

MALAYSIA PACIFIC CORPORATION BERHAD

(12200 – M)

(Incorporated in Malaysia)

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

30 JUNE 2019

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-06-2019 RM'000	Preceding Year Corresponding Quarter 30-06-2018 RM'000	Current Year To Date 30-06-2019 RM'000	Preceding Year Corresponding Period 30-06-2018 RM'000
Revenue	3,541	10,272	14,615	14,899
Cost of sales	(1,891)	(4,098)	(9,488)	(8,174)
Gross profit	1,650	6,174	5,127	6,725
Other income	3,247	12,080	4,000	12,204
Administrative expenses	(66,710)	(2,394)	(73,957)	(8,821)
(Loss)/ profit from operations	(61,813)	15,860	(64,830)	10,108
Finance costs	(3,332)	(3,744)	(13,040)	(12,036)
	(65,145)	12,116	(77,870)	(1,928)
Share of results in an associate	(37)	-	(37)	-
(Loss)/ profit before tax	(65,182)	12,116	(77,907)	(1,928)
Taxation	(3,898)	(61)	(3,529)	(61)
(Loss)/ profit for the financial period	(69,080)	12,055	(81,436)	(1,989)
Other comprehensive (loss)/ profit, net of tax				
Foreign currency transaction differences for foreign operations	(8)	(59)	(8)	6
Total comprehensive loss	(69,088)	11,996	(81,444)	(1,983)
(Loss)/ profit attributable to:				
Owners of the parent	(69,080)	12,055	(81,436)	(1,989)
Non-controlling interest	-	-	-	-
	(69,080)	12,055	(81,436)	(1,989)
Total comprehensive (loss)/ orofit attributable to:				
Owners of the parent	(69,088)	11,996	(81,444)	(1,983)
Non-controlling interest	-	-	-	-
	(69,088)	11,996	(81,444)	(1,983)
(Loss)/ profit per share attributable to owners of the parent:				
a) Basic (sen)	(24.01)	4.19	(28.31)	(0.69)
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 JUNE 2019

	As At End Of Current Quarter 30-06-2019 (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	887	1,037	567
Inventories	216,858	218,790	213,055
Investment in associated company	50	-	-
Total non-current assets	<u>217,795</u>	<u>219,827</u>	<u>213,622</u>
Current assets			
Inventories	9,837	12,853	21,282
Trade and other receivables	10,123	10,747	12,565
Tax recoverable	1,202	275	1,674
Cash and cash equivalents	1,752	1,855	810
	<u>22,914</u>	<u>25,730</u>	<u>36,331</u>
Assets held for sales	189,000	252,000	256,000
Total current assets	<u>211,914</u>	<u>277,730</u>	<u>292,331</u>
Total assets	<u><u>429,709</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	(232,566)	(151,122)	(149,139)
Effects on adopting MFRS 9	(6)	-	-
Total equity	<u>55,088</u>	<u>136,538</u>	<u>138,521</u>
Liabilities			
Non-current liabilities			
Other payables	11,585	9,831	-
Bank borrowings	316	385	244
Deferred tax liabilities	33,098	28,662	29,561
	<u>44,999</u>	<u>38,878</u>	<u>29,805</u>
Current liabilities			
Trade and other payables	185,812	172,158	200,007
Provision for liquidated and ascertained damages	-	257	257
Bank borrowings	143,810	149,726	137,363
	<u>329,622</u>	<u>322,141</u>	<u>337,627</u>
Total liabilities	<u>374,621</u>	<u>361,019</u>	<u>367,432</u>
Total equity and liabilities	<u><u>429,709</u></u>	<u><u>497,557</u></u>	<u><u>505,953</u></u>
Net assets per share (RM)	0.19	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 YEAR ENDED 30 JUNE 2019

←——— 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 year	-	-	(8)	-	(8)
Loss for the financial year	-	-	-	(81,436)	(81,436)
Total comprehensive loss for the financial year	-	-	(8)	(81,442)	(81,450)
As at 30 JUNE 2019	287,660	-	(702)	(231,870)	55,088
As at 1 JULY 2017	287,660	-	(700)	(148,439)	138,521
Other comprehensive Income for the financial year	-	-	6	-	6
Loss for the financial year	-	-	-	(1,989)	(1,989)
Total comprehensive income/ (loss) for the financial year	-	-	6	(1,989)	(1,983)
As at 30 JUNE 2018	287,660	-	(694)	(150,428)	136,538

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 YEAR ENDED 30 JUNE 2019

	As At End Of Current Quarter 30-06-2019 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2018 (Audited) RM'000
Cash flows from operating activities		
Loss before tax	(77,907)	(1,928)
Adjustments for :		
Bad debts written off	-	35
Depreciation of property, plant and equipment	241	218
Impairment loss/ (gain) on trade and other receivables	184	689
Impairment loss/ (gain) on assets held for sales	63,000	4,000
Interest expenses	13,040	12,036
Interest income	(176)	(47)
Gain on disposal of property, plant and equipment	-	(74)
Unrealised loss on foreign exchange	1	-
Reveral of Provision for liquidated and ascertained damages	(257)	-
Change in working capital	(1,874)	14,929
Inventories	4,948	2,694
Trade and other receivables	440	1,094
Trade and other payables	23,600	(27,734)
Cash used in from operations	27,114	(9,017)
Interest expenses paid	(21)	(17)
Interest income received	176	47
Tax paid	(21)	(171)
Tax refund	2	610
Net cash used in from operating activities	27,250	(8,548)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	74
Investment in associated company	(50)	-
Purchase of property, plant and equipment	(91)	(432)
Net cash used in investing activities	(141)	(358)
Cash flows from financing activity		
Repayment of bank borrowing	(18,900)	-
Repayment of finance lease liabilities	(104)	(121)
Net cash used in financing activity	(19,004)	(121)
Net decrease in cash and cash equivalents	8,105	(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	(91,294)	(99,399)
Cash and cash equivalents comprise the following:		
Cash and bank balances	1,752	1,855
Bank overdrafts	(93,046)	(101,254)
	(91,294)	(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 FOURTH QUARTER ENDED 30 JUNE 2019

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.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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 year 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 year 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 year ended under review.

A7. DIVIDEND PAID

There was no dividend paid during the financial year 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 12 months ended 30 June 2019

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	8,769	5,846	-	14,615
- Inter-Segment Sales	-	-	-	-
Group's Revenue	8,769	5,846	-	14,615
Results				
Segment Results	3,763	(68,630)	-	(64,867)
Finance Costs	(20)	(13,020)	-	(13,040)
Profit/ (Loss) Before Tax	3,743	(81,650)	-	(77,907)
Taxation	475	(4,004)	-	(3,529)
Profit/ (Loss) After Tax	4,218	(85,654)	-	(81,436)

Results for 12 months ended 30 June 2018

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	8,714	6,185	-	14,899
- Inter-Segment Sales	-	-	-	-
Sub Total	8,714	6,185	-	14,899
Results				
Segment Results	6,608	3,500	-	10,108
Finance Costs	(16)	(12,020)	-	(12,036)
Profit/ (Loss) Before Tax	6,592	(8,520)	-	(1,928)
Taxation	482	(543)	-	(61)
Profit/ (Loss) After Tax	7,074	(9,063)	-	(1,989)

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 10 May 2019. The market value of the investment property amounting to RM220 million. The decreased in fair value of the investment property of the Group and the Company amounting to RM32 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 30-06-2019 RM'000	As at Preceding Corresponding Quarter 30-06-2018 RM'000
Freehold land and buildings		
- At Cost	31,114	31,114
- At Valuation	188,886	224,886
	<u>220,000</u>	<u>256,000</u>
- Adjustment loss as per disposal value	(31,000)	
	<u>189,000</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 year ended under review:

The Company has on 13 August 2019 distributed the circular to shareholders in relation to the propose disposal of units owned in Wisma MPL and notice of Extraordinary General Meeting to shareholder. The Extraordinary General Meeting to be held on 28 August 2019.

The Company and its subsidiaries Oriental Pearl City Properties Sdn Bhd, Lakehill Resort Development Sdn Bhd and Taman Bandar Baru Masai Sdn Bhd had on 23 August 2019 entered into a settlement agreement with Amanahraya Development Sdn Bhd (“**Amanahraya**”) which involves the effective disposal of land measuring a total of approximately 131.95 acres in the Mukim of Plentong, District of Johor Bahru, State of Johore as settlement of debt owing to Amanahraya amounting to RM115,000,000.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were 6 dormant subsidiaries being strike off from the Group during the financial year ended under review. The strikes off the companies were follow;

1. Lakehill Home (MM2H) Sdn Bhd
2. The Power Club Sdn Bhd
3. Pacific SPA & Fitness Club Sdn Bhd
4. Temasek Mewatek Sdn Bhd
5. Real Rock Restaurant and Café Sdn Bhd
6. MPC Security Services Sdn Bhd

A12. CHANGES IN CONTINGENT LIABILITIES/ASSETS

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

A13. Commitments

	As At End Of Current Quarter 30-06-2019 RM'000
Contracted for court settlement	12,470
Contracted for debt settlement	5,834
Total	18,304

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 30-06-2019 RM'000	Cumulative period 12 months ended 30-06-2019 RM'000
Depreciation of property, plant and equipment	60	241
Interest expenses	3,332	13,040
Unrealised loss on foreign exchange	-	1
Impairment loss on receivables	(4)	190
Interest income	(44)	(176)

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 30-06-2019 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2018 (Audited) RM'000
Advances from/ (Repayment to) Top Lander Offshore Inc. (net)	11,071	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 June 2019 decreased by RM6.73 million to RM3.54 million as compared to the preceding year's corresponding quarter ended 30 June 2018 of RM10.27 million. The decrease in revenue for the current quarter was mainly due to low revenue recognition from property development segment.

The Group's registered loss before tax for the current quarter of RM65.18 million as compared to profit before tax in the preceding year's corresponding period ended 30 June 2018 of RM12.12 million. The loss was mainly due to fair value adjustment (refer A9) and increase provision of taxation on the revaluation of investment property.

As on the year to date basis, the Group revenue was slightly decreased by RM0.28 million from the proceeding year's corresponding financial year ended 30 June 2018 or RM14.90 million to RM14.62 million. The decrease in revenue for the current financial period was mainly due to low rental income.

The Group recorded pre-tax loss of RM77.91 million for the current financial period ended which has increased RM75.98 million losses as compare to the corresponding financial period ended 30 June 2018 of RM1.93 million. The loss was mainly due to fair value adjustment (refer A9) and increase provision of taxation on the revaluation of investment property.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter Ended 30-06-2019 RM'000	Preceding Quarter Ended 31-03-2019 RM'000	Difference	
			RM'000	%
Revenue	3,541	4,294	(753)	(17.54)
Loss before tax	(65,182)	(4,255)	(60,927)	1,431.89

As compared to the preceding quarter, the Group revenue has decreased by RM0.75 million. The decrease in revenue for the current quarter was mainly due to low revenue recognition from property development segment.

The Group's pre-tax loss increased RM60.93 million to current quarter of RM65.19 million from the preceding quarter pre-tax loss of RM4.26 million. The increase in loss was mainly due to fair value adjustment and increase provision of taxation on the revaluation of investment property.

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 overhang, 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 favorable external sector. Despite the anticipated expansion, uncertainties in the external sector as well as domestic challengers 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)

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

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 Board of Directors on 26 February 2019 approved to accept the offer from the Potential Buyer and on 11 March 2019, the Company had entered into a SPA with Asia New Venture Capital Holdings Sdn Bhd for the sale of Wisma MPL at a cash disposal price of RM189,000,000.

The Company has on 13 August 2019 distributed the circular to shareholders in relation to the propose disposal of units owned in Wisma MPL and notice of Extraordinary General Meeting to shareholder. The Extraordinary General Meeting to be held on 28 August 2019.

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 year ended as the Group of companies have no chargeable income and adjustment and non-recognition of deferred tax liabilities for temporary differences.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
	RM'000	RM'000	RM'000	RM'000
Income tax expense for the year	(63)	61	(170)	61
Deferred Tax	3,961	-	3,699	-
	<u>3,898</u>	<u>61</u>	<u>3,529</u>	<u>61</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 June 2019 are as follow:-

	Short Term Secured RM'000	Long Term Secured RM'000	Total RM'000
Finance lease payables	69	316	385
Revolving credit	50,695	-	50,695
Bank overdrafts	93,046	-	93,046
Total	<u>143,810</u>	<u>316</u>	<u>144,126</u>

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

B7. MATERIAL LITIGATION UPDATES

- (a) 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 05 July 2019, the Company has received a sealed copy of Notice of Discontinuance in relation to the auction filed by RHB. RHB has withdrawn the matter against the Company with no order as to costs.

- (b) Court of 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 08 July 2019, the Court of Appeal further fixed Case Management on 29 July 2019 pending the filing of the Notice of Discontinuance by MPCORP.

On 11 July 2019, the Company had filed the Notice of Discontinuance to Court of Appeal. The Company has withdrawn the appeal.

- (c) Court of Appeal No. 02(i)-82-09/2018(W) (Previously No. 08(i)-446-09/2017)
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") vs RHB Bank ("Defendant" or "Bank")

On 05 July 2019, the Federal Court fixed another Case Management on 19 July 2019 pending filing of the Notice of Discontinuance.

MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B7. MATERIAL LITIGATION UPDATES (CONT'D)

On 11 July 2019, the Company had filed the Notice of Discontinuance to the Federal Court. The Company has withdrawn the appeal.

- (d) Kuala Lumpur High Court Post Winding Up Suit No. WA-28PW-222-03/2019 (Companies Winding up Petition No. WA-28NCC-131-02/2018)

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

The Board of Directors of the Company wishes to announce that on 19 July 2019, MPCORP has filed an Ex-Parte Application for Termination of the Winding-Up Order dated 13 June 2018 pursuant to Section 493 of the Companies Act 2016 (“Application”).

Pursuant to the Application filed by the Company on 19 July 2019, the Court has registered the Company’s Application under Post Winding-Up Suit No. WA-28PW-462-07/2019 and fixed the Hearing for the Application on 26 July 2019.

On 26 July 2019, the parties had entered into a consent order for *inter alia*:-

- (a) the winding-up of the Company pursuant to the Winding-Up Order dated 13 June 2018 vide the Kuala Lumpur High Court, Companies (Winding-Up) Petition No.: WA-28NCC-131- 02/2018, be terminated with immediate effect; and
- (b) Mr. Mok Chew Yin and Mr. Ong Hock An of BDO Consulting Sdn Bhd be released as the Liquidators of the Company.

B8. DIVIDEND

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

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MALAYSIA PACIFIC CORPORATION BERHAD (12200-M)

B9. PROFIT/ (LOSS) PER ORDINARY SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-06-2019	Preceding Year Corresponding Quarter 30-06-2018	Current Year To Date 30-06-2019	Preceding Year Corresponding Period 30-06-2018
(a) Basic Earnings Per Share				
Loss attributable to members of the Company (RM'000)	(69,080)	12,055	(81,436)	(1,989)
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Basic loss per share (sen)	<u>(24.01)</u>	<u>4.19</u>	<u>(28.31)</u>	<u>(0.69)</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 year 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 year ended.

B11. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no disposal of quoted securities for the current financial year 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 28 August 2019