

MALAYSIA PACIFIC CORPORATION BERHAD

Registration No: 197201000550 (12200-M)

(Incorporated in Malaysia)

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

30 SEPTEMBER 2020

MALAYSIA PACIFIC CORPORATION BERHAD [197201000550 (12200-M)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarter	
	Current Year 30-09-2020 RM'000	Preceding Year Corresponding Quarter 30-09-2019 RM'000	Current Year To Date 30-09-2020 RM'000	Preceding Year Corresponding Period 30-09-2019 RM'000
Revenue	3,355	3,053	3,355	3,053
Cost of sales	(994)	(2,365)	(994)	(2,365)
Gross profit	2,361	688	2,361	688
Other income	58	13,816	58	13,816
Administrative expenses	(1,901)	(2,687)	(1,901)	(2,687)
Profit from operations	518	11,817	518	11,817
Finance costs	(13)	(4)	(13)	(4)
	505	11,813	505	11,813
Share of results in an associate	-	-	-	-
Profit before tax	505	11,813	505	11,813
Taxation	-	60	-	60
Profit for the financial period	505	11,873	505	11,873
Other comprehensive profit, net of tax				
Foreign currency transaction differences for foreign operations	32	38	32	38
Total comprehensive profit	537	11,911	537	11,911
Profit attributable to:				
Owners of the parent	505	11,873	505	11,873
Non-controlling interest	-	-	-	-
	505	11,873	505	11,873
Total comprehensive profit attributable to:				
Owners of the parent	537	11,911	537	11,911
Non-controlling interest	-	-	-	-
	537	11,911	537	11,911
Profit per share attributable to owners of the parent:				
a) Basic (sen)	0.18	4.13	0.18	4.13
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 2020.

MALAYSIA PACIFIC CORPORATION BERHAD [197201000550 (12200-M)]**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	As At End Of Current Quarter 30-09-2020 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2020 (Audited) RM'000
Non-current assets		
Property, plant and equipment	81	91
Right-of-use assets	929	930
Inventories	217,809	217,719
Investment in associated company	4	4
Total non-current assets	<u>218,823</u>	<u>218,744</u>
Current assets		
Inventories	5,907	6,806
Trade and other receivables	13,240	14,172
Tax recoverable	143	141
Cash and cash equivalents	7,678	9,110
Total current assets	<u>26,968</u>	<u>30,229</u>
Total assets	<u>245,791</u>	<u>248,973</u>
Equity and liabilities		
Equity		
Share capital	287,660	287,660
Reserves	(228,688)	(229,225)
Total equity	<u>58,972</u>	<u>58,435</u>
Liabilities		
Non-current liabilities		
Lease liabilities	705	715
Deferred tax liabilities	17,153	17,153
	<u>17,858</u>	<u>17,868</u>
Current liabilities		
Trade and other payables	168,647	172,384
Lease liabilities	314	286
	<u>168,961</u>	<u>172,670</u>
Total liabilities	<u>186,819</u>	<u>190,538</u>
Total equity and liabilities	<u>245,791</u>	<u>248,973</u>
Net assets per share (RM)	0.21	0.20

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.

MALAYSIA PACIFIC CORPORATION BERHAD [197201000550 (12200-M)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

← 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 2020	287,660	-	(1,319)	(227,906)	58,435
Other comprehensive income for the financial period	-	-	32	-	32
Profit for the financial period	-	-	-	505	505
Total comprehensive profit for the financial period	-	-	32	505	537
As at 30 SEPTEMBER 2020	287,660	-	(1,287)	(227,401)	58,972
As at 1 JULY 2019	287,660	-	(1,274)	(231,511)	54,875
Other comprehensive income for the financial period	-	-	38	-	38
Profit for the financial period	-	-	-	11,873	11,873
Total comprehensive profit for the financial period	-	-	38	11,873	11,911
As at 30 SEPTEMBER 2019	287,660	-	(1,236)	(219,638)	66,786

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 2020.

MALAYSIA PACIFIC CORPORATION BERHAD [197201000550 (12200-M)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	As At End Of Current Quarter 30-09-2020 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2020 (Audited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	505	(6,947)
Adjustments for :		
Property, plant and equipment written off	-	284
Depreciation of property, plant and equipment	110	270
Impairment loss/ (gain) on trade and other receivables	665	1,716
Deposits written off	-	93
Interest expenses	13	21
Interest income	(33)	(168)
Waive of interest from bank borrowing	-	(13,639)
Unrealised loss/ (gain) on foreign exchange	-	(1)
Fair value adjustment on other payables	-	1,670
Share of result of associate	-	46
Change in working capital	1,260	(16,655)
Inventories	809	2,171
Trade and other receivables	267	(3,211)
Trade and other payables	(3,737)	(36,913)
Foreign exchange reserve	32	(45)
Cash used in operations	(1,369)	(54,653)
Interest expenses paid	(13)	(21)
Interest income received	33	168
Tax paid	(2)	(45)
Tax refund	-	1,108
Net cash used in operating activities	(1,351)	(53,443)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	-
Disposal of assets held for sales	-	189,000
Net cash (used in)/ generated from investing activities	(4)	189,000
Cash flows from financing activity		
Repayment of bank borrowing	-	(37,056)
Repayment of finance lease liabilities	(77)	(98)
Net cash used in financing activity	(77)	(37,154)
Net (decrease)/ increase in cash and cash equivalents	(1,432)	98,403
Cash and cash equivalents at beginning of financial period	9,110	(89,294)
Effect of exchange translation differences on cash and cash equivalents	-	1
Cash and cash equivalents at end of the financial period	7,678	9,110
Cash and cash equivalents comprise the following:		
Cash and bank balances	7,678	9,110
	7,678	9,110

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

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 2020.

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 2020 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 2019. 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 2020.

MFRSs that have been issued by MASB but are not yet effective for the Group:		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

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A1. ACCOUNTING POLICIES (CONT'D)

Annual Improvements to MFRSs Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

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

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 2020 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 2020.

Basis for Disclaimer of Opinion

- (a) Going concern assumption
- (i) As of 30 June 2020, the Group's and the Company's current liabilities exceeded its current assets by RM142,441,000 and RM9,216,000 respectively.
 - (ii) On 1 December 2014, the Company announced that the Company was classified as an affected listed issuer pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As an affected listed issuer, the Company is required to submit a proposed regularisation plan to the relevant authorities for approval and to implement the regularisation plan within the stipulated time frame. On 21 July 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") had granted approval to the Company for an extension of time up to 31 December 2020 to submit its proposed regularisation plan to the relevant authorities.

A2. QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS (CONT’)

The management of Company is currently in the process of formulating a regularisation plan and consequently, there is insufficient information available on the eventual regularisation plan and how it would address the present financial conditions of the Group and of the Company.

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, which presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business. The appropriateness of preparing the financial statements of the Group and of the Company on going concern basis is dependent upon:

- (i) Formulation of a viable plan to regularise the financial conditions of the Group and of the Company (“Regularisation Plan) for submission to Bursa Securities and other relevant authorities for approval;
- (ii) Approvals obtained from all relevant parties on the Regularisation Plan;
- (iii) Timely and successful implementation of the Regularisation Plan; and
- (iv) Ability of the Group and of the Company to achieve sustainable and viable operations to generate sufficient cash flows to enable them to meet their obligations as and when they fall due.

In view of the uncertainties involving the timing and successful formulation and implementation of the Regularisation Plan, we were unable to obtain sufficient appropriate audit evidence to determine whether the management’s use of the going concern basis in the preparation of the financial statements of the Group and of the Company was appropriate.

- (b) As at 30 June 2020, a trade receivable of the Group amounting to RM14.81 million has been overdue. The Group has made allowance for impairment losses in respect of this trade receivable amounting to RM1.86 million during the financial year ended 30 June 2020. In view of the proposed settlement plan is still under negotiation and are uncertain as at the date of this report, we were unable to obtain sufficient appropriate audit evidence on the full recovery of this trade receivable as well as whether the allowance for impairment losses recognised during the financial year ended 30 June 2020 is adequate.

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.

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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 was 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.

A8. SEGMENTAL REPORTING

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

Results for 3 months ended 30 September 2020

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	3,355	-	-	3,355
- Inter-Segment Sales	-	-	-	-
Group's Revenue	3,355	-	-	3,355
Results				
Segment Results	992	(474)	-	518
Finance Costs	(4)	(9)	-	(13)
Profit/(Loss) Before Tax	988	(483)	-	505
Taxation	-	-	-	-
Profit/(Loss) After Tax	988	(483)	-	505

Results for 3 months ended 30 September 2019

Description	Property Development RM'000	Investment Property RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
- External Sales	1,720	1,333	-	3,053
- Inter-Segment Sales	-	-	-	-
Sub Total	1,720	1,333	-	3,053
Results				
Segment Results	3	11,814	-	11,817
Finance Costs	(4)	-	-	(4)
(Loss)/Profit Before Tax	(1)	11,814	-	11,813
Taxation	60	-	-	60
Profit After Tax	59	11,814	-	11,873

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A9. VALUATION OF LAND, PROPERTY, PLANT AND EQUIPMENT

Land held for property development

Base on the certificate of the update valuation issued by Ian Scott International (M) Sdn Bhd dated 3 August 2020. The market value of 34 parcels of freehold agricultural and commercial lands with an approximate aggregate land area of 17.72 million square foot amounting to RM414.37 million or average RM23.37 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 RM554.40 million or average RM31.29 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.

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. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

PROFIT/ (LOSS) BEFORE TAX

	Individual period 3 months ended 30-09-2020 RM'000	Cumulative period 3 months ended 30-09-2020 RM'000
Depreciation of property, plant and equipment	110	110
Interest expenses	13	13
Impairment loss on receivables	665	665
Interest income	(33)	(33)

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A14. 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 30-09-2020 (Unaudited) RM'000	As At Preceding Financial Year Ended 30-06-2020 (Audited) RM'000
Advances from/ (Repayment to) Top Lander Offshore Inc. (net)	-	(780)

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

B1. PERFORMANCE REVIEW

The Group's revenue for the current financial quarter ended 30 September 2020 registered revenue of RM3.36 million as compare to RM3.05 million in the preceding year's corresponding quarter ended 30 September 2019. The revenue increased of RM0.31 million for the current quarter was mainly due to increase of revenue recognition from property development segment.

The Group's registered profit before tax for the current quarter of RM0.51 million as compared to profit before tax in the preceding year's corresponding period ended 30 September 2019 of RM11.81 million. The decrease in profit was mainly due to saving from bank interest waived after recognise the full settlement of RHB bank loan account in the preceding year's correspondence period.

As on the year to date basis, the Group revenue increased by RM0.31 million to RM3.36 million as compare to the proceeding year's corresponding financial year period ended 30 September 2019 of RM3.05 million. The increase in revenue for the current financial period was mainly due to increase of revenue recognition from property development segment.

The Group recorded profit before tax for the current financial period of RM0.51 million as compared to profit before tax in the preceding year's corresponding period ended 30 September 2019 of RM11.81 million. The decrease in profit of RM11.30 million was mainly due to saving from bank interest waived after recognize the full settlement of RHB bank loan account in the preceding year's correspondence financial period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter Ended 30-09-2020 RM'000	Preceding Quarter Ended 30-06-2020 RM'000	Difference	
			RM'000	%
Revenue	3,355	3,648	(293)	(8.03)
Profit/(Loss) before tax	505	(4,968)	5,473	(110.17)

The Group revenue registered RM3.36 million as compare to the preceding quarter. The decrease in revenue was mainly due to the impact of Covid-19 pandemic has been disturbing construction progress during the quarter under review.

The Group's registered profit before tax of RM0.51 million as compare to the preceding quarter pre-tax loss of RM4.97 million. The improvement of profit was mainly due to the administrative expenses decreased significantly.

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B3. PROSPECTS AND OUTLOOK FOR THE FINANCIAL YEAR

The Board believes that the prospect for the financial year will be challenging due to global and local economic has been deeply impacted by the Covid-19 pandemic. Sluggish property market conditions to continue in year 2021. And it is crucial to submit comprehensive regularisation plan for Practice Note 17 including to address the going concern issue.

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 liabilities for temporary differences.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-09-2020 RM'000	Preceding Year Corresponding Quarter 30-09-2019 RM'000	Current Year To Date 30-09-2020 RM'000	Preceding Year Corresponding Period 30-09-2019 RM'000
Income tax expense for the year	-	-	-	-
Deferred Tax	-	(60)	-	(60)
	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>(60)</u>

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

B6. GROUP BORROWINGS

Total Group's borrowings as at 30 September 2020 are as follow:-

	Short Term Secured RM'000	Long Term Secured RM'000	Total RM'000
Lease liabilities	<u>314</u>	<u>705</u>	<u>1,019</u>

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

B7. MATERIAL LITIGATION UPDATES

Kuala Lumpur High Court Summon No. WA-22NCC-41-01/2020

Asia New Ventures Sdn Bhd (“Asia New Ventures” or “Plaintiff”) vs Malaysia Pacific Corporation Berhad (“The Company” or “Defendant”)

On 10 March 2020, the Court fixed further case managements on 24 March 2020 and 17 July 2020.

On 6 April 2020, the Company filed Reply to Defence to Counter-claim.

On 17 July 2020, the Court fixed Trial dates from 11 January 2021 to 13 January 2021. The next case management was fixed on 14 August 2020.

On 30 July 2020, the Company filed a Notice of Application and Affidavit in Support, in respect of the application for amendments of Counterclaim.

On 14 August 2020, the Court granted leave to the Company for the Defence and Counterclaim filed by the Company to be amended and the costs for the application and all ancillary cost of this application shall be cost in the cause. The Trial is fixed on 5 January 2021.

B8. DIVIDEND

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

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B9. PROFIT PER ORDINARY SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30-09-2020	Quarter	30-09-2020	Period
		30-09-2019		30-09-2019
(a) Basic Earnings Per Share				
Profit attributable to members of the Company (RM'000)	505	11,873	505	11,873
Weighted average number of ordinary shares in issue ('000)	287,660	287,660	287,660	287,660
Basic profit per share (sen)	0.18	4.13	0.18	4.13

(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 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 26 November 2020