

MCT BERHAD
Company No: 881786-X
(Incorporated In Malaysia)

Interim Financial Reports
For The Quarter Ended 30 September 2018

MCT BERHAD (881786-X)
Incorporated In Malaysia

Interim Financial Reports

For The Quarter Ended 30 September 2018

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MCT BERHAD (881786-X)
Incorporated In Malaysia

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

	CURRENT YEAR QUARTER 30-Sep-18 RM'000	CUMULATIVE YEAR TO DATE 30-Sep-18 RM'000
Revenue	125,792	125,792
Cost of sales	(72,483)	(72,483)
Gross profit	53,309	53,309
Other Income	2,022	2,022
Selling and marketing expenses	(7,115)	(7,115)
Direct operating and general administrative expenses	(20,819)	(20,819)
Finance costs	(955)	(955)
Profit before tax	26,442	26,442
Income tax expense	(6,147)	(6,147)
Profit for the period	20,295	20,295
Profit attributable to:		
Owners of the parent	20,304	20,304
Non-controlling interest	(9)	(9)
	20,295	20,295

Earnings per share attributable to owners of the parent:

Basic earnings per share (sen) - Note B13	1.39	1.39
Diluted earnings per share (sen)	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 2018 and the accompanying explanatory notes attached to these interim financial statements.

MCT BERHAD (881786-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

(The figures have not been audited)

	AS AT END OF CURRENT QUARTER 30-Sep-18 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30-Jun-18 RM'000 (restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	128,500	128,044
Investment properties	388,399	388,590
Inventories- land held for property development	51,482	50,674
Deferred tax assets	5,481	10,844
	573,862	578,152
Current Assets		
Inventories - at cost	4,433	4,671
Inventories - property development costs	297,480	226,991
Accrued billings	289,340	362,095
Trade receivables	56,720	58,333
Other receivables and prepaid expenses	102,882	109,388
Contract assets	980	-
Tax recoverable	18,935	19,623
Deposits with licensed banks	35,582	44,636
Cash and bank balances	194,905	142,061
	1,001,257	967,798
Non-current assets held for sale	5,482	11,932
Total Assets	1,580,601	1,557,882

MCT BERHAD (881786-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

(The figures have not been audited)

	AS AT END OF CURRENT QUARTER 30-Sep-18 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30-Jun-18 RM'000 (restated)
EQUITY AND LIABILITIES		
Non-Current Liabilities		
Borrowings	184,667	167,508
Hire-purchase payables	1,112	1,247
Total Non-Current Liabilities	185,779	168,755
Current Liabilities		
Trade payables	138,084	116,642
Other payables and accrued expenses	282,991	352,384
Borrowings	97,886	63,774
Hire-purchase payables	1,394	2,162
Tax liabilities	30	23
Total Current Liabilities	520,385	534,985
Total Liabilities	706,164	703,740
Net Assets	874,437	854,142

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

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30-Sep-18 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 30-Jun-18 RM'000 (restated)
Equity Attributable to Owners of the Company		
Share capital	1,541,092	1,541,092
Reserves	(1,062,627)	(1,062,627)
Retained earnings	394,509	374,205
	872,974	852,670
Non-controlling interests	1,463	1,472
Total Equity	874,437	854,142
Total Equity and Liabilities	1,580,601	1,557,882
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 2018 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

	Share capital RM'000	ICULS RM'000	Non- distributable reserves Reverse acquisition reserve RM'000	Distributable reserves Retained earnings RM'000	Attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
As at 30 June 2018 (as previously reported)	1,541,092	-	(1,062,627)	383,364	861,829	1,472	863,301
Effects of adoption of MFRS	-	-	-	(9,159)	(9,159)	-	(9,159)
As at 1 July 2018 (restated)	1,541,092	-	(1,062,627)	374,205	852,670	1,472	854,142
Total comprehensive income for the period	-	-	-	20,304	20,304	(9)	20,295
As at 30 September 2018	1,541,092	-	(1,062,627)	394,509	872,974	1,463	874,437
As at 1 July 2017 (as previously reported)	1,418,874	122,218	(1,062,627)	304,554	783,019	1,492	784,511
Effects of adoption of MFRS	-	-	-	(9,159)	(9,159)	-	(9,159)
Conversion of ICULS	122,218	(122,218)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	78,810	78,810	(20)	78,790
As at 30 June 2018 (restated)	1,541,092	-	(1,062,627)	374,205	852,670	1,472	854,142

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

MCT BERHAD (881786-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

	3 MONTHS ENDED 30-Sep-18 RM'000	12 MONTHS ENDED 30-Jun-18 RM'000 (restated)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	26,442	96,781
Adjustments for:		
Depreciation of:		
Property, plant and equipment	1,719	11,157
Investment properties	161	646
Provision for liquidated and ascertained damages	462	36,096
Provision for rebates	-	7,904
Land held for property development written off	-	257
Gain on disposal of subsidiaries	-	(39,443)
Finance costs	955	3,835
(Reversal)/Allowance for doubtful debts		
Trade receivables	-	(3,164)
Other receivables	-	325
Bad debts written off	-	242
Gain on disposal of property, plant and equipment	(77)	(113)
Inventories written off	-	8
Interest income	(1,163)	(1,993)
Unrealised loss on foreign exchange	120	125
	28,619	112,663
Operating Profit Before Working Capital Changes	28,619	112,663
Decrease/(Increase) in:		
Inventories	238	(4,660)
Property development costs	(67,096)	(20,331)
Accrued billings	72,755	(99,653)
Trade receivables	1,614	(16,637)
Other receivables and prepaid expenses	5,525	(59,870)
Increase/(Decrease) in:		
Trade payables	21,322	(20,548)
Other payables and accrued expenses	(64,914)	334,194
	(1,937)	225,158
Cash (Used In)/From Operations	(1,937)	225,158
Tax paid	(5,016)	(38,093)
	(6,953)	187,065
Net Cash (Used In)/From Operating Activities	(6,953)	187,065

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

(The figures have not been audited)

	3 MONTHS ENDED 30-Sep-18 RM'000	12 MONTHS ENDED 30-Jun-18 RM'000 (restated)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	551	1,424
Proceeds from disposal of land held for development	6,450	-
Net cash inflow from disposal of investment in subsidiaries	-	4,666
Interest received	1,163	1,993
Additions to:		
Investment properties	(124)	(56,133)
Property, plant and equipment	(2,509)	(10,367)
Land held for property development	(633)	(1,154)
 (Increase)/Decrease in:		
Fixed deposits pledged with licensed banks	10,493	1,105
Fixed deposits with maturity period more than 90 days	-	(13)
	15,391	(58,479)
 Net Cash From/(Used In) Investing Activities	15,391	(58,479)
 CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown of term loans	20,184	21,680
Proceeds from bank borrowings	62,500	63,361
Repayment of:		
Term loans	(2,122)	(37,423)
Hire-purchase payables	(902)	(2,686)
Bank borrowings	(30,000)	(52,799)
Finance costs paid	(3,814)	(21,138)
	45,846	(29,005)
 Net Cash From/(Used In) Financing Activities	45,846	(29,005)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	54,284	99,582
 CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	142,156	42,574
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	196,440	142,156

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

(The figures have not been audited)

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

	3 MONTHS ENDED 30-Sep-18 RM'000	12 MONTHS ENDED 30-Jun-18 RM'000
Fixed deposits with licensed banks	35,542	44,595
Investments in short-term funds	40	40
Deposits with licensed banks	35,582	44,636
Deposits under Housing Development Accounts	152,807	130,879
Cash on hand and in bank	42,098	11,182
Cash and bank balances	194,905	142,061
	230,487	186,969
Less: Fixed deposits pledged with licensed banks	(33,645)	(44,138)
Fixed deposits with maturity period more than 90 days	(402)	(402)
Cash and cash equivalents	196,440	142,156

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 2018 and the accompanying explanatory notes attached to these interim financial statement.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

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

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: 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 2018. 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 2018.

On 25 September 2018, the Group and the Company have changed the financial year end from 30 June to 31 December. Therefore, the current accounting period is a 6-month period from 1 July 2018 to 31 December 2018. As a result of the change in the financial year end, no comparative figures have been disclosed in the interim financial statements except for the Condensed Consolidated Statement of Financial Position.

The adoption of the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2018, as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to:	
MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Considerations
Amendments to MFRSs	Annual Improvements to MFRSs 2014-2016 Cycle

The adoption of the above amendments to MFRSs does not have any significant impact to the Group except for MFRS 15 - Revenue with Contract Customers and MFRS 9 - Financial Instruments upon initial application.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 JUNE 2018

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

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.

MFRS 16	Leases ¹
MFRS 17	Insurance Contracts ³
Amendments to:	
MFRS 9	Prepayment Features with Negative Compensation ¹
MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
MFRS 119	Plan Amendment, Curtailment or Settlement ¹
MFRS 128	Long-term Interests in Associates and Joint Venture ¹
IC Interpretation 23	Uncertainty over Income Tax Treatments ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2015-2017 Cycle ¹
Amendments to References to the Conceptual Framework in MFRS Standards ²	

¹ Effective for annual period beginning on or after 1 January 2019, with earlier application permitted.

² Effective for annual period beginning on or after 1 January 2020, with earlier application permitted.

³ Effective for annual period beginning on or after 1 January 2021, with earlier application permitted.

⁴ Effective date deferred to a date to be determined and announced, with earlier application permitted.

The directors anticipate that the abovementioned MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these MFRSs and amendments to MFRSs may have an 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.

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 2018.

A3 Auditors' Report on preceding annual financial statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2018 were not subject to any qualification.

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 JUNE 2018

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

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 2018.

A5 Changes in estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter under review.

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 quarter under review.

A7 Dividend paid

There were no dividends paid in the current quarter under review.

A8 Profit before tax

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

	3 MONTHS ENDED 30-Sep-18 RM'000
Provision for liquidated and ascertained damages	462
Developer interest bearing scheme	779
Staff costs	14,903
Depreciation of:	
Property, plant and equipment	1,719
Investment properties	161
Gain on disposal of property, plant and equipment	(77)
Interest income	(1,163)
Unrealised loss on foreign exchange	120
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NOTES TO INTERIM FINANCIAL STATEMENTS

UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

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

A9 Segmental information

The segment information for the quarter ended 30 September 2018 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	121,500	321	-	-	3,971	125,792	-	125,792
Inter-segment revenue	-	77,891	-	30,785	780	109,456	(109,456)	-
Total revenue	121,500	78,212	-	30,785	4,751	221,923	(109,456)	125,792
Results								
Operating profit/(loss)	19,067	7,776	(1,165)	777	281	26,736	(1,361)	25,375
Interest income	1,013	36	1	44	69	1,163	-	1,163
Other income	524	281	-	16	38	859	-	859
Finance costs	(75)	(46)	(591)	(35)	(208)	(955)	-	(955)
Profit/(Loss) before tax	20,529	8,047	(1,755)	802	180	27,803	(1,361)	26,442
Income tax expense	(3,671)	(3,353)	-	(217)	(101)	(7,342)	1,195	(6,147)
Profit/(Loss) after tax	16,858	4,694	(1,755)	585	79	20,461	(166)	20,295

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

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

A9 Segmental information

The segment information for the quarter ended 30 September 2018 is as follow: (continued)

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complementary business RM'000	Others RM'000	Total RM'000	Elimination RM'000	The Group RM'000
Assets and liabilities								
Segment assets	2,046,900	639,846	1,752,753	198,136	100,247	4,737,882	(3,181,697)	1,556,185
Tax recoverable and deferred tax asset	14,588	8,018	1	218	50	22,875	1,541	24,416
Total assets	<u>2,061,488</u>	<u>647,864</u>	<u>1,752,754</u>	<u>198,354</u>	<u>100,297</u>	<u>4,760,757</u>	<u>(3,180,156)</u>	<u>1,580,601</u>
Segment liabilities	1,618,688	521,012	173,609	135,255	115,683	2,564,247	(1,858,113)	706,134
Tax and deferred tax liabilities	-	-	-	-	30	30	-	30
Total liabilities	<u>1,618,688</u>	<u>521,012</u>	<u>173,609</u>	<u>135,255</u>	<u>115,713</u>	<u>2,564,277</u>	<u>(1,858,113)</u>	<u>706,164</u>

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NOTES TO INTERIM FINANCIAL STATEMENTS
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

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

A9 Segmental information

The segment information for the quarter ended 30 September 2018 is as follow: (continued)

	Property development RM'000	Construction activities RM'000	Investment holding RM'000	Complementary business RM'000	Others RM'000	Total RM'000
<i>Other segment information</i>						
Capital expenditure:						
Investment properties	124	-	-	-	-	124
Property, plant and equipment	2,386	57	-	66	-	2,509
Depreciation of:						
Property, plant and equipment	803	362	-	26	528	1,719
Investment properties	161	-	-	-	-	161
Provision for liquidated and ascertained damages	462	-	-	-	-	462

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NOTES TO INTERIM FINANCIAL STATEMENTS
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PART A - EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD
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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 were not reflected in the financial statements for the current quarter under review.

A11 Changes in the composition of the Group

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

A12 Changes in contingent liabilities and contingent assets

Details of contingent liabilities of the Group as at end of the quarter under review are as follows:

(a) Performance bond

	As at 30-Sep-18 RM'000	As at 30-Jun-18 RM'000
Performance bond provided in favour of third parties pursuant to the construction and/or development projects of the Group	<u>53,802</u>	<u>53,063</u>

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

In 2017, Lakefront Residence Sdn. Bhd. ("**LRSB**"), a wholly-owned subsidiary of the Company, received a notification from Royal Malaysia Customs Department ("**RMCD**") that the relief supply certificate pursuant to the construction service provided by LRSB to PR1MA Corporation Malaysia ("**PR1MA**") has been revoked ("**Notification**"). LRSB is required to charge RM21 million Goods and Services Output Tax to PR1MA and subsequently remit the said amount to RMCD.

On 31 July 2018, RMCD via its letter, notified that the construction services provided by LRSB to PR1MA is in relation to exempt supply goods, which supersedes the Notification. Therefore, LRSB is not required to charge any Goods and Services Output Tax. Accordingly, this matter has concluded.

There were no contingent assets.

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

A13 Commitments

The Group has the following commitments:

Approved and contracted for:

(a) Commitment under a Joint Development Agreement

	As at 30-Sep-18 RM'000	As at 30-Jun-18 RM'000
Commitment under a Joint Development Agreement	65,000	65,000

(b) Corporate Guarantees

	As at 30-Sep-18 RM'000	As at 30-Jun-18 RM'000
Corporate guarantee granted by a wholly-owned subsidiary, MCT Consortium Bhd in support of credit facilities granted to subsidiaries	102,254	82,663
Corporate guarantee extended in support of credit facilities granted to subsidiaries	99,067	100,135
	201,321	182,798

(c) Rental and Operating Lease Commitments

	As at 30-Sep-18 RM'000	As at 30-Jun-18 RM'000
Rental commitments from leaseback arrangement:		
Less than 1 year	4,939	4,939
More than 1 year and less than 2 years	4,939	4,939
More than 2 years and less than 5 years	4,802	5,195
	14,680	15,072
Operating lease commitments:		
Less than 1 year	1,344	1,964
	16,024	17,036

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

A13 Commitments (continued)

(d) Others	As at 30-Sep-18 RM'000	As at 30-Jun-18 RM'000
Acquisition of land	167,604	128,700
Total commitments	449,949	393,534

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-18 RM'000
Rental of premises paid/payable to related parties	480
Property management fees paid/payables to related parties	131
Utilities fees paid/payable to related parties	1,659

A15 Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors during the quarter under review.

A16 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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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD
UNAUDITED INTERIM FINANCIAL REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

**PART B - EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 AND APPENDIX 9B OF
THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1 Performance Review

For the quarter

The Group recorded revenue of RM126 million for the current quarter ended 30 September 2018. Major revenue drivers are from projects such as Lakefront @ Cyberjaya and Cybersouth.

Skypark @ Cyberjaya was completed and delivered in July 2018. Savings were realised for Lakefront Homes and Lakefront Residences. During the current quarter, the Group experienced lower take-up rate due to the prevailing soft market sentiment. Also, there were no new launches in the quarter ended 30 September 2018.

Property development segment contributed to 97% of the total revenue of the Group.

Gross profit margin is favourable at 42% as savings were realised for Lakefront @ Cyberjaya.

Expenses recorded was RM28 million during the quarter which includes staff costs of RM14 million and sales and marketing expenses of RM7 million.

Liquidated and ascertained damages stood at RM0.5 million for Casa Green and Casa View at Cybersouth and Lakefront Residences. We expect to handover these projects by December 2018.

With the savings from the projects at Lakefront coupled with the reduction in operating expenses arising from the disposal of complementary businesses in previous quarters, the Group recorded RM20 million in profit after tax with an effective tax rate of 23%. The lower effective tax rate of 23% as compared to the statutory tax rate of 24% is mainly due to the utilisation of business losses arising from certain subsidiaries.

B2 Material Changes for the Current Quarter as Compared to the Preceding Quarter

Due to the change in the financial year end, the Group did not prepare any comparative consolidated statement of comprehensive income for the current quarter.

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B3 Prospects for the next financial year

With the abolishment of Goods and Service Tax and reintroduction of Sales and Service Tax, there was a mixed response from the market. Nonetheless, it is anticipated to be positive for the property sector due to the expected lower input costs which will benefit the property developers via lower construction cost and consequently cheaper homes for buyers.

Budget 2019, which was tabled by the Government on 2 November 2018, saw a variety of measures being put in place to help the property sector clear the supply overhang. Firstly, there is a two-year exemption on stamp duty for houses priced up to RM500,000 on the first RM300,000. First-time homebuyers also get an exemption on stamp duty for properties priced between RM300,000 and RM1 million, for six months starting 1 January 2019. In addition, first-time homebuyers will have a stamp duty exemption on sale and purchase agreements as well as loan agreements of up to RM300,000 for a period of two years until December 2020.

These should boost property purchases by first-time home buyers as these are extremely helpful for first-time house buyers in terms of lower acquisition costs.

The impact, however, be limited, as the Government has also increased the real property gains tax for companies and foreigners where the rate shall be increased from 5% to 10%; and for Malaysian individuals, the rate shall be increased from 0% to 5%. Stamp duty charges for houses priced above RM1 million will also be increased to 4% from 3%.

Given the various measures introduced, MCT will benefit as the bulk of the products are priced between RM400,000 and RM700,000 which is the sweet spot for first-time home buyers.

The Group's existing landbank are within strategic areas in Subang Jaya, Cyberjaya, Dengkil and Petaling Jaya which have good connectivity through highways and existing and future train stations.

Despite the current market conditions of over-supply of properties and weak market sentiment, the Group intends to launch new projects at the Group's existing townships at Lakefront and Cybersouth in the next financial year as the Group continues to capitalise on the growth of existing townships.

In addition, the Group also intends to launch new project in 2019 from the two land parcels acquired in 2018 to fuel more engines and expand footprint in Subang Jaya and Petaling Jaya. These new growth areas are located out of the Cyberjaya and Dengkil region and are the fruits of the Group's strategic landbank acquisitions since MCT listed in 2015.

The Group will also continue to explore strategic acquisitions to expand the Group's footprint and feed future growth.

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B3 Prospects for the next financial year (continued)

Moving ahead, with improved products and realignment of marketing strategies coupled with maximisation of supply chain management in construction activities, MCT remains cautiously optimistic on the property market and is confident of the existing plans already put in place to grow the Group.

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 quarter 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 were no material corporate proposals entered into during the quarter under review.

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B9 Group borrowings

Total loans and borrowings as at 30 September 2018 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:			
Term loans	30,386	184,667	215,053
Revolving credit	67,500	-	67,500
Unsecured:			
Hire-purchase	1,394	1,112	2,506
	<u>99,280</u>	<u>185,779</u>	<u>285,059</u>

There were no loans and borrowings denominated in foreign currency as at 30 September 2018.

Total loans and borrowings as at 30 June 2018 were as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:			
Term loans	28,774	167,508	196,282
Revolving credit	35,000	-	35,000
Unsecured:			
Hire-purchase	2,162	1,247	3,409
	<u>65,936</u>	<u>168,755</u>	<u>234,691</u>

There were no loans and borrowings denominated in foreign currency as at 30 June 2018.

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

	30-Sep-18
Revolving credit	5.52%
Term loans	6.74%
Hire-purchase	2.95%

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B9 Group borrowings (continued)

The interest rate profile of the borrowings are:

	30-Sep-18	
	RM'000	% to total borrowings
Fixed rate	9,571	3%
Floating rate	<u>275,488</u>	97%
	<u><u>285,059</u></u>	

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 Sdn Bhd ("**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 judgement has been obtained on 14 November 2017.

The sealed order of the same was extracted on 13 December 2017. The validity of the Writ is for one year from 5 December 2017 until 4 December 2018. OCD is in the process of executing the said Writ.

On 28 September 2018, the court bailiff on instructions of OCD presented a notice to illegal occupiers of the Land to vacate the premise by 15 October 2018.

On 25 October 2018, the exercise for possession of Land and subsequent relocation of the temple was carried out. However, due to the advice of the Selangor State Government and an appeal by Federal and Local politicians, OCD agreed to defer the said exercise until after Deepavali.

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B10 Material litigation (continued)

On a separate note, a fresh suit was filed by new plaintiffs claiming to be temple devotees against the legitimate council, OCD, the Selangor State Government and the Registrar of Societies. The cause of action was premised primarily on the same causes previously claimed by the previous plaintiffs. The defendants have applied for a striking out of this claim and case management of the same is scheduled on 5 December 2018.

The new plaintiffs have also filed an intervener action and also a stay of execution of the order of Possession on 18 October 2018 but were unsuccessful and their applications were both dismissed with costs. They have however appealed on the said decision by the High Court Registrar and the appeal was heard on 13 November 2018 where the Registrar instructed as follows:-

The Registrar gave the parties the following directions:-

1. Parties to file written submissions in English by 3 December 2018;
2. Parties to file reply submissions by 17 December 2018; and
3. Next case management on 4 January 2019 to give the Court hard copies of the submissions and to fix a hearing date for the appeals.

It has to be noted that this new legal suit does not in any way affect the Order of Possession duly declared by the Court and that OCD will carry out the exercise in due course.

B11 Income Tax Expense

	Current quarter ended 30-Sep-18 RM'000	Cumulative Year To Date 30-Sep-18 RM'000
Income tax expense comprises:		
Current tax		
- for current quarter / financial year-to-date	784	784
Deferred tax		
- for current quarter / financial year-to-date	5,363	5,363
	6,147	6,147

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B12 Dividend Payable

No interim dividends have been recommended in respect of the current quarter under review.

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.

Basic earnings per share

	CURRENT YEAR QUARTER 30-Sep-18	CUMULATIVE YEAR TO DATE 30-Sep-18
Profit attributable to owners of the parent (RM'000)	20,304	20,304
Weighted average number of ordinary shares ('000)	1,456,995	1,456,995
Basic earnings per share (sen)	1.39	1.39

B14 Trade Receivables

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

	30-Sep-18 RM'000
Neither past due nor impaired	9,225
Past due 1 to 30 days	16,214
Past due 31 to 60 days	17,689
Past due 61 to 90 days	11,562
Past due more than 90 days	3,045
	57,735
Provision for doubtful debt for trade receivables	(1,015)
	56,720

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B14 Trade Receivables (continued)

Provision for doubtful debt for trade receivables was provided for balances aged beyond 180 days as it is probable the Group will be unable to collect such debts after sending reminder letters and letter of demand.

On confirmation of insolvency of receivables, the balances will be written off.