

# **MALAYSIA PACIFIC CORPORATION BERHAD**

(12200 – M)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED**

**31 MARCH 2018**

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-03-2018 RM'000	Preceding Year Corresponding Quarter 31-03-2017 RM'000	Current Year To Date 31-03-2018 RM'000	Preceding Year Corresponding Period 31-03-2017 RM'000
Revenue	1,532	1,762	4,627	6,117
Cost of sales	(1,387)	(1,248)	(4,076)	(3,175)
<b>Gross profit</b>	<b>145</b>	<b>514</b>	<b>551</b>	<b>2,942</b>
Other income/ (loss)	36	251	124	462
Administrative expenses	(2,197)	(1,845)	(6,427)	(6,660)
<b>Loss from operations</b>	<b>(2,016)</b>	<b>(1,080)</b>	<b>(5,752)</b>	<b>(3,256)</b>
Finance costs	(2,793)	(3,105)	(8,292)	(9,168)
<b>Loss before tax</b>	<b>(4,809)</b>	<b>(4,185)</b>	<b>(14,044)</b>	<b>(12,424)</b>
Taxation	27	-	-	-
<b>Loss for the financial period</b>	<b>(4,782)</b>	<b>(4,185)</b>	<b>(14,044)</b>	<b>(12,424)</b>
<b>Other comprehensive loss, net of tax</b>				
Foreign currency transaction differences for foreign operations	63	(101)	65	1
<b>Total comprehensive loss</b>	<b>(4,719)</b>	<b>(4,286)</b>	<b>(13,979)</b>	<b>(12,423)</b>
<b>Loss attributable to:</b>				
Owners of the parent	(4,782)	(4,185)	(14,044)	(12,424)
Non-controlling interest	-	-	-	-
	<b>(4,782)</b>	<b>(4,185)</b>	<b>(14,044)</b>	<b>(12,424)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent	(4,719)	(4,286)	(13,979)	(12,423)
Non-controlling interest	-	-	-	-
	<b>(4,719)</b>	<b>(4,286)</b>	<b>(13,979)</b>	<b>(12,423)</b>
<b>Loss per share attributable to owners of the parent:</b>				
a) Basic (sen)	(1.66)	(1.45)	(4.88)	(4.32)
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 31 MARCH 2018

	<b>As At End Of Current Quarter 31-03-2018 (Unaudited) RM'000</b>	<b>As At Preceding Financial Year Ended 30-06-2017 (Audited) RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,099	567
Land held for property development	212,978	213,055
<b>Total non-current assets</b>	<u>214,077</u>	<u>213,622</u>
<b>Current assets</b>		
Property development cost	22,803	21,282
Trade and other receivables	12,896	12,565
Tax recoverable	1,322	1,674
Cash and cash equivalents	135	810
	<u>37,156</u>	<u>36,331</u>
Assets held for sales	256,000	256,000
<b>Total current assets</b>	<u>293,156</u>	<u>292,331</u>
<b>Total assets</b>	<u><u>507,233</u></u>	<u><u>505,953</u></u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	287,660	287,660
Reserves	(163,118)	(149,139)
<b>Total equity</b>	<u>124,542</u>	<u>138,521</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Bank borrowings	405	244
Deferred tax liabilities	29,561	29,561
	<u>29,966</u>	<u>29,805</u>
<b>Current liabilities</b>		
Trade and other payables	206,823	200,007
Provision for liquidated and ascertained damages	257	257
Bank borrowings	145,645	137,363
Tax payable	-	-
	<u>352,725</u>	<u>337,627</u>
<b>Total liabilities</b>	<u>382,691</u>	<u>367,432</u>
<b>Total equity and liabilities</b>	<u><u>507,233</u></u>	<u><u>505,953</u></u>
Net assets per share (RM)	0.43	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 31 MARCH 2018

← 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	-	-	65	-	65
Loss for the financial period	-	-	-	(14,044)	(14,044)
<b>Total comprehensive loss for the financial period</b>	-	-	65	(14,044)	(13,979)
<b>As at 31 MARCH 2018</b>	287,660	-	(635)	(162,483)	124,542
<b>As at 1 JULY 2016</b>	287,660	-	(744)	(138,081)	148,835
Other comprehensive gain for the financial period	-	-	1	-	1
Loss for the financial period	-	-	-	(12,424)	(12,424)
<b>Total comprehensive loss for the financial period</b>	-	-	1	(12,424)	(12,423)
<b>As at 31 MARCH 2017</b>	287,660	-	(743)	(150,505)	136,412

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 31 MARCH 2018

	As At End Of Current Quarter 31-03-2018 (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	(14,044)	(10,103)
Adjustments for :		
Bad debts written off	-	20
Depreciation of property, plant and equipment	154	262
Impairment gain on trade and other receivables	-	(508)
Impairment gain on assets held for sales	-	(6,000)
Interest expenses	8,292	10,671
Interest income	(6)	(26)
Gain on disposal of property, plant and equipment	(79)	(164)
Unrealised loss on foreign exchange	-	1
Change in working capital	(5,683)	(5,847)
Property development costs	(1,444)	(259)
Trade and other receivables	(331)	(10,770)
Trade and other payables	246	(9)
Cash used in operations	(7,212)	(16,885)
Interest expenses paid	(10)	(25)
Interest income received	6	26
Tax paid	(175)	(1,092)
Tax refund	527	-
<b>Net cash used in operating activities</b>	(6,864)	(17,976)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	79	322
Purchase of property, plant and equipment	(352)	(287)
<b>Net cash (used in)/ generated from investing activities</b>	(273)	35
<b>Cash flows from financing activity</b>		
Repayment of finance lease liabilities	(108)	(330)
<b>Net cash used in financing activity</b>	(108)	(330)
Net decrease in cash and cash equivalents	(7,245)	(18,271)
<b>Cash and cash equivalents at beginning of financial period</b>	(90,372)	(72,101)
<b>Cash and cash equivalents at end of the financial period</b>	(97,617)	(90,372)
Cash and cash equivalents comprise the following:		
Cash and bank balances	135	810
Bank overdrafts	(97,752)	(91,182)
	(97,617)	(90,372)

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 THIRD QUARTER ENDED 31 MARCH 2018

### 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:		Effective Dates for financial period beginning on/after
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 31 March 2018 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 30 June 2018 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.



**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 RM10,742,558 and RM6,290,548 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 9 months ended 31 March 2018

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	-	4,627	-	4,627
- Inter-Segment Sales	-	-	-	-
Group's Revenue	-	4,627	-	4,627
Results				
Segment Results	(4,582)	(1,170)	-	(5,752)
Finance Costs	(10)	(8,282)	-	(8,292)
Loss Before Tax	(4,592)	(9,452)	-	(14,044)
Taxation	-	-	-	-
Loss After Tax	(4,592)	(9,452)	-	(14,044)

#### Results for 9 months ended 31 March 2017

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	775	4,567	-	5,342
- Inter-Segment Sales	-	-	-	-
Sub Total	775	4,567	-	5,342
Results				
Segment Results	(2,265)	(991)	-	(3,256)
Finance Costs	(2)	(9,166)	-	(9,168)
Loss Before Tax	(2,267)	(10,157)	-	(12,424)
Taxation	-	-	-	-
Loss After Tax	(2,267)	(10,157)	-	(12,424)

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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

#### (a) Assets held for sales

The fair value of the assets held for sales of the Group and the Company, which comprise of office buildings and shoplots have been arrived at on the basis of a valuation carried out by an independent firm of professional valuers, JB Jurunilai Bersekutu (KL) Sdn Bhd (“JBJBKL”) on 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 JBJBKL 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 audited financial year.

#### Assets held for sales:

	<b>As at End of Current Quarter 31-03-2018 RM'000</b>	<b>As at Preceding Corresponding Quarter 31-03-2017 RM'000</b>
Freehold land and buildings		
- At Cost	31,114	31,114
- At Valuation	224,886	218,886
	<u>256,000</u>	<u>250,000</u>

The assets held for sale have been pledged to financial institutions for credit facilities granted to the Company.

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

A valuation had been performed on 30 June 2017 by independent firm of professional valuer, Raine & Horne International Zaki + Partners Sdn Bhd on the development land. The market value of 34 parcels of freehold agricultural and commercial lands with an approximated aggregate land area of 17.76 million square foot amounting to RM427.10 million or average RM24.05 per square foot, based on “as is” basis by using comparison method, making reference relevant comparable transactions in the market. As such management is in view that no impairment is required for land held for property development.

On the assumptions that all the 34 parcels of land are converted into residential and commercial use and issued with separate unencumbered freehold land titles with all premiums and relevant statutory fees are fully paid. The market value of the 34 parcels freehold agricultural and commercial land amounting to RM652.80 million or average RM36.76 per square foot.

### **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:

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

On 26 January 2018, Bursa Malaysia Securities Berhad approved the application for an extension of time up to 30 June 2018 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 30 June 2018;
- (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.

- (b) On 26 March 2018, the Company announced that the Company, via its wholly-owned subsidiaries Taman Bandar Baru Masai Sdn Bhd and Lakehill Resort Development Sdn Bhd have entered into a Supplemental Joint Venture Agreement with Chun Fu Development Sdn Bhd ("Chun Fu") ("Supplemental JVA") for a joint development over 6 pieces of lands in Mukim Plentong, Johor Bahru.

Salient Terms of the Supplemental JVA:

- (i) The Supplemental JVA is conditional upon, amongst other, the Parties obtaining the relevant corporate authorisations for the Joint Venture and Parties agreeing on the form of the Shareholders' Agreement to be entered into between the Parties and the Sale and Purchase Agreement to be entered into by the NewCo and the Companies. Parties shall endeavour to fulfill all conditions precedent within 3 months from the date of the JVA.
- (ii) The supplemental JVA consist only 6 pieces of lands whereby the JVA dated 12 July 2017 consist of 13 pieces of lands.

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

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### **A10. SIGNIFICANT AND SUBSEQUENT MATERIAL EVENTS (CONT'D)**

- (iii) The Company or its nominee shall hold up to 35% of the total issued and paid-up share capital of the NewCo while the remaining 65% of the total issued and paid-up share capital of the NewCo will be held by Chun Fu.
- (iv) All profits, costs and liabilities for the Joint Venture shall be shared between parties in accordance with the shareholding ratio.
- (c) On 18 April 2018, the Company announced that the appointment of TA Securities Holdings Berhad to replace M&A Securities Sdn Bhd as the Principal Adviser for the proposed regularisation plan of the Company.

### **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 material contingent liabilities or contingent assets for the financial period ended under review.

### **A13. Commitments**

	<b>As At End Of Current Quarter 31-03-2018 RM'000</b>
Undertaking guarantee for the advance	1,220
Contracted for court settlement	6,075
Undertaking debt settlement	5,193
<b>Total</b>	<b>12,488</b>

Note:

All the commitments had been provided for in the accounts.

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

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### **A14. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

#### **LOSS BEFORE TAX**

	<b>Individual period 3 months ended 31-03-2018 RM'000</b>	<b>Cumulative period 9 months ended 31-03-2018 RM'000</b>
Depreciation of property, plant and equipment	61	154
Interest expenses	2,793	8,292
Interest income	-	(6)
Impairment gain on receivables	14	-
Gain on disposal of property, plant and equipment	(79)	(79)

### **A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were no significant related party transactions have been entered into the normal course of business under normal trade terms except for advances from Top Lander Offshore Inc.

	<b>As At End Of Current Quarter 31-03-2018 (Unaudited) RM'000</b>	<b>As At Preceding Financial Year Ended 30-06-2017 (Audited) RM'000</b>
Advances from Top Lander Offshore Inc. (net)	1,436	663

## MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

### 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 ended 31 March 2018 of RM1.53 million which has been decreased by RM0.23 million as compare to the preceding year's corresponding quarter ended 31 March 2017 of RM1.76 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 quarter was RM4.81 million as compare to loss before tax of RM4.19 million for the preceding year's corresponding period ended 31 March 2017. The pre-tax loss increased was mainly due to higher operating and administration expenses incurred during the current year quarter.

As on the year to date basis, the Group revenue registered RM4.63 million for the current financial period ended which has been decreased by RM1.49 million as compare to its corresponding financial period ended 31 March 2017 of RM6.12 million. The decreased in revenue for the current financial period were mainly contributed by lower rental income and no revenue recognition for the disposal of land as compare to the previous financial period.

The Group recorded RM14.04 million cumulative pre-tax loss for the current financial period ended which has been increased by RM1.62 million as compare to its corresponding financial period ended 31 March 2017 of RM12.42 million. The increased of Group's cumulative pre-tax loss were mainly due to lower rental income, no revenue recognition from property development and higher operating cost incurred.

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

	<b>Current Quarter Ended 31-03-2018 RM'000</b>	<b>Preceding Quarter Ended 31-12-2017 RM'000</b>	<b>Difference</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	1,532	1,493	39	2.61
Loss before tax	(4,809)	(3,780)	(1,029)	27.22

As compare to the preceding quarter, the Group revenue has increased by RM0.04 million. The increased in revenue for the current quarter was due to increase of new tenant.

The Group result for the current quarter recorded loss before tax of RM4.81 million as compare to preceding quarter loss before tax of RM3.78 million was mainly duly to higher operating and administration expenses incurred during the quarter.

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

The Malaysian economy expanded strongly by 5.9% during the fourth quarter of 2017 (Q4 2016: 4.5%). Growth was supported by domestic demand, particularly private sector spending. On the supply side, all sectors registered a positive growth except mining and quarrying. For the year 2017, the economy grew 5.9% (2016: 4.2%), surpassing the earlier estimation of 5.2% – 5.7%.

- **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.

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.



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

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

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 Company has on 29 December 2017, appointed M&A Securities Sdn Bhd to submit an application to Bursa Malaysia Security Berhad for a further extension of time up to 30 June 2018 to make the requisite announcement and to submit the Company's regularisation plan to regulatory authorities. On 18 April 2018, the Company announced that the appointment of TA Securities Holdings Berhad to replace M&A Securities Sdn Bhd as the Principal Adviser for the proposed regularisation plan of the Company.

### **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 Group of companies have no chargeable income.

### **B6. GROUP BORROWINGS**

Total Group's borrowings as at 31 March 2018 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	110	405	515
Revolving credit	47,783	-	47,783
Bank overdrafts	97,752	-	97,752
Total	<u>145,645</u>	<u>405</u>	<u>146,050</u>

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

**B7. MATERIAL LITIGATION UPDATES**

- (a) 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 22 March 2018, the Court of Appeal further fixed the Case Management on 18 April 2018 pending filling of the Record of Appeal, extraction of the sealed Judgment, Grounds of Judgment from the High Court and filling of the Respondent’s Notice of Motion.

On 18 April 2018, the Court of Appeal has fixed the Hearing for Respondent’s Notice of Motion for Security for Costs on 16 July 2018. The Court of Appeal also fixed the case Management for the company’s appeal on 16 July 2018.

- (b) 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 19 March 2018, the Court has adjourned the Hearing for the auction to 5 April 2018.

On 5 April 2018, the Court fixed the Decision for Hearing on 6 April 2018.

On 6 April 2018, the Court had allowed the RHB’s Notice of Application for Court’s direction pertaining to the conduct of the auction with costs of RM2,000 and the Court further fixed the auction date of Wisma MPL on 30 May 2018.

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

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

(c) 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 27 February 2018, the case management was adjourned to 8 March 2018 as the Court had an emergency meeting.

On 8 March 2018, pursuant to the Settlement Agreement between JMB and the Company dated 28 February 2018, JMB has withdrawn the Committal Proceedings against MPCORP and its officers. The payment schedule is as follows:

	<u>RM'000</u>
Upon Signing Settlement Agreement	100
April 2018 - January 2019	500
February 2019 - January 2020	960
February 2020 - July 2022	4,500
August 2022	115
	<u>6,175</u>

(d) Kuala Lumpur High Court No. WA-28NCC-131-02/2018  
Kuala Lumpur High Court Originating Summons No. 24NCC-292-07/2016

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

On 27 March 2018, the Court fixed further case management on 5 April 2018.

On 5 April 2018, the Court fixed the Hearing for Winding-Up Petition on 12 April 2018.

The Company had on 6 April 2018 filed a Notice of Motion to Strike Out the Winding-Up Petition. The Court thereafter fixed the matter for Hearing on 12 April 2018 together with the Hearing for Winding-Up Petition.

On 12 April 2018, the Hearing for Winding-Up Petition and Notice of Motion to Strike Out the Winding-Up Petition was adjourned to 30 May 2018.

(e) 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 4 May 2018, the Federal Court has vacated the Hearing date for the Company’s leave application on 19 June 2018 and fixed the new date for the Hearing to 10 August 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. LOSS PER ORDINARY SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-03-2018	Preceding Year Corresponding Quarter 31-03-2017	Current Year To Date 31-03-2018	Preceding Year Corresponding Period 31-03-2017
<b>(a) Basic Earnings Per Share</b>				
Loss attributable to members of the Company (RM'000)	(4,782)	(4,185)	(14,044)	(12,424)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Basic loss per share (sen)	<u>(1.66)</u>	<u>(1.45)</u>	<u>(4.88)</u>	<u>(4.32)</u>

### (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.

### B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors on 30<sup>th</sup> May 2018.