

MALAYSIA PACIFIC CORPORATION BERHAD

(12200 – M)

(Incorporated in Malaysia)

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

30 SETEMBER 2018

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 2018

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-09-2018 RM'000	Preceding Year Corresponding Quarter 30-09-2017 RM'000	Current Year To Date 30-09-2018 RM'000	Preceding Year Corresponding Period 30-09-2017 RM'000
Revenue	2,623	1,602	2,623	1,602
Cost of sales	(1,918)	(1,789)	(1,918)	(1,789)
Gross/ (Loss) profit	705	(187)	705	(187)
Other income/ (loss)	552	8	552	8
Administrative expenses	(2,593)	(2,566)	(2,593)	(2,566)
Loss from operations	(1,336)	(2,745)	(1,336)	(2,745)
Finance costs	(3,256)	(2,710)	(3,256)	(2,710)
Loss before tax	(4,592)	(5,455)	(4,592)	(5,455)
Taxation	32	-	32	-
Loss for the financial period	(4,560)	(5,455)	(4,560)	(5,455)
Other comprehensive profit, net of tax				
Foreign currency transaction differences for foreign operations	(2)	510	(2)	510
Total comprehensive loss	(4,562)	(4,945)	(4,562)	(4,945)
Loss attributable to:				
Owners of the parent	(4,560)	(5,455)	(4,560)	(5,455)
Non-controlling interest	-	-	-	-
	(4,560)	(5,455)	(4,560)	(5,455)
Total comprehensive loss attributable to:				
Owners of the parent	(4,562)	(4,945)	(4,562)	(4,945)
Non-controlling interest	-	-	-	-
	(4,562)	(4,945)	(4,562)	(4,945)
Loss per share attributable to owners of the parent:				
a) Basic (sen)	(1.59)	(1.90)	(1.59)	(1.90)
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 2018.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	As At End Of Current Quarter 30-09-2018 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2018 (Audited) RM'000	As At 01-07-2017 (Audited) RM'000
Non-current assets			
Property, plant and equipment	981	1,037	567
Inventories	218,690	218,790	213,055
Total non-current assets	<u>219,671</u>	<u>219,827</u>	<u>213,622</u>
Current assets			
Inventories	12,537	12,853	21,282
Trade and other receivables	10,751	10,747	12,565
Tax recoverable	283	275	1,674
Cash and cash equivalents	9,548	1,855	810
	<u>33,119</u>	<u>25,730</u>	<u>36,331</u>
Assets held for sales	252,000	252,000	256,000
Total current assets	<u>285,119</u>	<u>277,730</u>	<u>292,331</u>
Total assets	<u><u>504,790</u></u>	<u><u>497,557</u></u>	<u><u>505,953</u></u>
Equity and liabilities			
Equity			
Share capital	287,660	287,660	287,660
Reserves	(155,684)	(151,122)	(149,139)
Effects on adopting MFRS 9	(6)	-	-
Total equity	<u>131,970</u>	<u>136,538</u>	<u>138,521</u>
Liabilities			
Non-current liabilities			
Other payables	15,185	9,831	-
Bank borrowings	368	385	244
Deferred tax liabilities	28,630	28,662	29,561
	<u>44,183</u>	<u>38,878</u>	<u>29,805</u>
Current liabilities			
Trade and other payables	175,415	172,158	200,007
Provision for liquidated and ascertained damages	257	257	257
Bank borrowings	152,965	149,726	137,363
	<u>328,637</u>	<u>322,141</u>	<u>337,627</u>
Total liabilities	<u>372,820</u>	<u>361,019</u>	<u>367,432</u>
Total equity and liabilities	<u><u>504,790</u></u>	<u><u>497,557</u></u>	<u><u>505,953</u></u>
Net assets per share (RM)	0.46	0.47	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 2018.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
As at 1 JULY 2018	287,660	-	(694)	(150,428)	136,538
Effects on adopting MFRS 9	-	-	-	(6)	(6)
Other comprehensive loss for the financial period	-	-	(2)	-	(2)
Loss for the financial period	-	-	-	(4,560)	(4,560)
Total comprehensive loss for the financial period	-	-	(2)	(4,566)	(4,568)
As at 30 SEPTEMBER 2018	287,660	-	(696)	(154,994)	131,970
As at 1 JULY 2017	287,660	-	(700)	(148,439)	138,521
Other comprehensive Income for the financial period	-	-	510	-	510
Loss for the financial period	-	-	-	(5,455)	(5,455)
Total comprehensive income/ (loss) for the financial period	-	-	510	(5,455)	(4,945)
As at 30 SEPTEMBER 2017	287,660	-	(190)	(153,894)	133,576

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 2018.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

	As At End Of Current Quarter 30-09-2018 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2018 (Audited) RM'000
Cash flows from operating activities		
Loss before tax	(4,592)	(1,928)
Adjustments for :		
Bad debts written off	-	35
Depreciation of property, plant and equipment	61	218
Impairment loss/ (gain) on trade and other receivables	119	689
Impairment loss/ (gain) on assets held for sales	-	4,000
Interest expenses	3,256	12,036
Interest income	-	(47)
Gain on disposal of property, plant and equipment	-	(74)
Unrealised loss on foreign exchange	1	-
Change in working capital	(1,155)	14,929
Inventories	416	2,694
Trade and other receivables	(129)	1,094
Trade and other payables	5,948	(27,734)
Cash generated/ (used in) from operations	5,080	(9,017)
Interest expenses paid	(5)	(17)
Interest income received	-	47
Tax paid	(8)	(171)
Tax refund	-	610
Net cash generated/ (used in) from operating activities	5,067	(8,548)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	74
Purchase of property, plant and equipment	(5)	(432)
Net cash used in investing activities	(5)	(358)
Cash flows from financing activity		
Repayment of finance lease liabilities	(33)	(121)
Net cash used in financing activity	(33)	(121)
Net decrease in cash and cash equivalents	5,029	(9,027)
Cash and cash equivalents at beginning of financial period	(99,399)	(90,372)
Cash and cash equivalents at end of the financial period	(94,370)	(99,399)
Cash and cash equivalents comprise the following:		
Cash and bank balances	9,548	1,855
Bank overdrafts	(103,918)	(101,254)
	(94,370)	(99,399)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2018.

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 2018 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 2017. 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 2018.

FRSs that have been issued by MASB but are not yet effective for the Group:		<u>Effective dates for financial periods beginning on or after</u>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying FRS 9 <i>Financial Instruments</i> with FRS 4 <i>Insurance Contracts</i>	1 January 2018*
Annual Improvements to FRSs 2014 - 2016 Cycle:		
•	Amendments to FRS 1	1 January 2018
•	Amendments to FRS 128	1 January 2018
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
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

A1. ACCOUNTING POLICIES (CONT'D)

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 2020.

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 year ended 30 June 2019 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 2018 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 2018.

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 RM1.99 million during the financial year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets by RM44.41 million.
 - (ii) As disclosed in Note 15(a) to the financial statements, the Company was served with a Declaration of Default on 8 March 2013 by a financial institution on the default in the repayments of principal sums and interest in respect of the revolving credit and bank overdraft facilities. The Company has continued defaulted in the repayment of revolving credit and bank overdraft facilities as at 30 June 2018 amounting to RM149.62 million.

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

(iii) As disclosed in Note 14(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 RM113.17 million 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 2018, the Company has continued defaulted in the repayment of amount due to the creditor amounted to RM115 million 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 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. 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 2018 were appropriate.

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.

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MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

A8. SEGMENTAL REPORTING

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

Results for 3 months ended 30 September 2018

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	918	1,705	-	2,623
- Inter-Segment Sales	-	-	-	-
Group's Revenue	918	1,705	-	2,623
Results				
Segment Results	(326)	(1,010)	-	(1,336)
Finance Costs	(5)	(3,251)	-	(3,256)
Loss Before Tax	(331)	(4,261)	-	(4,592)
Taxation	32	-	-	32
Loss After Tax	(363)	(4,261)	-	(4,560)

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	-	-	-	-
Sub Total	-	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)

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 2018. The market value of the investment property amounting to RM252 million. The decreased in fair value of the investment property of the Group and the Company amounting to RM4 million has been recognised as impairment loss in profit and loss account in the last financial year.

Assets held for sales:

	As at End of Current Quarter 30-09-2018 RM'000	As at Preceding Corresponding Quarter 30-09-2017 RM'000
Freehold land and buildings		
- At Cost	31,114	31,114
- At Valuation	220,886	224,886
	<u>252,000</u>	<u>256,000</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 2018 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 17.72 million square foot amounting to RM434.79 million or average RM24.53 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 RM504.76 million or average RM28.48 per square foot.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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 21 September 2018, the Group via its wholly-owned subsidiary companies Taman Bandar Baru Masai Sdn Bhd (TBBM) and Lakehill Resort Development Sdn Bhd (LHRD) signed Amended and Restated Joint Venture Agreement and Shareholders Agreement with Chun Fu Development Sdn Bhd (“Chun Fu”) for a joint development for approximate 42.77 acres land with projection gross development value of RM247 million.

On 12 November 2018, TBBM and LRDSB had entered into a SPA with Chun Fu Lakehill Sdn Bhd for developing of 42.77 acres land with land proceeds of RM33.53 million.

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

	As At End Of Current Quarter 30-09-2018 RM'000
Contracted for court settlement	13,470
Contracted for debt settlement	7,979
Total	21,449

Note

All the commitments had been provided for in the accounts.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

A14. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PROFIT/ (LOSS) BEFORE TAX

	Individual period 3 months ended 30-09-2018 RM'000	Cumulative period 3 months ended 30-09-2018 RM'000
Depreciation of property, plant and equipment	61	61
Interest expenses	3,256	3,256
Unrealised loss on foreign exchange	1	1
Impairment loss on receivables	119	119

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.

	As At End Of Current Quarter 30-09-2018 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2018 (Audited) RM'000
Advances from/ (Repayment to) Top Lander Offshore Inc. (net)	11,000,000	1,400

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 30 September 2018 increased by RM1.02 million to RM2.62 million as compared to the preceding year's corresponding quarter ended 30 September 2017 of RM1.60 million. The increase in revenue for the current quarter was due to revenue recognition from property development segment.

The Group's registered loss before tax for the current quarter decreased by RM0.86 million to RM4.59 million as compared to the preceding year's corresponding period ended 30 September 2017 of RM5.45 million. The decrease was mainly due to profit contribution from property development segment and fair value adjustment on the financial liabilities.

As on the year to date basis, the Group revenue registered RM2.62 million which has been increased by RM1.02 million as compare to the preceding year's corresponding financial year ended 30 September 2017 of RM1.60 million. The increase in revenue for the current financial period was mainly contributed by the revenue recognition from property development segment.

The Group recorded RM4.59 million pre-tax loss for the current financial period ended which was RM0.86 million lower than the corresponding financial period ended 30 September 2017 of RM5.45 million. The decrease was mainly due to profit contribution from property development segment and fair value adjustment on the financial liabilities.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter Ended 30-09-2018 RM'000	Preceding Quarter Ended 30-06-2018 RM'000	Difference	
			RM'000	%
Revenue	2,623	10,272	(7,649)	(74.46)
(Loss)/ Profit before tax	(4,592)	11,969	(16,561)	(138.37)

As compared to the preceding quarter, the Group revenue has decreased by RM7.65 million. The decrease in revenue for the current quarter was mainly due to low revenue contribution from property development segment.

The Group's registered pre-tax loss for the current quarter of RM4.59 million as compare to the preceding quarter registered profit before tax of RM11.97 million was mainly due to higher profit contribution from property development segment, fair value adjustment on the financial liabilities and adjustment of over provision had done in previous quarter.

B3. PROSPECTS AND OUTLOOK FOR THE FINANCIAL YEAR

The Malaysian economy remains resilient in the near term despite considerable external and domestic headwinds. Real GDP is projected to expand 4.8% and 4.9% in 2018 and 2019 respectively, supported mainly by domestic demand. On the supply side, the services sector is expected to remain as the largest contributor.

- **Outlook of the Investment Property industry**

The non residential subsector is projected to decline following oversupply and overhang of high-end shops and shopping complexes as well as downward trend in the incoming supply of commercial buildings. However the demand for commercial buildings in prime areas is anticipated to remain stable supported by residential development projects in Klang Valley suburbs, particularly in areas along MRT, LRT routes; as well as in major cities such as Johor Bahru, Melaka and Pulau Pinang.

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

Value added of the construction sector grew 4.8% (y-o-y) during the first half of 2018 supported by civil engineering subsector. The sector is expected to expand, albeit moderately at 4.5% following near completion of several mega projects and overhand, particularly in the non- residential subsector. The growth momentum is expected to improve slightly in 2019, with the sector expanding 4.7% following an increase in new planned supply in the affordable homes.

The civil engineering subsector is expected to remain as the driver of the construction section in 2018 and 2019 largely supported by ongoing projects. The residential subsector is expected to grow at a marginal pace following the mismatch between supply and demand. Towards this end, the government suspended the development of residential properties, services apartments and luxury condominiums prices over RM1 million in prime areas, effective November 2017. In addition, the developers are focusing on sales of existing projects to address the overhang issues.

The Malaysian economy continued to expand in the first half of the year despite several challenges in the domestic economy and uncertainties in the external front. With GDP expanding 4.9% during the first half of 2018, the Malaysian economy is expected to expand 4.8% in 2018 and 4.9% in 2019 supported by firm domestic demand and favourable external sector. Despite the anticipated expansion, uncertainties in the external sector as well as domestic challenges could pose a downside risk to the growth outlook. The Government through 2019 Budget implementing measures to eliminate the trust deficit in the Government promote an entrepreneurial state and prosper the people. The measures in the Budget will place the nation in a stronger footing towards achieving the objectives of greater liberty, justice, harmony, peace and prosperity in a New Malaysia.

(Source: Economic Report 2019 by Ministry of Finance Malaysia)

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

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 18 April 2018 appointed TA Securities Holdings Berhad to replace M&A Securities Sdn Bhd as the Principal Adviser for the proposed regularisation plan of the Company. Bursa Malaysia Securities Berhad has on 13 July 2018 approved the application for an extension of time up to 31 December 2018 for the Company to make the requisite announcement and submit its regularisation plan to the regulatory authorities.

On 21 September 2018, the Group via its wholly-owned subsidiary companies Taman Bandar Baru Masai Sdn Bhd and Lakehill Resort Development Sdn Bhd signed Amended and Restated Joint Venture Agreement and Shareholders Agreement with Chun Fu Development Sdn Bhd (“Chun Fu”) for a joint development for approximate 42.77 acres land with projection gross development value of RM247 million.

On 12 November 2018, TBBM and LRDSB had entered into a SPA with Chun Fu Lakehill.

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 and adjustment and non recognition of deferred tax assets for temporary differences.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	30-09-2018	30-09-2017	30-09-2018	30-09-2017
	RM'000	RM'000	RM'000	RM'000
Income tax expense for the year	-	-	-	-
Deferred Tax	(32)	-	(32)	-
	<u>(32)</u>	<u>-</u>	<u>(32)</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year ended

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B6. GROUP BORROWINGS

Total Group's borrowings as at 30 September 2018 are as follow:-

	Short Term Secured RM'000	Long Term Secured RM'000	Total RM'000
Finance lease payables	92	368	460
Revolving credit	48,955	-	48,955
Bank overdrafts	103,918	-	103,918
Total	<u>152,965</u>	<u>368</u>	<u>153,333</u>

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

B7. MATERIAL LITIGATION UPDATES

- (a) Court or Appeal No. W-02(NCC)(A)1312-06/2018 and W-02(NCC)-1311-06/2018
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 13 September 2018, the Court of Appeal further fixed the next Case Management on 7 November 2018.

On 7 November 2018, the Court of Appeal fixed the Hearing on 22 March 2019.

- (b) 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 18 September 2018 the Federal Court has granted the Company's leave application to appeal to the Federal Court against Court of Appeal Order dated 15 September 2017.

On 21 September 2018, the Company has filed Notice of Appeal to Federal Court.

The Federal Court vides its letter dated 25 September 2018 informed that the case management for the Appeal to Federal Court has fixed on 26 October 2018.

On 26 October 2018, the Federal Court fixed the Hearing on 13 March 2019.

B7. MATERIAL LITIGATION UPDATES (CONT'D)

- (c) 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 21 September 2018, the Court has fixed the auction date of Wisma MPL on 29 November 2018.

The Company has filed the Notice of Appeal to Judge in Chambers against part of the decision of the Registrar given on 21 September 2018 and the Court has fixed 8 October 2018 for the hearing of the Notice of Appeal.

Pursuant to MPCORP’s Notice of Appeal to Judge in Chambers, the Company has filed the Notice of Application for Stay of Execution of the Order dated 21 September 2018 pending appeal to the Judge in Chambers and the Court has fixed 31 October 2018 for Hearing.

For the Appeal to Judge in Chambers on 8 October 2018, the Court has fixed Case Management on 25 October 2018.

On 25 October 2018, the Court fixed the next Case Management on 31 October 2018.

On 31 October 2018, the Registrar dismissed the Company’s application for Stay of Execution of the Order dated 21 September 2018. Meanwhile in respect of Appeal to Judge in Chambers, the Court fixed Case Management on 19 November 2018.

Pursuant to dismissal of MPCORP’s Stay of Execution of the Order dated 21 September 2018 given by the Registrar on 31 October 2018, the Company has filed the appeal to Judge in Chambers against the dismissal on 7 November 2018 whereby the Case Management has fixed on 23 November 2018 and Hearing on 27 November 2018.

On 19 November 2018, the Case Management for the Appeal to Judge in Chambers for the Auction Direction, the Court fixed another Case Management on 27 November 2018.

For Case Management on 23 November 2018 for the dismissal of MPCORP’s Stay of Execution of the Order dated 21 September 2018, the Hearing before the Judge is maintained on 27 November 2018.

On 27 November 2018, at the Hearing of the appeal to Judge in Chambers against the dismissal of MPCORP’s Stay of Execution of the Order dated 21 September 2018, the Court has struck out MPCORP’s said appeal due to the Order granted by the High Court on 21 November 2018 inter alia directing court convened meetings be held for creditors and contributories with a restraining order against all legal proceedings against the Company.

B7. MATERIAL LITIGATION UPDATES (CONT'D)

Meanwhile, in respect of the Appeal to Judge in Chambers for the Auction Direction, the Court has fixed another Case Management on 26 February 2019.

- (d) Kuala Lumpur High Court Exparte Application Originating Summons No. WA-24NCC-604-11/2018 by Malaysia Pacific Corporation Berhad ("Mpcorp" Or "The Applicant")

On 16 November 2018, The Company has filed an Ex-Parte application for Scheme of Arrangement and Restraining Order pursuant to Section 366 and Section 368 of the Companies Act 2016 and the Court has fixed the Hearing on 21 November 2018.

On 21 November 2018, in respect of the Scheme of Arrangement, the Court has granted the Order for *inter alia*:-

1. MPCORP to convene a meeting with the Creditors and Contributories within 180 days from the date of the said Order dated 21.11.2018 (“**the Order**”) to propose a Scheme of Arrangement as provided under the Explanatory Statement pursuant to the said Order;
2. Notify the creditors and contributories of the details of the meeting by way of an advertisement in an English language newspaper;
3. A copy of the Order to be lodged with the Companies Commission of Malaysia within 21 days from the receipt of the Sealed Order;
4. An advertisement of the Order dated 21.11.2018 to be published in two newspapers in Malaysia in both National and English languages within 21 days of from the date of the receipt of the Sealed Order.

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MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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 30-09-2018	Preceding Year Corresponding Quarter 30-09-2017	Current Year To Date 30-09-2018	Preceding Year Corresponding Period 30-09-2017
(a) Basic Earnings Per Share				
Loss attributable to members of the Company (RM'000)	(4,560)	(5,455)	(4,560)	(5,455)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Basic loss per share (sen)	<u>(1.59)</u>	<u>(1.90)</u>	<u>(1.59)</u>	<u>(1.90)</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 29th November 2018.