

MCT BERHAD

**Company No: 881786-X
(Incorporated In Malaysia)**

**Interim Financial Reports
For the quarter ended 30 September 2017**

MCT BERHAD (881786-X)
Incorporated In Malaysia

Interim Financial Reports

For the quarter ended 30 September 2017

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MCT BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017
(The figures have not been audited)

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER				INDIVIDUAL QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	CHANGES		CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	CHANGES	
	30-Sep-17	30-Sep-16	RM'000	%	30-Sep-17	30-Sep-16	RM'000	%	30-Sep-17	30-Jun-17	RM'000	%
Revenue	94,037	155,274	(61,237)	-39%	94,037	155,274	(61,237)	-39%	94,037	192,648	(98,611)	-51%
Cost of sales	(52,863)	(103,238)	(50,375)	-49%	(52,863)	(103,238)	(50,375)	-49%	(52,863)	(114,648)	(61,785)	-54%
Gross profit	41,174	52,036	(10,862)	-21%	41,174	52,036	(10,862)	-21%	41,174	78,000	(36,826)	-47%
Other Income	1,077	1,232	(155)	-13%	1,077	1,232	(155)	-13%	1,077	981	96	10%
Selling and marketing expenses	(7,257)	(4,498)	2,759	61%	(7,257)	(4,498)	2,759	-61%	(7,257)	(4,620)	2,637	57%
Direct operating and general administrative expenses	(20,945)	(25,621)	(4,677)	-18%	(20,945)	(25,621)	(4,677)	-18%	(20,945)	(41,553)	(20,608)	-50%
Finance costs	(872)	(1,556)	(684)	-44%	(872)	(1,556)	(684)	-44%	(872)	(824)	48	6%
Profit before tax	13,177	21,593	(8,416)	-39%	13,177	21,593	(8,416)	-39%	13,177	31,984	(18,807)	-59%
Income tax expense	(2,627)	(5,540)	(2,913)	-53%	(2,627)	(5,540)	(2,913)	-53%	(2,627)	(13,886)	(11,259)	-81%
Profit for the period	10,550	16,053	(5,503)	-34%	10,550	16,053	(5,503)	-34%	10,550	18,098	(7,548)	-42%

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER				INDIVIDUAL QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	CHANGES		CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	CHANGES	
	30-Sep-17 RM'000	30-Sep-16 RM'000	RM'000	%	30-Sep-17 RM'000	30-Sep-16 RM'000	RM'000	%	30-Sep-17 RM'000	30-Jun-17 RM'000	RM'000	%
Profit attributable to :												
Owners of the parent	10,551	16,055	(5,504)	-34%	10,551	16,055	(5,504)	-34%	10,551	18,099	(7,548)	-42%
Non-controlling interest	(1)	(2)	(1)	-53%	(1)	(2)	(1)	53%	(1)	(1)	0	0%
	<u>10,550</u>	<u>16,053</u>	<u>(5,503)</u>	<u>-34%</u>	<u>10,550</u>	<u>16,053</u>	<u>(5,503)</u>	<u>-34%</u>	<u>10,550</u>	<u>18,098</u>	<u>(7,548)</u>	<u>-42%</u>

Earnings per share attributable to owners of the parent :

Basic earnings per share (sen) - Note B13	0.79	1.20	(1.20)	-100%	0.79	1.20	(1.20)	-100%	0.79	1.36	(1.36)	-100%
Diluted earnings per share (sen) - Note B13	NA	1.19	NA	NA	NA	1.19	NA	NA	NA	1.35	NA	NA

NA denotes not applicable as the Company has no dilutive potential ordinary shares at the end of the reporting period..

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to these interim financial statements.

MCT BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30-Sep-17 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 30-Jun-17 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	279,578	280,049
Investment properties	350,225	333,102
Land held for property development	53,885	52,530
Deferred tax assets	5,295	-
Available-for-sale investments	251	250
	689,234	665,931
Total Non-Current Assets		
Current Assets		
Inventories - at cost	2,556	2,718
Property development costs	199,829	194,210
Accrued billings	242,616	262,000
Trade receivables	75,564	40,818
Other receivables and prepaid expenses	51,439	53,481
Tax recoverable	29,612	33,235
Deposits with licensed banks	44,275	45,672
Cash and bank balances	76,846	42,534
	722,737	674,668
Total Current Assets		
Total Assets	1,411,971	1,340,599
EQUITY AND LIABILITIES		
Non-Current Liabilities		
Borrowings	176,127	174,874
Hire-purchase payables	3,182	3,626
Deferred tax liabilities	-	3,574
	179,309	182,074
Total Non-Current Liabilities		

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30-Sep-17 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 30-Jun-17 RM'000
Current Liabilities		
Progress billings	67,710	-
Trade payables	132,544	137,196
Other payables and accrued expenses	163,623	166,265
Borrowings	65,858	62,744
Hire-purchase payables	2,398	2,617
Tax liabilities	5,468	5,192
	437,601	374,014
Total Current Liabilities		
	437,601	374,014
Net Assets	795,061	784,511
Equity Attributable to Owners of the Company		
Share capital	1,418,874	1,418,874
ICULS	122,218	122,218
Reverse acquisition reserve	(1,062,627)	(1,062,627)
Retained earnings	315,105	304,554
	793,570	783,019
Non-controlling interests	1,491	1,492
	795,061	784,511
Total Equity		
	795,061	784,511
Total Equity and Liabilities		
	1,411,971	1,340,599
Net assets per share (RM)	0.60	0.59

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to these financial statements.

MCT BERHAD (881786-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017
(The figures have not been audited)

	Non-distributable reserves				Distributable reserves	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	ICULS RM'000	Share premium RM'000	Reverse acquisition reserve RM'000	Retained earnings RM'000			
<u>Period ended 30 September 2017</u>								
As at 1 July 2017	1,418,874	122,218	-	(1,062,627)	304,554	783,019	1,492	784,511
Total comprehensive loss for the period	-	-	-	-	10,551	10,551	(1)	10,550
As at 30 September 2017	1,418,874	122,218	-	(1,062,627)	315,105	793,570	1,491	795,061
<u>Period ended 30 September 2016</u>								
As at 1 July 2016	1,334,777	122,218	84,097	(1,062,627)	240,893	719,358	1,495	720,853
Total comprehensive income/(loss) for the year	-	-	-	-	16,055	16,055	(2)	16,053
As at 30 September 2016	1,334,777	122,218	84,097	(1,062,627)	256,948	735,413	1,493	736,906

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to these financial statements.

MCT BERHAD (881786-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	(UNAUDITED) 3 MONTHS ENDED 30-Sep-17 RM'000	(UNAUDITED) 3 MONTHS ENDED 30-Sep-16 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	13,177	21,593
Adjustments for:		
Depreciation of:		
Property, plant and equipment	4,406	2,643
Investment properties	161	628
Provision for liquidated and ascertained damages	1,322	-
Provision for rebates	1,155	4,525
Impairment loss of property, plant and equipment	-	-
Finance costs	872	1,556
Allowance for doubtful debts:		
Trade receivables	(3)	106
Bad debts written off:		
Trade receivables	-	44
Loss on disposal of property, plant and equipment	152	-
Interest income	(574)	(768)
Unrealised (gain)/loss on foreign exchange	(25)	46
	20,643	30,373
Operating Profit/(Loss) Before Working Capital Changes		
(Increase)/Decrease in:		
Inventories	162	13
Property development costs	(2,350)	23,422
Accrued billings	19,384	(13,949)
Amount due from contract customers	-	(10,563)
Trade receivables	(34,743)	4,489
Other receivables and prepaid expenses	2,042	(2,077)
Increase/(Decrease) in:		
Progress billings	67,710	(28,647)
Trade payables	(4,627)	(189,802)
Other payables and accrued expenses	(5,119)	(10,735)
	63,102	(197,476)
Cash Generated From/(Used In) Operations		
Tax paid	(7,597)	(19,412)
	55,505	(216,888)
Net Cash From/(Used In) Operating Activities		

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017
(The figures have not been audited)

	(UNAUDITED) 3 MONTHS ENDED 30-Sep-17 RM'000	(UNAUDITED) 3 MONTHS ENDED 30-Sep-16 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	30	-
Interest received	574	768
Additions to:		
Investment properties	(17,284)	(15,886)
Property, plant and equipment (Note)	(4,117)	(1,347)
Land held for property development	(370)	-
 (Increase)/Decrease in:		
Fixed deposits pledged with licensed banks	1,397	(28,643)
Available-for-sale investments	(1)	(1)
	(19,771)	(45,109)
 Net Cash (Used In)/From Investing Activities	(19,771)	(45,109)
 CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown of term loans	15,816	275,737
Repayment of:		
Term loans	(6,061)	(9,112)
Hire-purchase payables	(663)	(916)
Bank borrowings	(1,232)	-
Finance costs paid	(9,281)	(6,985)
	(1,421)	258,724
 Net Cash From/(Used In) Financing Activities	(1,421)	258,724
 NET DECREASE IN CASH AND CASH EQUIVALENTS	34,313	(3,273)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,574	75,903
 CASH AND CASH EQUIVALENTS AT END OF YEAR	76,887	72,630

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017
(The figures have not been audited)

Note: During the financial year, the Group acquired property, plant and equipment by the following means:

	(UNAUDITED) 3 MONTHS ENDED 30-Sep-17 RM'000	(UNAUDITED) 3 MONTHS ENDED 30-Sep-16 RM'000
Cash purchase	4,117	1,347
Hire-purchase financing	-	112
	4,117	1,459

Cash and cash equivalents included in the statements of cash flows comprise the following:

	(UNAUDITED) 3 MONTHS ENDED 30-Sep-17 RM'000	(UNAUDITED) 3 MONTHS ENDED 30-Sep-16 RM'000
Fixed deposits with licensed banks	44,236	62,850
Investments in short-term funds	39	39
Deposits with licensed banks	44,275	62,889
Deposits under Housing Development Accounts	47,436	20,455
Cash on hand and in bank	29,410	35,318
Cash and bank balances	76,846	55,773
	121,121	118,662
Less: Fixed deposits pledged with licensed banks	(43,845)	(46,032)
Fixed deposits with maturity period more than 90 days	(389)	-
Cash and cash equivalents	76,887	72,630

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to these financial statements.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("FRS") 134 : INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134 : Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017. These interim financial statements contain selected explanatory notes which provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group").

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2017, except for the adoption of the following amendments to FRSs which are effective for annual periods beginning on or after 1 January 2017, as follows:

Amendments to FRS 12	Annual Improvements to FRS Standards 2014 - 2016 Cycle
Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above amendments to FRSs does not have any significant impact to the Group.

At the date of the unaudited interim financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

FRS 9	Financial Instruments ¹
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual period beginning on or after 1 January 2018, with early application permitted. In addition, an entity may elect to early apply on the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss for annual periods beginning before 1 January 2018, as stated in paragraph 71.2 of FRS 9.

² Effective date deferred to a date to be determined and announced, with earlier application permitted

The directors anticipate that the abovementioned FRSs and amendments to FRSs will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these FRSs and amendments to FRSs may have material impact on the financial statements of the Group and the Company in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until the Group and the Company undertake a detailed review.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("FRS") 134 : INTERIM FINANCIAL REPORTING

A2 Summary of significant accounting policies

The significant accounting policies applied in the unaudited interim financial statements are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2017.

A3 Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2017 were not subject to any qualification.

A4 Exceptional or unusual items

There were no material items of exceptional or unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 September 2017.

A5 Changes in estimates

There were no changes in estimates that have a material effect on the amounts reported for the current interim period.

A6 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period.

A7 Dividend paid

There was no dividend paid in the current quarter under review.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
("FRS") 134 : INTERIM FINANCIAL REPORTING

A8 Profit before tax

The following amounts have been included in arriving at profit before tax:

	3 MONTHS ENDED 30-Sep-17 RM'000
Staff costs	13,131
Depreciation of:	
Property, plant and equipment	4,406
Investment properties	161
Developer interest bearing scheme	3,490
Provision for liquidated and ascertained damages	1,322
Provision for rebates	1,155
Loss on disposal of property, plant and equipment	152
Realised (gain)/loss on foreign exchange	24
Interest income	(574)
Unrealised (gain)/loss on foreign exchange	(25)
Reversal of allowance for doubtful debts of trade receivables	(3)

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Segmental information

The segment information for the financial period ended 30 September 2017 is as follow:

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complimentary business RM'000	Others RM'000	Total RM'000	Elimination RM'000	The Group RM'000
Revenue								
External revenue	81,652	214	-	9,241	2,930	94,037	-	94,037
Inter-segment revenue	-	33,234	-	1,195	8,737	43,166	(43,166)	-
Total revenue	81,652	33,448	-	10,436	11,667	137,203	(43,166)	94,037
Results								
Operating profit/(loss)	9,813	3,637	(228)	(462)	(142)	12,618	354	12,972
Interest income	458	21	-	5	90	574	-	574
Other income	206	58	-	218	238	720	(217)	503
Finance costs	(114)	(85)	-	(347)	(326)	(872)	-	(872)
Profit/(Loss) before tax	10,363	3,631	(228)	(586)	(140)	13,039	137	13,177
Income tax (expense)/credit	(4,152)	1,483	-	-	(104)	(2,773)	146	(2,627)
Profit/(Loss) after tax	6,211	5,114	(228)	(586)	(244)	10,267	283	10,550

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Segmental information

The segment information for the financial period ended 30 September 2017 is as follow: (continued)

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complimentary business RM'000	Others RM'000	Total RM'000
Assets and liabilities						
Segment assets	1,526,923	560,591	1,542,913	77,045	273,053	3,980,525
Less: Elimination	(342,840)	(518,792)	(1,542,778)	(22,764)	(176,287)	(2,603,461)
	1,184,083	41,800	135	54,281	96,766	1,377,064
Tax recoverable and deferred tax asset	25,229	13,543	-	19	463	39,254
Less: Elimination	-	(4,347)	-	-	-	(4,347)
	25,229	9,196	-	19	463	34,907
Total assets	1,209,312	50,996	135	54,300	97,229	1,411,971

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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Segmental information

The segment information for the financial period ended 30 September 2017 is as follow: (continued)

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complimentary business RM'000	Others RM'000	Total RM'000
Segment liabilities	1,043,772	505,061	468	137,099	196,779	1,883,179
Less: Elimination	(779,841)	(265,046)	-	(22,764)	(204,085)	(1,271,736)
	263,931	240,015	468	114,335	(7,306)	611,443
Tax and deferred tax liabilities	5,454	-	-	-	14	5,468
Add: Elimination	-	-	-	-	-	-
	5,454	-	-	-	14	5,468
Total liabilities	269,385	240,014	468	114,335	(7,292)	616,911

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Segmental information

The segment information for the financial period ended 30 September 2017 is as follow: (continued)

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complimentary business RM'000	Others RM'000	Total RM'000
<i>Other segment information</i>						
Capital expenditure:						
Investment properties	17,284	-	-	-	-	17,284
Property, plant and equipment	1,387	525	-	366	1,839	4,117
	18,671	525	-	366	1,839	21,401
Depreciation of:						
Property, plant and equipment	1,141	1,475	-	1,380	410	4,406
Investment properties	161	-	-	-	-	161
	1,302	1,475	-	1,380	410	4,568
Provision for rebates	1,155	-	-	-	-	1,155
Provision for liquidated and ascertained damages	1,322	-	-	-	-	1,322

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Segmental information

The segment information for the financial period ended 30 September 2016 is as follow:

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complimentary business RM'000	Others RM'000	Total RM'000	Elimination RM'000	The Group RM'000
Revenue								
External revenue	143,700	-	-	9,111	2,463	155,274	-	155,274
Inter-segment revenue	(14,985)	78,507	-	2,179	24,216	89,917	(89,917)	-
Total revenue	128,715	78,507	-	11,290	26,679	245,191	(89,917)	155,274
Results								
Operating profit/(loss)	14,667	12,533	(143)	(3,147)	484	24,394	(2,013)	22,381
Interest income	594	17	0	1	156	768	-	768
Finance costs	(659)	(130)	-	(375)	(392)	(1,556)	-	(1,556)
Profit/(Loss) before tax	14,602	12,420	(143)	(3,521)	248	23,606	(2,013)	21,593
Income tax expense	(4,350)	(984)	-	-	(206)	(5,540)	-	(5,540)
Profit/(Loss) after tax	10,252	11,436	(143)	(3,521)	42	18,066	(2,012)	16,053

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD ("FRS") 134 : INTERIM FINANCIAL REPORTING

A9 Segmental information

The segment information for the financial period ended 30 September 2016 is as follow: (continued)

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complimentary business RM'000	Others RM'000	Total RM'000	Elimination RM'000	The Group RM'000
Assets and liabilities								
Segment assets	1,640,995	464,180	1,543,442	73,319	249,107	3,971,043	(2,434,002)	1,537,041
Tax recoverable and deferred tax asset	7,589	10,178	-	38	397	18,202	-	18,202
Total assets	<u>1,648,584</u>	<u>474,358</u>	<u>1,543,442</u>	<u>73,358</u>	<u>249,504</u>	<u>3,989,245</u>	<u>(2,434,002)</u>	<u>1,555,243</u>
Segment liabilities	1,239,002	398,037	259	119,563	144,717	1,901,578	(1,090,929)	810,649
Tax and deferred tax liabilities	3,706	3,978	-	-	4	7,688		7,688
Total liabilities	<u>1,242,708</u>	<u>402,015</u>	<u>259</u>	<u>119,563</u>	<u>144,722</u>	<u>1,909,266</u>	<u>(1,090,929)</u>	<u>818,337</u>

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A10 Material events subsequent to the end of interim financial period

There were no material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and financial period ended 30 September 2017.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group under the quarter review.

A12 Changes in contingent liabilities and contingent assets

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

(a) Performance bond

	As at 30-Sep-17 RM'000	As at 30-Jun-17 RM'000
Performance bond provided in favour of third parties pursuant to the construction and/or development projects of the Group	49,869	49,609

(b) Goods and Services Tax ("GST")

During the financial year 2017, Lakefront Residence Sdn. Bhd. ("**LRSB**"), a wholly-owned subsidiary of the Company, received a notification from Royal Malaysia Customs Department ("**RMCD**"). LRSB is required to charge RM21 million Goods and Services Output Tax to PR1MA and subsequently remit the said amount to RMCD.

There are no changes as to the status as disclosed in the audited financial statements for the financial year ended 30 June 2017.

There were no contingent assets.

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A13 Commitments

The Group has the following commitments:

Approved and contracted for:

(a) Commitment under a Joint Development Agreement

	As at 30-Sep-17 RM'000	As at 30-Jun-17 RM'000
Commitment under a Joint Development Agreement	65,000	65,000

(b) Rental and Operating Lease Commitments

	As at 30-Sep-17 RM'000	As at 30-Jun-17 RM'000
Rental commitments from leaseback arrangement:		
Less than 1 year	4,662	5,029
More than 1 year and less than 2 years	5,840	6,495
More than 2 years and less than 5 years	6,926	7,273
	17,428	18,797
Operating lease commitments:		
Less than 1 year	2,182	3,421
More than 1 year and less than 2 years	994	2,624
	3,176	6,045
	20,604	24,842

(c) Others

	As at 30-Sep-17 RM'000	As at 30-Jun-17 RM'000
Purchase of property, plant and equipment	-	527

	As at 30-Sep-17 RM'000	As at 30-Jun-17 RM'000
Total commitments	85,604	90,368

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A14 Significant related party transactions

During the financial period, the significant related party transactions entered by the Group, which were determined based on negotiations agreed between the parties, are as follows:

	As at 30-Sep-17 RM'000
Rental of premises paid/payable to related parties	528
Rental of premises received/receivable from related parties	274
Sale of construction materials and provision of construction work to related parties	<u>64</u>

A15 Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors during the financial period ended 30 September 2017.

A16 Default of a Loan Agreement

There are no changes as to the status as disclosed in the audited financial statements for the financial year ended 30 June 2017, for the default of financial covenant of a term loan between Ecity Hotel Sdn Bhd ("**Ecity**"), a wholly-owned subsidiary of the Company, with Bank Pembangunan Malaysia Berhad.

A17 Fair Values

The carrying amounts of the financial instruments approximate their fair values as these financial assets and financial liabilities have short-term maturity or are repayable on demand except for the following:

The fair value of long-term financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as at the end of the reporting period.

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A18 Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method:

The table below analyses financial instruments carried at fair value, by valuation method:

	Level 1 RM'000
30-Sep-17	
Financial Assets	
Available-for-sale investments	<u>251</u>
30-Jun-17	
Financial Assets	
Available-for-sale investments	<u>250</u>

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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B1 Performance Review

For the quarter

The Group recorded revenue of RM94.0 million for the current quarter ended 30 September 2017 as compared to the corresponding quarter of previous financial year of RM155.3 million. Major revenue drivers include property development projects such as Lakefront @ Cyberjaya, Skypark @ Cyberjaya and Cybersouth which have varying stages of completion and take-up rates due to launch schedules.

Skypark @ Cyberjaya, Lakefront Villa @ Cyberjaya and Cybersouth Green Casa and Casa View (Phases 1B and 2B) are in their tail-end phases of completion by the current quarter which factors in a slower completion rate versus the same quarter of the previous financial year. Inventories have been cleared in the last quarter of fiscal year 2017 enabling lower take-up rates for Lakefront Residences. Also, there have been no launches in the current quarter. In the same quarter of the previous financial year, Lakefront @ Cyberjaya launched Phase 2 with Tower 3 picking up sales velocity as new inventories were introduced in the market.

Property development segment contributed to 87% of the total business of the Group as compared to same quarter of fiscal year 2017 of 93%.

Gross profit margin was favourable at 44% in the current quarter as opposed to 34% of the same quarter in fiscal year 2017. As most of the projects are nearing its completion stage, savings have been realised for Skypark, two phases for Cybersouth and Lakefront Villa. In addition, the launching of Cybersouth Bellevue (Phase 1C) attributes to a higher gross profit margin contributing to higher gross profit rates for the current quarter.

Expenses recorded was RM28.2 million during the quarter which is 6% lower than the same period of last year's RM30.1 million, from the Group's savings in operating and administrative expenses. Majority of the expenses for the current fiscal year came from sales and marketing expenses due to higher take-up of Bellevue.

The current quarter achieved RM10.6 million in profit after tax which is 34% lower as compared to RM16.1 million profit after tax of the same quarter in FY 2017 due to revenue drivers. Effective tax rate for the current quarter is 20% from corporate tax incentives as compared to 26% of the same period from the previous financial year

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B2 Material Changes in the Profit Before Taxation for the Current Quarter as Compared to the Preceding Quarter

The Group recorded revenue of RM94.0 million for the quarter under review as compared to the immediate preceding quarter of RM192.6 million. The preceding quarter which is also the last quarter of financial year 2017 noted a strong launch of Cybersouth Bellevue (Phase 1C) and cleared aging inventories from Lakefront @ Cyberjaya which were recognised at an advanced stage of completion. There have been no new launches in the current quarter of financial year 2018.

Gross profit margin for the current quarter is higher at 44% as compared to the immediately preceding quarter of 40%. This is attributed to additional savings realised across Lakefront Villa @ Cyberjaya and Skypark @ Cyberjaya.

Expenses incurred for the current quarter amounted to RM28.2 million which is 60% of the level of spend of the immediately preceding quarter of RM46.2 million. One-time expenses such as impairment of the Group's chiller plants and bad debts totalling to RM14.2 million were recognised during the preceding quarter. Excluding one-time charges from the immediate preceding quarter, current quarter's expenses is still at 88% of previous quarter.

Income tax expense is lower at RM2.6 million as compared to the immediately preceding quarter of RM13.9 million due to lower recorded profit before tax and lower statutory tax rate applied by a subsidiary of the Company from the corporate income tax rate incentive.

B3 Prospects for the next financial year

Market sentiment has been mixed with optimism and wait-and-see attitude. As outlook on gross domestic product is at a promising 5 to 5.5% growth rate for 2018 according to the Finance Ministry's real gross domestic product (GDP) estimates for the country in its Economic Report 2017/2018, there are still speculations in the market as to actual economic outcome due to increased petrol prices and upcoming elections. Lending policies are still more stringent as compared to previous years but which the industry has mostly adopted being on the second year of implementation. Despite the mixed emotions, MCT remains to be cautiously positive with upswing of the property development and construction businesses.

The sweet spot for the real estate business is still at the affordable segment with units ranging from approximately RM100k to RM400k. MCT has offered improved products and has taken advantage by being one of the players in the market.

Although industry studies have shown increased supply in the market of unsold units, the Group has significantly disposed of its existing aging inventories by strengthening marketing and selling strategies as well as widening coverage and network with minimal or no costs to the Group. This amplifies optimism on availability of market and mitigating risks with buyer behaviour. Product enhancements has been introduced. Expectedly, strong marketing efforts shall be complemented by improved customer experience across all product offerings.

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B3 Prospects for the next financial year (continued)

MCT has been underway in the planning of the future phases for its existing available land bank while being steadfast in scouting for opportunities to expand existing land bank in anticipation for market upswing. Currently, the Group's existing land bank are at strategic areas of identified transit connectivity. A sizable land bank which is located in Subang Jaya is with an existing LRT station and highways such as ELITE, LDP and KESAS. The Cyberjaya land bank is within walking distance in the planned train station and part of the proposed MRT project, with neighbouring area Putrajaya forms part of the HSR project's planned station. Likewise, it is accessible through major thoroughfares such as the ELITE, SKVE and MEX highways. Property prices are expected to appreciate with the developments in infrastructure.

B4 Variance of profit forecast

No profit forecast has been issued by the Group previously in any public document.

B5 Profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee for the financial period under review.

B6 Profit / (Loss) on sale of unquoted investments and / or properties

There was no sale of unquoted investments and/or properties during the current financial quarter.

B7 Quoted securities

There was no other purchase or disposal of quoted and marketable securities during the current quarter under review.

B8 Status of corporate proposals

There was no corporate proposal during the current quarter under review.

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B9 Group borrowings

Total loans and borrowings as at 30 September 2017 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:			
Bank overdraft	2,828	-	2,828
Term loans	24,648	176,127	200,775
Revolving credit	38,382	-	38,382
Non- Secured:			
Hire-purchase	2,398	3,182	5,580
	<u>68,256</u>	<u>179,309</u>	<u>247,565</u>

There were no loans and borrowings denominated in foreign currency as at 30 September 2017.

Total loans and borrowings as at 30 September 2016 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:			
Bank overdraft	-	-	-
Term loans	10,629	159,347	169,976
Revolving credit	275,737	-	275,737
Non- Secured:			
Hire-purchase	1,754	6,772	8,526
	<u>288,120</u>	<u>166,119</u>	<u>454,239</u>

There were no loans and borrowings denominated in foreign currency as at 30 September 2016.

Additional term loan and revolving credit drawdown during the financial period to finance project development and construction of Lakefront@Cyberjaya and Cybersouth's common facilities. Revolving credit obtained in Q1 FY2017 had been repaid in Q2 FY2017, resulting reduction of the borrowings balance as at Q1 FY2018.

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B9 Group borrowings (Continued)

Weighted average interest rates per annum of borrowings effective as at reporting date are as follow:

	30-Sep-17
Bank overdraft	7.96%
Term loans	6.78%
Revolving credit	7.10%
Hire-purchase	2.99%

The interest rate profile of the borrowings are:

	30-Sep-17	
	RM'000	% to total borrowings
Fixed rate	65,367	26%
Floating rate	182,198	74%
	247,565	

B10 Material litigation

- (a) There was a suit filed on 4 December 1996 by Chellappa A/L Kalimuthu (suing as a public officer of Sri Maha Mariamman Temple, Hicom, Shah Alam, Selangor pursuant to Section 9(c) of the Society Act 1996) on behalf of a society ("Society") ("Plaintiff").

A writ of possession ("Writ") vide "Permohonan Perlaksanaan No. 37WP-44-12/2015" was issued by the High Court on 22 December 2015 and subsequently served by the Court Bailiff to the Indian Temple, Kuil Sri Maha Mariamman ("Existing Temple") on 30 May 2016. On 10 June 2016, One City Development ("OCD")'s solicitors applied to court to extend the Writ. The Court has granted its Order on 22 December 2016. The Writ and the Order for extension of time has been served by the Court Bailiff to the Existing Temple on 18 May 2017.

The parties occupying the Existing Temple have failed to deliver the vacant possession of the Land to OCD. The Writ expired on 21 June 2017. OCD's solicitors had applied for a fresh Writ on 12 October 2017 and the Plaintiff has no objection to the said application. The Court had fixed hearing on 1 November 2017 for decision. Judgement has been obtained on 14 November 2017 for Writ of Possession awaiting Sealed Order to serve on the Plaintiff.

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B10 Material litigation (continued)

- (b) A claim of construction work done had been filed by Pembinaan OTS Sdn. Bhd. ("OTS") against Eco Green City Sdn. Bhd. ("EGC") amounting to RM 401,203. EGC filed a Defence and Counterclaim of RM 431,408. The suit has been fixed for trial on 5th to 7th February 2018.

B11 Income Tax Expenses

	Current quarter ended 30-Sep-17 RM'000	Cumulative Year To Date 30-Sep-17 RM'000
Income tax expense comprises:		
Current tax		
- for current quarter / financial year-to-date	11,497	11,497
- for prior years	(1)	(1)
Deferred tax		
- for current quarter / financial year-to-date	<u>(8,869)</u>	<u>(8,869)</u>
	<u>2,627</u>	<u>2,627</u>

B12 Dividend Payable

No interim dividend has been recommended in respect of the financial period ended 30 September 2017.

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B13 Earnings Per Share

The calculation of the earnings per ordinary share of the Group has been calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue.

(a) Basic earnings per share

	CURRENT QUARTER		CUMULATIVE YEAR TO DATE		IMMEDIATE PRECEDING QUARTER
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	
Profit attributable to owners of the parent (RM'000)	10,551	16,055	10,551	16,055	18,099
Weighted average number of ordinary shares ('000)	1,334,777	1,334,777	1,334,777	1,334,777	1,334,777
Basic earnings per share (sen)	0.79	1.20	0.79	1.20	1.36

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B13 Earnings Per Share (Continued)

(b) Diluted earnings per share

	CURRENT QUARTER		CUMULATIVE YEAR TO DATE		IMMEDIATE PRECEDING QUARTER
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16	
Profit attributable to owners of the parent (RM'000)	10,551	16,055	10,551	16,055	18,099
Weighted average number of ordinary shares ('000)	NA	1,351,453	NA	1,351,453	1,339,229
Diluted earnings per share (sen)	NA	1.19	NA	1.19	1.35

NA denotes not applicable as the Company has no dilutive potential ordinary shares at the end of the reporting period.

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B14 Utilisation of Proceeds from the Regularisation Plan

No	Purpose	Proposed Utilisation RM'000	Amount Utilised RM'000	Expected time frame for utilisation from Listing Date
1	Capital expenditure			
	(i) Development costs for property development projects	64,128	66,693	within 24 months
	(ii) Development of investment properties	166,656	158,548	within 24 months
2	Repayment of bank borrowings	120,192	125,601	immediate
3	General working capital	20,352	20,486	within 24 months
4	Expenses in relation to the Regularisation Plan	12,672	12,672	immediate
	Total	384,000	384,000	

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B15 Trade Receivables

The table below is the aging analysis of trade receivables at the end of the reporting period:

	30-Sep-17 RM'000
Neither past due nor impaired	8,647
Past due 1 to 30 days	43,319
Past due 31 to 60 days	12,704
Past due 61 to 90 days	13,284
Past due more than 90 days	3,384
	81,338
Provision for doubtful debt for trade receivables	(5,774)
	75,564
 Write off of trade receivables during the year to date	 -

Doubtful debt for trade receivables provided for balances aged beyond 180 days due to it is probable that the debts are not able to be collected after sending reminder letter and letter of demand.

On confirmation of solvency of receivables, the balance are written off.

B16 Realised and Unrealised Profits

	30-Sep-17 RM'000	30-Jun-17 RM'000
Total retained earnings of the Company and its subsidiaries		
Realised	521,356	520,142
Unrealised	(32,058)	(41,110)
	489,298	479,031
Add: Consolidation adjustments	(174,194)	(174,477)
Total retained earnings	315,104	304,554