10,363	10,381
Recognised in profit or loss	(4)	(74)	(78)
Over provision in prior year	(2)	-	(2)
At 30 June 2022 (before offsetting)	12	10,289	10,301
Less: Offsetting			(12)
At 30 June 2022 (after offsetting)			10,289

Deferred tax liabilities of the Company

	Accelerated capital allowances RM'000	Total RM'000
2022		
At 1 July 2021	2	2
Over provision in prior year	(2)	(2)
At 30 June 2022	-	-

16. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax liabilities and assets of the Group and of the Company are as follows: (Cont'd)

Deferred tax assets of the Group

	Unutilised capital allowances RM'000	Unused tax losses RM'000	Total RM'000
2023			
At 1 July 2022	(3)	(9)	(12)
Recognised in profit or loss	(3)	5	2
At 30 June 2023 (before offsetting)	(6)	(4)	(10)
Less: Offsetting			10
At 30 June 2023 (after offsetting)			-
2022			
At 1 July 2021	(2)	(16)	(18)
Recognised in profit or loss	(3)	7	4
Over provision in prior year	2	-	2
At 30 June 2022 (before offsetting)	(3)	(9)	(12)
Less: Offsetting			12
At 30 June 2022 (after offsetting)			-

Deferred tax assets of the Company

	Unutilised capital allowances RM'000	Total RM'000
2022		
At 1 July 2021	(2)	(2)
Over provision in prior year	2	2
At 30 June 2022	-	-

16. **Deferred Tax Liabilities (Cont'd)**

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unutilised capital allowances	3	3	-	-
Unused tax losses	72,531	70,076	4,649	4,649
	72,534	70,079	4,649	4,649

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 subsidiaries that have a recent history of losses.

Pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (ie: from year of assessment 2019 to 2028) under the current tax legislation.

The recognised and unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2028	69,290	69,300	4,030	4,030
2030	619	619	619	619
2032	194	194	-	-
2033	2,446	-	-	-
	72,549	70,113	4,649	4,649

17. **Trade Payables**

The normal trade credit terms granted to the Group and to the Company range from 30 to 90 days (2022: 30 to 90 days) depending on the terms of the contracts.

18. **Other Payables**

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other payables	164,722	165,780	45,047	46,181
Deposits	2,386	2,335	-	-
Accruals	348	1,835	253	1,732
	167,456	169,950	45,300	47,913

Included in other payables are the followings:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Amount due to AmanahRaya Development Sdn. Bhd. ("AmanahRaya")	18(a)	115,000	115,000	-	-
Amount due to companies in which certain Directors have substantial financial interests	18(b)	45,192	45,342	41,057	41,207
Amount due to a Director	18(c)	2,877	2,102	2,877	2,100
Real property gains tax payable		377	2,264	377	2,264

(a) Amount due to AmanahRaya

On 10 March 2014, the Company and its subsidiaries, OPCP, TBBM and LHRD had entered into a Settlement Agreement with AmanahRaya to settle the Judgement Sum for RM120,000,000.

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

18. **Other Payables (Cont'd)**

Included in other payables are the followings:

(a) Amount due to AmanahRaya (Cont'd)

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

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

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

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

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

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

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

18. **Other Payables (Cont'd)**

Included in other payables are the followings: (Cont'd)

(a) Amount due to AmanahRaya (Cont'd)

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

The Company has obtained the approval from shareholders at the Extraordinary General Meeting held on 22 May 2020 for the disposal of land.

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

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

18. **Revenue**

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers				
Property development	-	3,449	-	-
Timing of revenue recognition				
Over time	-	3,449	-	-
Total revenue from contracts with customers	-	3,449	-	-

19. **Finance Cost**

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
Lease liabilities	56	47	39	26

20. Loss before Tax

Loss before tax is arrived at after charging/(crediting):

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration				
- statutory	94	93	60	60
- non-statutory	-	5	-	5
- over provision in prior years	(5)	(8)	(5)	(5)
Bad debts written off	39	-	-	-
Depreciation of:				
- property, plant and equipment	32	37	31	32
- right-of-use assets	372	430	239	236
Impairment losses on:				
- amount due from subsidiaries	-	-	610	542
- trade receivables	2,806	-	-	-
- other receivables	702	-	702	-
Non-executive Directors' remuneration				
- fees	67	122	63	122
- other emoluments	8	21	8	21
Provision of litigation claim	-	4	-	4
Reversal of impairment losses on:				
- trade receivables	-	(1,925)	-	-
- amount due from subsidiaries	-	-	(14)	(27)
Bad debts recovered	-	(8)	-	-
Interest income	(7)	(3)	(1)	-
Unrealised gain on foreign exchange	-	-	(594)	(482)

21. Taxation

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expenses recognised in profit or loss				
Real property gains tax	-	3,745	-	3,745
Deferred tax (Note 16)				
Relating to origination and reversal of temporary differences	-	(74)	-	-
	-	3,671	-	3,745

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loss before tax	(7,845)	(3,287)	(2,550)	(4,185)
At Malaysian statutory tax rate of 24% (2022: 24%)	(1,883)	(789)	(612)	(1,004)
Income not subject to tax	(87)	(472)	(146)	(132)
Expenses not deductible for tax purposes	1,381	1,153	758	1,136
Deferred tax assets not recognised	591	34	-	-
Real property gains tax	-	3,745	-	3,745
Utilisation of previously unrecognised deferred tax assets	(2)	-	-	-
Tax expenses for the financial year	-	3,671	-	3,745

22. Taxation (Cont'd)

The Group and the Company have estimated unutilised capital allowances and unused tax losses available for offset against future taxable profits as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised capital allowances	27	15	-	-
Unused tax losses	72,549	70,113	4,649	4,649
	72,576	70,128	4,649	4,649

23. Staff Costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other emoluments	2,262	2,963	746	1,111
Defined contribution plans	262	318	82	112
Other employee benefits	122	104	1	5
	2,646	3,385	829	1,228

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other emoluments	1,492	2,223	746	1,111
Defined contribution plans	165	224	82	112
Other employee benefits	3	11	1	2
	1,660	2,458	829	1,225

24. Reconciliation of Liabilities Arising from Financing Activities

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

	Note	At 1 July RM'000	Financing cash flows (i) RM'000	New lease [Note 5 (b)] RM'000	Other changes (ii) RM'000	At 30 June RM'000
Group						
2023						
Financial liability						
Lease liabilities	15	1,204	(383)	-	-	821
2022						
Financial liability						
Lease liabilities	15	1,059	(378)	59	464	1,204
Company						
2023						
Financial liability						
Lease liabilities	15	739	(234)	-	-	505
2022						
Financial liability						
Lease liabilities	15	509	(234)	-	464	739

24. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

(i) The financing cash flows include payment of lease liabilities in the statements of cash flows.

(ii) Other changes include modification of lease contract.

25. **Material Litigations**

(a) Lakehill Resort Development Sdn. Bhd. ("Plaintiff") vs 1. Bina Puri Properties Sdn. Bhd. 2. Bina Puri Holdings Berhad ("Defendants")
<u>Shah Alam High Court Suit No. Ba-22ncvc-381-09/2021</u>

Lakehill Resort Development Sdn. Bhd. ("LHRD") ("Plaintiff"), an indirect wholly-owned subsidiary of the Company, has through their solicitors, Messrs. Lee Hishammuddin Allen & Gledhill, on 29 September 2021 filed a Writ of Summons **(**"Writ"**)** and Statement of Claim ("SOC") against Bina Puri Properties Sdn. Bhd. ("1st Defendant") and Bina Puri Holdings Berhad ("2nd Defendant") (collectively known as "Defendants") for a sum of RM18,350,047 for the outstanding land cost and the owner's entitlement.

On 21 September 2023, both Parties have submitted to the Court that they have enter into settlement. Court has ordered the case to be withdrawn.

26. **Related Parties Disclosures**

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and/or the Company if the Group and/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, and/or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

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.

26. **Related Parties Disclosures (Cont'd)**

(a) Identifying related parties (Cont'd)

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 shareholder of the Company have substantial shareholding interests.

(b) Significant related party transactions

Other than related party balances disclosed elsewhere in the financial statements, the Group and the Company do not have any significant related party transaction for the financial year.

(c) Compensation of key management personnel

Remuneration of Directors and other key management personnel are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees	67	122	67	122
Salaries and other emoluments	1,752	2,244	754	1,132
Defined contribution plans	193	224	82	112
Other employee benefits	4	11	1	2
	2,016	2,601	904	1,368

27. **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.

27. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost RM'000	**Financial liabilities at amortised cost RM'000**	**Total RM'000**
Group			
2023			
Financial Assets			
Other receivables *	136	-	136
Cash and bank balances	1,062	-	1,062
	1,198	-	1,198
Financial Liabilities			
Trade payables	-	1,596	1,596
Other payables	-	167,456	167,456
Lease liabilities	-	821	821
	-	169,873	169,873
2022			
Financial Assets			
Trade receivables	10,160	-	10,160
Other receivables *	838	-	838
Amount due from an associate	39	-	39
Cash and bank balances	639	-	639
	11,676	-	11,676
2022			
Financial Liabilities			
Trade payables	-	1,308	1,308
Amount due to subsidiaries	-	169,950	169,950
Lease liabilities	-	1,204	1,204
	-	172,462	172,462

27. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM'000	**Financial liabilities at amortised cost RM'000**	**Total RM'000**
Company			
2023			
Financial Assets			
Other receivables *	106	-	106
Amount due from subsidiaries	65,409	-	65,409
Cash and bank balances	409	-	409
	65,924	-	65,924
Financial Liabilities			
Other payables	-	45,300	45,300
Amount due to subsidiaries	-	21,539	21,539
Lease liabilities	-	505	505
	-	67,344	67,344
2022			
Financial Assets			
Other receivables *	808	-	808
Amount due from subsidiaries	70,148	-	70,148
Cash and bank balances	104	-	104
	71,060	-	71,060
Financial Liabilities			
Other payables	-	47,913	47,913
Amount due to subsidiaries	-	21,543	21,543
Lease liabilities	-	739	739
	-	70,195	70,195

***** exclude prepayments and Goods and Services Tax receivable

27. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company'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 and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from an associate and deposits with banks. The Company's exposure to credit risk arises principally from receivables from customers, amount due from subsidiaries and deposits with banks. There are no significant changes as compared to prior year.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

27. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks. (Cont'd)

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration of credit risk except as disclosed in Note 9. The Company has no significant concentration of credit risks except for advances to its subsidiaries 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 primarily 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.

27. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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.

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group					
2023					
Non-derivative financial liabilities					
Trade payables	1,596	-	-	1,596	1,596
Other payables	167,456	-	-	167,456	167,456
Lease liabilities	421	337	116	874	821
	169,473	337	116	169,926	169,873
2022					
Non-derivative financial liabilities					
Trade payables	1,308	-	-	1,308	1,308
Other payables	169,950	-	-	169,950	169,950
Lease liabilities	439	421	453	1,313	1,204
	171,697	421	453	172,571	172,462

27. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

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.

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company					
2023					
Non-derivative financial liabilities					
Other payables	45,300	-	-	45,300	45,300
Amount due to subsidiaries	21,539	-	-	21,539	21,539
Lease liabilities	273	262	1	536	505
	67,112	262	1	67,375	67,344
2022					
Non-derivative financial liabilities					
Other payables	47,913	-	-	47,913	47,913
Amount due to subsidiaries	21,543	-	-	21,543	21,543
Lease liabilities	273	273	263	809	739
	69,729	273	263	70,265	70,195

27. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

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

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 as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. 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 monetary assets and monetary liabilities at the reporting date are as follows:

	Denominated in HKD RM'000	**Total RM'000**
Group		
2023		
Cash and bank balances	13	13
2022		
Cash and bank balances	14	14

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is not material and hence, sensitivity analysis is not presented.

27. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

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

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

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amount at the end of the reporting period are as follows:

	2023	**2022**
	RM'000	**RM'000**
Group		
Fixed rate instrument		
Financial liability		
Lease liabilities	821	1,204
Company		
Fixed rate instrument		
Financial liability		
Lease liabilities	505	739

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair value due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

28. Capital Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company'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 and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using gearing ratio, which is the net debt divided by total equity. The Group's and the Company'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**	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Lease liabilities	821	1,204	505	739
Less: Cash and bank balances	(1,062)	(639)	(409)	(104)
Net (cash)/debt	(241)	565	96	635
Total equity	16,840	24,701	(731)	1,819
Gearing ratio (time)	*	0.03	#	0.35

* Gearing ratio is not applicable for the Group as the cash and bank balances as at 30 June 2023 is sufficient to cover the entire borrowing obligation.

\# Gearing ratio may not provide a meaningful indicator of the risk of borrowing.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

29. Date of Authorisation for Issue of Financial Statements

The financial statements of the Group and of the Company for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 8 November 2023.