

# **MALAYSIA PACIFIC CORPORATION BERHAD**

(12200 – M)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED

30<sup>TH</sup> SEPTEMBER 2017

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Individual Quarter		Cumulative Quarter	
	Current Year 30-09-2017 RM'000	Preceding Year Corresponding Quarter 30-09-2016 RM'000	Current Year To Date 30-09-2017 RM'000	Preceding Year Corresponding Period 30-09-2016 RM'000
Revenue	1,602	2,603	1,602	2,603
Cost of sales	(1,789)	(1,690)	(1,789)	(1,690)
<b>Gross (loss)/ profit</b>	(187)	913	(187)	913
Other income	8	235	8	235
Administrative expenses	(2,566)	(2,213)	(2,566)	(2,213)
<b>Loss from operations</b>	(2,745)	(1,065)	(2,745)	(1,065)
Finance costs	(2,710)	(3,001)	(2,710)	(3,001)
<b>Loss before tax</b>	(5,455)	(4,066)	(5,455)	(4,066)
Taxation	-	-	-	-
<b>Loss for the financial year</b>	(5,455)	(4,066)	(5,455)	(4,066)
<b>Other comprehensive loss, net of tax</b>				
Foreign currency transaction differences for foreign operations	510	(246)	510	(246)
<b>Total comprehensive loss</b>	(4,945)	(4,312)	(4,945)	(4,312)
<b>Loss attributable to:</b>				
Owners of the parent	(5,455)	(4,066)	(5,455)	(4,066)
Non-controlling interest	-	-	-	-
	(5,455)	(4,066)	(5,455)	(4,066)
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent	(4,945)	(4,312)	(4,945)	(4,312)
Non-controlling interest	-	-	-	-
	(4,945)	(4,312)	(4,945)	(4,312)
<b>Loss per share attributable to owners of the parent:</b>				
a) Basic (sen)	(1.90)	(1.41)	(1.90)	(1.41)
b) Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

# MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	As At End Of Current Quarter 30-09-2017 (Unaudited) RM '000	As At Preceding Financial Year Ended 30-06-2017 (Audited) RM '000
<b>Non-current assets</b>		
Property, plant and equipment	569	567
Land held for property development	211,827	213,055
<b>Total non-current assets</b>	<u>212,396</u>	<u>213,622</u>
<b>Current assets</b>		
Property development cost	22,686	21,282
Trade and other receivables	11,984	12,565
Tax recoverable	1,290	1,674
Cash and cash equivalents	1,159	810
	<u>37,119</u>	<u>36,331</u>
Assets held for sales	256,000	256,000
<b>Total current assets</b>	<u>293,119</u>	<u>292,331</u>
<b>Total assets</b>	<u>505,515</u>	<u>505,953</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	287,660	287,660
Reserves	(154,084)	(149,139)
<b>Total equity</b>	<u>133,576</u>	<u>138,521</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bank borrowings	206	244
Deferred tax liabilities	29,561	29,561
	<u>29,767</u>	<u>29,805</u>
<b>Current liabilities</b>		
Trade and other payables	201,840	200,007
Provision for liquidated and ascertained damages	257	257
Bank borrowings	140,075	137,363
	<u>342,172</u>	<u>337,627</u>
<b>Total liabilities</b>	<u>371,939</u>	<u>367,432</u>
<b>Total equity and liabilities</b>	<u>505,515</u>	<u>505,953</u>
Net assets per share (RM)	0.46	0.48

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

←————— Attributable to owners of the parent —————→  
 ←————— Non-distributable —————→

	Share capital RM'000	Warrants reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<b>As at 1 JULY 2017</b>	287,660	-	(700)	(148,439)	138,521
Other comprehensive gain for the financial period	-	-	510	-	510
Loss for the financial period	-	-	-	(5,455)	(5,455)
<b>Total comprehensive loss for the financial period</b>	-	-	510	(5,455)	(4,945)
<b>As at 30 SEPTEMBER 2017</b>	287,660	-	(190)	(153,894)	133,576
<b>As at 1 JULY 2016</b>	287,660	-	(744)	(138,081)	148,835
Other comprehensive loss for the financial period	-	-	(246)	-	(246)
Loss for the financial period	-	-	-	(4,066)	(4,066)
<b>Total comprehensive loss for the financial period</b>	-	-	(246)	(4,066)	(4,312)
<b>As at 30 SEPTEMBER 2016</b>	287,660	-	(990)	(142,147)	144,523

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

# MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	As At End Of Current Quarter 30-09-2017 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2017 (Audited) RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(5,455)	(10,103)
Adjustments for :		
Bad debts written off	-	20
Depreciation of property, plant and equipment	49	262
Impairment gain on trade and other receivables	-	(508)
Impairment gain on assets held for sales	-	(6,000)
Interest expenses	2,710	10,671
Interest income	(7)	(26)
Gain on disposal of property, plant and equipment	-	(164)
Unrealised gain on foreign exchange	510	1
Operating loss before working capital changes	<u>(2,193)</u>	<u>(5,847)</u>
Property development costs	(176)	(259)
Trade and other receivables	581	(10,770)
Trade and other payables	1,833	(9)
Cash generated from/ (used in) operations	<u>45</u>	<u>(16,885)</u>
Interest expenses paid	(2,134)	(25)
Interest income received	7	26
Tax paid	(144)	(1,092)
Tax refund	527	-
<b>Net cash used in operating activities</b>	<u>(1,699)</u>	<u>(17,976)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	322
Purchase of property, plant and equipment	(51)	(287)
<b>Net cash used in investing activities</b>	<u>(51)</u>	<u>35</u>
<b>Cash flows from financing activity</b>		
Repayment of finance lease liabilities	(36)	(330)
<b>Net cash used in financing activity</b>	<u>(36)</u>	<u>(330)</u>
Net decrease in cash and cash equivalents	(1,786)	(18,271)
<b>Cash and cash equivalents at beginning of financial period</b>	<u>(90,372)</u>	<u>(72,101)</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>(92,158)</u>	<u>(90,372)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	1,159	810
Bank overdrafts	(93,317)	(91,182)
	<u>(92,158)</u>	<u>(90,372)</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

# MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

### SECTION A – EXPLANATORY NOTES PURSUANT TO FRS 134

#### A1. ACCOUNTING POLICIES

The quarterly consolidated financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2017 and all new and revised FRS and amendments to FRS issued by the MASB that are effective for annual financial periods beginning on or after 1 July 2016. The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 30 June 2017.

FRSs that have been issued by MASB but are not yet effective for the Group:		Effective Dates for financial period beginning on/or after
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 – 2016 Cycle		
• Amendments to FRS 12		1 January 2017
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
Amendments to FRS 4	Applying FRS 9 <i>Financial Instruments</i> with FRS 4 <i>Insurance Contracts</i>	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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### A1. ACCOUNTING POLICIES (CONT'D)

FRSs that have been issued by MASB but are not yet effective for the Group:		<u>Effective Dates for financial period beginning on/or after</u>
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The adoption of the above Amendments to FRSs does not have any material impact on the financial statements of the Group. The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 30 June 2019

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Frameworks. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial period ended 30 September 2017 could be different if prepared under the MFRS Frameworks.

### A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The independent auditors' report of the Company's audited financial statements for the financial year ended 30 June 2017 contained disclaimer of opinion on the financial statements.

The following Basis for Disclaimer of Opinion shown below are extracted from the independent auditors' report of the Company's audited financial statement for the financial year ended 30 June 2017.

#### *Basis for Disclaimer of Opinion*

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

- (i) The Group have reported net losses of RM10,358,000 during the financial year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by RM45,296,000.
- (ii) As disclosed in Note 15 to the financial statements, the Company was served with a Declaration of Default on 8 March 2013 by a financial institution on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities. The Company has continued defaulted in the repayment of revolving credit and bank overdraft facilities as at 30 June 2017 amounting to RM137,253,000.

**A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS (CONT'D)**

(iii) As disclosed in Note 21(a) and 30(a) to the financial statements, on 28 September 2012, a creditor of a subsidiary company of the Group had served a Writ of Summons on the subsidiary company and the Company (collectively known as the “Defendants”) for a sum of RM113,170,308 together with interest of 7.20% per annum calculated from 19 September 2012 until the date of full settlement. The amount due to the creditor arose from a Put Option exercised by the creditor under a joint venture agreement dated 20 August 2008 entered into between the creditor and the subsidiary company and a Deed of Undertaking between the creditor and the Defendants.

As at 30 June 2017, the Company has continued defaulted in the repayment of amount due to the creditor amounted to RM115,000,000 within the agreed date stated in the settlement agreement signed on 10 March 2014.

The factors set forth above indicate the existence of material uncertainties that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and therefore, they may be unable to realise their assets and discharge their liabilities in the normal course of business.

As disclosed in Note 2(c) to the financial statements, the financial statements of the Group and of the Company are prepared on a going concern basis. The appropriateness of preparing the financial statements of the Group and of the Company on going concern basis is dependent upon the successful and timely formulation and implementation of the regularisation plan. The Company has been granted extension of time up to 31 December 2017 to make the requisite announcement and submit the Company’s regularisation plan to the regulatory authorities.

Should the going concern basis of preparing the financial statements be no longer appropriate, adjustments would have to be made to reduce the value of all assets to their estimated realisable values, and to provide further estimated liabilities that may arise, and to reclassify property, plant and equipment and other non-current assets and non-current liabilities as current assets and current liabilities respectively.

The financial statements of the Group and of the Company do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concerns.

2. (i) As at the date of this report, replies relating to certain creditors confirmation requests of certain subsidiary companies are outstanding. We are unable to confirm or verify by alternative means as to whether the carrying amounts of the creditors balances for the financial year ended 30 June 2017 were appropriate.



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

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### **A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS (CONT'D)**

- (ii) In previous financial year, a subsidiary company has received a letter from Optima Mewah Sdn. Bhd. to mutually terminate the sale and purchase agreement (“Proposed Mutual Termination”) in relation to the disposal of land in Mukim Plentong, Johor as disclosed in Note 8(b) to the financial statements and the Board of Directors of the Company has approved the Proposed Mutual Termination. The total revenue and cost recognised in previous financial years amounted to RM10,742,000 and RM6,290,000 respectively.

The financial statements of the Group do not include any adjustment relating to the termination of the sale and purchase agreement for current financial year.

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

### **A3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

There were no significant seasonal and cyclical factors that affect the business of the Group.

### **A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial period ended.

### **A5. MATERIAL CHANGES IN ESTIMATES**

There were no changes in estimates of amount reported in prior financial year that have a material effect during the current financial period ended under review.

### **A6. DEBTS AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the financial period ended under review.

### **A7. DIVIDEND PAID**

There was no dividend paid during the financial period ended under review.

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

### A8. SEGMENTAL REPORTING

The segmental analysis for the Group for the financial period ended as follows:-

#### Results for 3 months ended 30 September 2017

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	-	1,602	-	1,602
- Inter-Segment Sales	-	-	-	-
Group's Revenue	-	1,602	-	1,602
Results				
Segment Results	(1,955)	(790)	-	(2,745)
Finance Costs	-	(2,710)	-	(2,710)
Loss Before Tax	(1,955)	(3,500)	-	(5,455)
Taxation	-	-	-	-
Loss After Tax	(1,955)	(3,500)	-	(5,455)

#### Results for 3 months ended 30 September 2016

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	775	1,828	-	2,603
- Inter-Segment Sales	-	-	-	-
Sub Total	775	1,828	-	2,603
Results				
Segment Results	240	(1,305)	-	(1,065)
Finance Costs	-	(3,001)	-	(3,001)
Loss Before Tax	240	(4,306)	-	(4,066)
Taxation	-	-	-	-
Loss After Tax	240	(4,306)	-	(4,066)

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

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### **A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The fair value of the investment property of the Group and the Company, which comprise office buildings and shoplots have been arrived at on the basis of a valuation carried out by an independent firm of professional valuers, JB Jurunilai Bersekutu (KL) Sdn Bhd (“JJBK”) on 30 June 2017. The fair values are within level 2 of the fair value hierarchy. The independent professional valuer has adopted the comparison and cost methods, making reference to relevant comparable transactions in the market as well as the present worth of the improvements and land value. In arriving at the valuation, the independent professional valuer has made adjustments for factors, which would affect the market value of the investment property including but not limited to views, size, floor levels and time factor.

Based on the updated valuation of certificate issued by JJBK dated 30 June 2017, the market value of the investment property amounting to RM256 million. The increased in fair value of the investment property of the Group and the Company amounting to RM6 million has been recognised as impairment gain in profit and loss account in last financial year.

### **A10. SIGNIFICANT AND SUBSEQUENT MATERIAL EVENTS**

Save and disclosed below, there were no material events subsequent to the end of the financial period ended under review:

On 30 June 2017, M&A Securities Sdn Bhd had submitted an application to Bursa Malaysia Security Berhad for a further extension of time up to 29 December 2017 to make the requisite announcement and up to 28 February 2018 to submit the Company’s regularisation plan to the regulatory authorities.

On 21 July 2017, Bursa Malaysia Securities Berhad had approved the application for an extension of time up to 31 December 2017 for the Company to make the requisite announcement and submit its regularisation plan to the regulatory authorities.

The extension of time is without prejudice to Bursa Securities’ right to proceed to suspend the trading of the listed securities of MPCORP and to de-list the Company in the event:

- (i) the Company fails to make the requisite announcement and to submit a regularisation plan to the regulatory authorities on or before 31 December 2017;
- (ii) the Company fails to obtain the approval from any of the regulatory authorities necessary for implementation of its regularisation plan; and
- (iii) the Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of MPCORP on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company’s right to appeal against the delisting.

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

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### **A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial period ended under review.

### **A12. CHANGES IN CONTINGENT LIABILITIES/ASSETS**

There were no contingent liabilities or contingent assets for the financial period ended under review.

### **A13. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

#### **LOSS BEFORE TAX**

	<b>Individual period 3 months ended 30-09-2017 RM'000</b>	<b>Cumulative period 3 months ended 30-09-2017 RM'000</b>
Depreciation of property, plant and equipment	49	49
Interest expenses	2,710	2,710
Interest income	(7)	(7)
Unrealised gain on foreign exchange	(510)	(510)

### **A14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were no significant related party transactions during the financial period ended under review.

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## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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### SECTION B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. PERFORMANCE REVIEW

The Group's revenue for the current financial quarter and cumulative period ended 30 September 2017 decreased by RM1.00 million as compared to the preceding year's corresponding quarter ended 30 September 2016 of RM2.60 million. The decreased in revenue for the current quarter were due to termination of tenancy which resulted lower rental income and no revenue recognition from the property development segment.

The Group's loss before tax for the current and the cumulative financial period ended 30 September 2017 was RM5.46 million as compare to loss before tax of RM4.07 million for the preceding year's corresponding period ended 30 September 2016. The pre-tax loss increased were mainly due to the higher operating cost and administration expenses during the current financial period.

#### B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<b>Current Quarter Ended 30-09-2017 RM'000</b>	<b>Preceding Quarter Ended 30-06-2017 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	1,602	4,721	(3,119)	(66.07)
(Loss)/ Profit before tax	(5,455)	2,444	(7,899)	(323.20)

As compare to the preceding quarter, the Group revenue has decreased by RM3.12 million. The decreased in revenue for the current quarter were due to termination of tenancy which resulted lower rental income and no revenue recognition from the property development segment.

The Group result for the current quarter recorded loss before tax of RM5.46 million as compare to preceding quarter profit before tax of RM2.44 million was mainly duly to RM6 million had been recognised as reversal of impairment loss or impairment gain from the investment property in preceding quarter.

### **B3. PROSPECTS AND OUTLOOK FOR THE FINANCIAL YEAR**

The Malaysian economy performed better than expected in the first half of 2017 (1H2017). Real GDP grew by 5.6%, year-on-year basis (y-o-y) in the first quarter and further expanded to 5.8% in the second quarter. The growth was supported by stronger domestic demand due to the improvement in both investment and consumption, and further reinforced by upbeat export demand. The external sector continued to progress as the world trade activities strengthened. Global economy is expected to grow stronger than expected underpinned by faster growth in the advanced economies as well as the continued improvement in the emerging market and developing economic.

- **Outlook of the Investment Property industry**

The non- residential subsector grew 4.9% to RM6.4 billion (January – June 2016: RM6.1 billion). The growth was mainly supported by starts for shop and service apartments which rebounded 29.3% and 14% (January – June 2016: -46.7%; -35%), respectively. Nevertheless, demand for commercial buildings remained favourable with the average occupancy rate of office and retail space at 83.5% and 81.5%, respectively indicating sustained demand for commercial space, especially in prime areas.

The Purpose-Built Office (PBO) rental index for Klang Valley, Johor Bahru and George Town showed a positive trend during the second quarter of 2017. The Kuala Lumpur rental index expanded 3.7% to 133.5 points (Q2 2016: 4%; 128 points) with City Centre recording 4% while Outside City Centre (2.5%). Meanwhile, the rental index in Selangor, Johor Bahru and George Town increased 3.8%, 4.2% and 5.2% to record 120.3 points, 126.2 points and 122.6 points, respectively.

- **Outlook of the construction and property development industry**

The construction sector recorded a robust growth of 7.4% during the first half of 2017 (January – June 2016: 8.5%), primarily attributed to strong civil engineering activities. Accordingly, total value of completed construction works increased 10.4% to RM68.9 billion involving 18,977 projects (January – June 2016:11.14%; RM62.4 billion; 20,026 projects). The private sector contributed 63.6% of the total value of construction works. The civil engineering subsector was the major contributor to the total value of construction works constituting 35.3%, followed by non- residential (31%), residential (28.8%) and specialised construction activities (4.8%) subsectors. In 2017, construction sector is expected to expand 7.6% (2016: 7.4%) mainly underpinned by new and existing civil engineering projects.

**B3. PROSPECTS AND OUTLOOK FOR THE FINANCIAL YEAR (CONT'D)**

The residential subsector continued to expand 4.7% (January – June 2016: 6.7%) supported by firm demand for affordable housing in choice locations with easy access. Housing starts rebounded significantly by 12.1% to 67,662 units (January – June 2016: -40% 60,378 units). Condominiums and apartments accounted for 42.9% of total housing starts in line with the increasing demand, especially for high-rise units in major cities. However, the increase was offset by a decline in incoming supply at 3.4% to 485,433 units (January – June 2016: 14.1%; 502,345 units) as developers were cautious in launching new projects to prevent accumulation of unsold properties. Likewise, new approvals declined 2.8% to 43,133 units (January – June 2016: -33.5% 44,389 units) as developers reviewed their future plan in response to market situation.

The Malaysian economy is projected to continue its strong growth momentum with real GDP expanding between 5% and 5.5% in 2018. Growth will be mainly driven by resilient domestic demand amid favourable external sector. Despite the strong growth momentum, Malaysia as an open economy is not immune to external headwinds. These include rising protectionism; policy uncertainties in the advanced. Nevertheless, structural reforms undertaken over the years to diversify the economy and strengthen the financial system have provided sufficient buffer to weather these external challenges.

(Source: Economic Report 2018 by Ministry of Finance Malaysia)

In view of the above, the Board believes that the prospect for the financial year will be challenging due to the local economic situation. And it is crucial to submit comprehensive regularisation plan for Practice Note 17 including to address the going concern issue. The extension of time had been granted to the Company up to 31 December 2017 to make the requisite announcement and submit its regularisation plan to the regulatory authorities.

**B4. VARIANCES ON ACTUAL PROFIT FROM FORECAST PROFIT**

This is not applicable to the Group.

**B5. TAXATION**

No provision for taxation for the current financial period ended as the Company was in tax loss position.

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## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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### B6. GROUP BORROWINGS

Total Group's borrowings as at 30 September 2017 are as follow:-

	<b>Short Term Secured RM '000</b>	<b>Long Term Secured RM '000</b>	<b>Total RM '000</b>
Finance lease payables	112	206	318
Revolving credit	-	46,646	46,646
Bank overdrafts	-	93,317	93,317
<b>Total</b>	<b>112</b>	<b>140,169</b>	<b>140,281</b>

All the borrowings are denominated in Ringgit Malaysia ("RM")

### B7. MATERIAL LITIGATION UPDATES

(a) Johor Bahru High Court Originating Summons No. 24FC-1845-11/2014

Amanahraya Development Sdn Bhd (“Plaintiff” or “Amanah Raya”) vs. Taman Bandar Baru Masai Sdn Bhd (“Defendant” or “Company”)

On 12 September 2017, the Case Management was vacated pending disposal of Amanah Raya’s motion for leave to appeal to the Federal Court on 14 November 2017.

On 14 November 2017, the Court allows Amanah Raya’s motion for leave to appeal and set aside the Order of Court of Appeal with no order as to costs and deposit is refunded. The case be heard de novo before the Court of Appeal.

(b) Court of Appeal No. J-02(A)-619-04/2016

Taman Bandar Baru Masai Sdn Bhd (“Appellant” or “Company”) vs. Amanah Raya Development Sdn Bhd (“Respondent” or “Amanah Raya”).

The case management on 6 September 2017 was vacated and TBBM’s Notice of Motion for Leave to Appeal is fixed for hearing on 14 November 2017.

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

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### **B7. MATERIAL LITIGATION UPDATES (CONT'D)**

- (c) Court of Appeal No. W-02(IM)(NCVC)-910/05/2017.  
Kuala Lumpur High Court Suit No. 22NCVC-691-12/2015

Malaysia Pacific Corporation Berhad (“Appellant” or “Company”) vs. Wisma MPL JMB (“Respondent” or “JMB”)

On 5 October 2017, the appeal is dismissed by the Court of Appeal with costs in the cause.

On 13 October 2017, the High Court has fixed the final case management at Kuala Lumpur High Court on 3 November 2017. The Trial has fixed on 6 November 2017 until 10 November 2017.

On 3 November 2017, the Court proceeded to confirm the documents filed, list of witnesses to be called and marked the documents for the upcoming Trial on 6 November 2017 until 10 November 2017.

The Trial on 6 November 2017 to 10 November 2017 will continue on 27 November 2017. Meanwhile, the Court further fixed Case Management on 17 November 2017 to update on the service of subpoena of the witnesses to be called for the continued Trial.

On 17 November 2017, the Company has informed the Court that we are unable to serve the subpoena to the witnesses to be called for the Continued Trial on 27 November 2017. However, the Court does not take cognizance of the Company’s Affidavit of Non-Service and the Supplementary Affidavit. As such, Continued Trial on 27 November 2017 is maintained and the Company main witness must be present to give further evidence on the subpoenaed witnesses regards on the non availability of the subpoenaed witnesses.

On 27 November 2017, the Court directed the parties to file Written Submissions on 11 December 2017. The Court further fixed the Decision on 16 January 2018.

- (d) Kuala Lumpur High Court Originating Summons No. WA-24FC-30-01/2016, A/E  
No.WA-38-550-09/2016

RHB Bank Berhad (“Plaintiff” or “RHB”) vs. Malaysia Pacific Corporation Berhad (“Defendant” or “Company”)

On 12 October 2017, the Court dismissed the Company’s application to appeal to the Judge in Chambers for direction of auction with costs of RM3,000.

On 2 November 2017, RHB has filed a fresh application for auction. The Company has reply to their affidavit on 30 November 2017. The Court is now fix for case management for the application of auction on 6 December 2017.

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

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### **B7. MATERIAL LITIGATION UPDATES (CONT'D)**

(e) Court of Appeal No. W02(A)-1716-09-2016

Malaysia Pacific Corporation Berhad (“Appellant” or “Company”) vs. RHB Bank Berhad (“Respondent” or “RHB”)

The Court of Appeal on 27 April 2017 had dismissed the Appellant’s claim with costs of RM10,000, establishing that the Order for Sale was rightly granted to the Respondent.

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

Wisma MPL JMB (“Plaintiff” or “JMB”) vs. Malaysia Pacific Corporation Berhad (“Defendant” or “Company”)

On 15 September, the Court fixed for further case management on 30 October 2017 to update Court on the status of amicable settlement.

On 30 October 2017, the Court fixed for further case management on 29 November 2017 to update Court on the status of settlement between JMB and the Company.

On 29 November 2017, the Court fixed for cases management on 5 January 2018 as JMB and the Company required another meeting to discuss for settlement.

(g) Court of Appeal No. W-02(IM)(NCC)-1811-10/2016 and W-02(IM)(NCC)-1812-10/2016

Malaysia Pacific Corporation Berhad (“Plaintiff” or “Company”) v RHB Bank (“Defendant” or “Bank”)

On 15 September 2017, the Court of Appeal allowed the appeal of the Bank and reversed the decision of the High Court and ordered cost of RM10,000 against the Company. This means that notice under Section 218 of the Companies Act 1965 dated 8 June 2016 is valid and the Bank entitled to the file the Winding Up petition against the Company.

The Company has filed application to appeal to the Federal Court and the case management is fixed on 23 October 2017.

On 23 October 2017, the Federal Court has fixed 13 February 2018 for the Hearing date for appeal to the decision of the Court of Appeal on 15 September 2017. Meanwhile, the Court also has fixed the Hearing date for the application of Stay of Execution at the Court of Appeal on 6 November 2017.

On 6 November 2017, the Court of Appeal dismissed the application of Stay Execution. Meanwhile, the Hearing date of Appeal of Federal Court remains on 13 February 2018.

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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### B8. DIVIDEND

The Board does not recommend any interim dividend for the current financial period ended.

### B9. PROFIT/ (LOSS) PER ORDINARY SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2017	Preceding Year Corresponding Quarter 30-09-2016	Current Year To Date 30-09-2017	Preceding Year Corresponding Period 30-09-2016
<b>(a) Basic Earnings Per Share</b>				
Loss attributable to members of the Company (RM'000)	(5,455)	(4,066)	(5,455)	(4,066)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Basic loss per share (sen)	<u>(1.90)</u>	<u>(1.41)</u>	<u>(1.90)</u>	<u>(1.41)</u>

### B9. PROFIT/ (LOSS) PER ORDINARY SHARE (CONT'D)

#### (b) Diluted

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

### B10. PROFITS/ (LOSSES) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no disposal of unquoted investments and/or properties for the current financial period ended.

### B11. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no disposal of quoted securities for the current financial period ended.

### B12. STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced as at the date of this report.

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

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### **B13. REALISED AND UNREALISED PROFITS OR LOSSES**

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>As at 30-09-2017 RM'000</b>
Total retained profits of the Company and its subsidiaries	
- Realised	(581,071)
- Unrealised	214,186
	<u>(366,885)</u>
Less: Consolidation adjustments	212,991
Total group retained profits as per consolidated financial statements	<u>(153,894)</u>

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

### **B14. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors on 30<sup>th</sup> November 2017.