



## General Announcement

Form Version 7 (Enhanced)

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Completed

## Company Information

## Main Market Company

## New Announcement

## Submitting Investment Bank/Advisor (if applicable)

## Submitting Secretarial Firm (if applicable)

* Company name	MECHMAR CORPORATION (MALAYSIA) BERHAD
* Stock name	MECHMAR
* Stock code	3808
* Contact person	Julia Leong
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## Type \*

Announcement

## Subject \*

MECHMAR CORPORATION (MALAYSIA) BERHAD (13380-M) ("Mechmar")

MONTHLY ANNOUNCEMENT PURSUANT TO PRACTICE NOTE NO. 1/2005 ("PN1") OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("Bursa Securities")  
-LOANS UNDER DEFAULT STATUS

AS AT 31 MAY 2010

**Note:** If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents :-*(This field is to be used for the summary of the announcement)*

Attached Mechmar Group's PN1 report on the status of loans under default as at 31 May 2010 for your reference.

Announcement Details :-*(This field is for the details of the announcement, if applicable)*Attachment(s):- (please attach the attachments here)[bursa-PN1-310510.xls](#)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

**MECHMAR CORPORATION (MALAYSIA) BERHAD (13380-M)**

Loans Repayment Status As At 31 May 2010

Practice Note 1

NO.	LENDER	BORROWER	LOAN FACILITY (RM)	AMOUNT PAID TODATE (RM)	IN DEFAULT (RM)	REMARKS
1	Syndicated Term Loan - Utama Merchant Bank Berhad as agent bank	Mechmar Corporation (Malaysia) Bhd	50M	53.660M	8,500,000	Indulgence was granted pending proposal to settle balance outstanding interest.
2	Utama Merchant Bank Berhad	Mechmar Corporation (Malaysia) Bhd	5.386M	0.93M	6,500,000	Repayment is stopped pending confirmation of Restructuring Plan (RP)
3	Public Bank (L) Ltd	Mechmar Corporation (Malaysia) Bhd	49.4M	49.823M	1,259,095	Writ of Summons and Statement of Claim were served on 11 Feb 2003. Consent judgement has been recorded on 15 Apr 2004 with repayment of USD20,000 per month commencing from Jan 2004. Repayment was increased to USD30,000 per month effective Jan 2006 and USD40,000 per month effective Jan 2007 until full settlement of loan. Installment has been reduced to USD20,000 per month effective March 2007. Repayment is stopped since Sept 2009 pending confirmation of RP.
4	Syndicated Term Loan - Alliance Merchant Bank Berhad as agent bank	Mechmar Corporation (Malaysia) Bhd	5.554M	4.506M	300,000	Judgement was served on 26 Sept 2003 for RM6.1M. Agreed temporary monthly instalments of RM50,000 pending finalisation of settlement proposal and was increased to RM75,000 effective July 06. Settlement proposal were reached on 14 Dec 2006 and agreed to increase monthly instalments to RM100,000 effective from Jan 2007 until full settlement of loan together with release of assigned contract proceeds. Installment has been reduced to RM40,000 per month effective Sept 2008. Repayment is pending confirmation of RP.
5	Alliance Merchant Bank Berhad Term Loan	Mechmar Corporation (Malaysia) Bhd	3.631M	4.179M	240,000	Judgement was served on 29 Sept 2003 for RM4.5M. Agreed temporary monthly instalments of RM60,000 pending finalisation of settlement proposal. Settlement proposal were reached on 29 Jan 2007 and agreed new repayment by 61 monthly instalments commencing Jan 2007 until full settlement of loan together with release of contract proceeds. Installments has been reduced to RM40,000 per month comencing July 2008. Repayment is stopped pending confirmation of RP.
6	Alliance Merchant Bank Berhad Bank Guarantee	Mechmar Corporation (Malaysia) Bhd	7.288M	5.554M	240,000	Judgement was granted on 22 Jan 2003 for RM10.1M. Judgement was set aside on 3 Oct 2003. Agreed temporary monthly instalments of RM50,000 pending finalisation of settlement proposal. Settlement proposal were reached on 29 Jan 2007 and agreed new repayment by 61 monthly instalments commencing Jan 2007 until full settlement of loan together with release of contract proceeds. Installments has been reduced to RM40,000 per month comencing July 2008. Repayment is pending confirmation of RP.
7	Danaharta Managers Sdn Bhd	Mechmar Boilers S/B	5M	-	7,500,000	Letter of Demand received on 25 Feb 2004. Agreed moratorium granted till sale of property. Appealed on summary judgement made on 7 Oct 05. Granted order for stay of proceedings pending hearing of appeal. Decision on appeal was fixed on 16 June 2008 and the judge has allowed Mechmar's appeal with costs. The next case management is fixed on 29.6.2010.
8	Bank Islam (Malaysia) Bhd	Mechmar Corporation (Malaysia) Bhd	22.5M	6.742M	18,941,000	Letter of Demand was served on 12 Jan 2009. Agreed repayment by RM165,000 monthly instalment commencing Jan 2007. Repayment is pending confirmation of RP.
Subtotal					<b>RM43,480,095</b>	
9	Standard Chartered Bank (Hong Kong) Limited ("SCB")	Independent Power Tanzania Limited	USD105M	USD60.3M	USD48,458,000	The Company's application for stay of execution against the appointment of the Provisional Liquidator were heard on 9 April 2011. IPTL's shareholders were requested to file written submissions and a rejoinder. The Court of Appeal will issue a ruling on 14 May
Subtotal					<b>USD48,458,000</b>	

**Grand total RM203,391,495**