

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2016 RM'000	CUMULATIVE CURRENT YEAR 30/09/2017 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2016 RM'000
Revenue	9	42,673	63,371	42,673	63,371
Cost of sales		(15,428)	(33,604)	(15,428)	(33,604)
Gross profit		<hr/> 27,245	<hr/> 29,767	<hr/> 27,245	<hr/> 29,767
Other operating income		4,889	2,483	4,889	2,483
Administrative expenses		(14,939)	(15,171)	(14,939)	(15,171)
Selling and marketing expenses		(2,797)	(2,624)	(2,797)	(2,624)
Other operating expenses		(6,050)	(6,039)	(6,050)	(6,039)
Profit from operations	9	<hr/> 8,348	<hr/> 8,416	<hr/> 8,348	<hr/> 8,416
Finance costs		(1,354)	(1,619)	(1,354)	(1,619)
Profit before taxation	10	<hr/> 6,994	<hr/> 6,797	<hr/> 6,994	<hr/> 6,797
Taxation	20	(2,710)	(2,679)	(2,710)	(2,679)
Profit for the period		<hr/> 4,284	<hr/> 4,118	<hr/> 4,284	<hr/> 4,118
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		<hr/> 4,284	<hr/> 4,118	<hr/> 4,284	<hr/> 4,118
Profit for the period					
Attributable to:					
Equity holders of the parent		<hr/> 4,284	<hr/> 4,118	<hr/> 4,284	<hr/> 4,118
Total comprehensive income for the period					
Attributable to:					
Equity holders of the parent		<hr/> 4,284	<hr/> 4,118	<hr/> 4,284	<hr/> 4,118
Basic earnings per share (sen)	25	<hr/> 0.36	<hr/> 0.34	<hr/> 0.36	<hr/> 0.34

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2017 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2017 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		185,186	188,298
Land held for property development		725,857	721,244
Investment properties	11	149,020	149,020
Deferred tax assets		4,687	4,830
		1,064,750	1,063,392
Current Assets			
Property development costs		185,594	182,995
Inventories		117,050	118,326
Trade receivables		158,482	173,447
Other receivables		12,921	12,669
Tax recoverable		11,272	11,116
Other financial assets		4,662	10,683
Cash and bank balances		73,628	76,349
		563,609	585,585
Total Assets		1,628,359	1,648,977
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,216,296	1,216,296
Reserves		(37,061)	(41,345)
		1,179,235	1,174,951
Non-Current Liabilities			
Deferred tax liabilities		14,752	15,459
Long term borrowings	23	28,289	27,606
Other payables		70,169	69,617
		113,210	112,682
Current Liabilities			
Provisions for liabilities		113,560	146,716
Current tax liabilities		9,921	8,579
Short term borrowings	23	31,184	27,250
Trade payables		99,936	97,381
Other payables		81,313	81,418
		335,914	361,344
Total Liabilities		449,124	474,026
Total Equity and Liabilities		1,628,359	1,648,977
Net assets per share attributable to equity holders of the parent (sen)		97	97

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	<----- Attributable to the equity holders of the parent ----->					Total RM'000
	Share Capital RM'000	<-----Non-distributable----->			Distributable	
		Share Premium RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Retained Profits RM'000 (Note 24)	
At 1 July 2017	1,216,296	-	(1,904)	(57,574)	18,133	1,174,951
Total comprehensive income for the period	-	-	-	-	4,284	4,284
At 30 September 2017	<u>1,216,296</u>	<u>-</u>	<u>(1,904)</u>	<u>(57,574)</u>	<u>22,417</u>	<u>1,179,235</u>
At 1 July 2016	1,207,262	9,034	(1,904)	(69,620)	12,046	1,156,818
Total comprehensive income for the year	-	-	-	-	18,133	18,133
Effects of new Companies Act, 2016	9,034	(9,034)	-	-	-	-
Transfer to merger deficit	-	-	-	12,046	(12,046)	-
At 30 June 2017	<u>1,216,296</u>	<u>-</u>	<u>(1,904)</u>	<u>(57,574)</u>	<u>18,133</u>	<u>1,174,951</u>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

M K LAND HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

	3 Months Ended 30/09/2017 RM'000	3 Months Ended 30/09/2016 RM'000
Cash flows from operating activities		
Profit before tax	6,994	6,797
Adjustments for non-cash and non-operating items	328	3,346
Operating profit before working capital changes	7,322	10,143
Increase in land held for property development and property development costs	(7,212)	(13,441)
Decrease in inventories	1,276	2,977
Decrease in receivables	14,617	40,469
Decrease in payables and provision for liabilities	(30,339)	(45,852)
Cash used in operations	(14,336)	(5,704)
Net interest paid	(225)	(1,268)
Taxes paid	(2,088)	(1,961)
Net cash used in operating activities	(16,649)	(8,933)
Cash flows from investing activity		
Purchase of property, plant & equipment	(529)	(399)
Proceed from disposal of property, plant & equipment	3,819	-
Withdrawal from money market fund	6,021	8,473
Net cash generated from investing activity	9,311	8,074
Cash flows from financing activities		
Drawdown from borrowings	6,426	-
Net repayment of borrowings	(1,809)	(9,151)
Net cash generated from/(used in) financing activities	4,617	(9,151)
Net decrease in cash and cash equivalents	(2,721)	(10,010)
Cash and cash equivalents at beginning of financial period	76,349	83,769
Cash and cash equivalents at end of financial period	73,628	73,759
Cash and cash equivalents at end of financial period comprise the following:		
Deposits with licensed banks	5,319	5,990
Cash and bank balances	68,309	67,769
	73,628	73,759

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2017.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART A - EXPLANATORY NOTES

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2017.

2 Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2017.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2017 was not qualified.

4 Comments About Seasonal or Cyclical Factors

The business operations of the Group is generally affected by the nation's state of economy.

5 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual due to their nature, size or incidence during the current quarter.

6 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7 Debt and Equity Securities

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

8 Dividends

There was no payment of dividend during the current quarter.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART A - EXPLANATORY NOTES

9 Segmental Information

	3 Months Ended		
	(Individual & Cumulative)		Changes (%)
	30/09/2017 RM'000	30/09/2016 RM'000	
Segment Revenue			
Property development	35,810	55,586	-36%
Leisure	6,415	7,329	-12%
Education	446	456	-2%
Investment	4,985	4,842	3%
	<u>47,656</u>	<u>68,213</u>	<u>-30%</u>
Eliminations on consolidation	(4,983)	(4,842)	-3%
Total revenue	<u>42,673</u>	<u>63,371</u>	<u>-33%</u>
Segment Results			
Property development	8,967	6,838	31%
Leisure	(786)	368	-314%
Education	(274)	(223)	-23%
Investment	216	1,157	-81%
	<u>8,123</u>	<u>8,140</u>	<u>0%</u>
Eliminations on consolidation	225	276	-18%
Profit from operations	<u>8,348</u>	<u>8,416</u>	<u>-1%</u>

Segment reporting by geographical segments has not been prepared as all activities of the Group are carried out in Malaysia only.

10 Profit Before Tax

3 Months Ended
(Individual & Cumulative)
30/09/2017 30/09/2016
RM'000 RM'000

The following have been (credited)/charged
in arriving profit before tax:

Gain on disposal of property, plant and equipment	(2,298)	-
Rental income	(935)	(709)
Interest income	(577)	(351)
Gain on disposal of investment property	-	-
Net fair value adjustments on investment properties	-	-
Interest expense	1,354	1,619
Depreciation	2,121	2,123
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Impairment of property, plant and equipment	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items	-	-

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART A - EXPLANATORY NOTES

11 Carrying Amount of Revalued Assets

The investment properties have been revalued at the end of the financial year ended 30 June 2017.

12 Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial period.

13 Subsequent events

There were no material events subsequent to the end of the current financial period.

14 Commitments

There were no commitments at the end of the current financial period.

15 Changes in Contingent Liabilities and Contingent Assets

a) Corporate guarantees

Contingent liabilities in respect of corporate guarantees issued by the holding company to licensed banks for credit facilities granted to subsidiaries amounted to RM59.47 million as at 30 September 2017.

b) Gain on sale of investment properties - Medan Prestasi Sdn Bhd

Between financial years 2002 and 2004, a wholly owned subsidiary, Medan Prestasi Sdn Bhd ("MPSB") disposed off certain investment properties and filed the necessary forms as required by the Real Property Gains Tax Act, 1976 ("RPGT"). The Inland Revenue Board ("IRB") contended that the gain from the sale should be subject to income tax instead of the Real Property Gains Tax and has raised an assessment of about RM12.6 million (inclusive of a penalty of RM3.9 million). MPSB after due consideration and in consultation with its tax agent disagreed with the IRB position and had appealed against the assessment. The IRB rejected MPSB's appeal and demanded MPSB to pay the outstanding tax and additional penalties amounting to RM14.6 million. MPSB has since submitted a Notice of Appeal to the Special Commissioners of Income Tax.

Subsequent to the initial appeal to the IRB, the IRB has initiated a civil suit against MPSB and has served a writ of summon and statement of claim for RM13.5 million to MPSB. In response, MPSB has filed an application for stay of proceedings. On 11 February 2010, the Shah Alam High Court has granted a stay of proceedings until the final disposal of the appeal before the SCIT. Subsequently, the IRB has on 5 March 2010 filed a notice of appeal to the High Court on the decision to grant the stay of proceedings. The Court had, on 16 March 2011, allowed IRB's appeal. On 15 April 2011, MPSB has filed a defense at the High Court against the civil suit.

On 2 June 2009, the IRB has forwarded MPSB's appeal to the Special Commissioners of Income Tax ("SCIT") and on 6 May 2011, SCIT dismissed the appeal and MPSB has filed an appeal to the High Court on 24 May 2011. Case management was held on 21 November 2011 and the hearing was held on 6 April 2012 and 23 May 2012. The High Court, on 14 September 2012, ordered for a new hearing to be fixed and determined before a new panel of SCIT. The hearing which was set on 20 until 22 October 2014, was adjourned to 12 January 2015.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART A - EXPLANATORY NOTES

15 Changes in Contingent Liabilities and Contingent Assets (Continued)

b) Gain on sale of investment properties - Medan Prestasi Sdn Bhd (Continued)

On 12 January 2015, the hearing continued with the witnesses giving their evidences in respect of the appeal. On 16 February 2015, MPSB filed a written submission with the SCIT and subsequently filed a submission in reply to IRB's written submission on 6 July 2015. On 7 June 2017, MPSB filed the notes of proceeding with the SCIT and in this regard, the SCIT has scheduled an oral submission for both parties on 24 November 2017. The hearing on 24 November 2017 has been adjourned to 18 December 2017 for the parties to make oral submissions.

The directors have decided that a provision will not be made for this amount as MPSB is disputing the basis of the assessment that the gain on disposal of these investment properties should be subject to RPGT.

c) Gain on sale of investment properties and development costs - Saujana Triangle Sdn Bhd

Saujana Triangle Sdn Bhd ("STSB") a wholly-owned subsidiary of M K Land Holdings Berhad ("M K Land"), has been served with Notices of Assessment dated on 4 May 2017 for the years of assessment of 2009, 2010, 2011 and 2013 respectively for an additional income tax of RM55,702,224 and 45% penalty of RM25,066,001 totalling RM80,768,225.

The above mentioned income tax and penalty imposed by the Inland Revenue Board of Malaysia ("IRB") are in relation to:

- i) IRB has taken the view that the gains from the disposal of land held under investment properties in the year of assessment 2009 are to be treated as revenue in nature, instead of capital in nature;
- ii) IRB has disregarded the 5 years' time barred period to raise the assessments in respect of the land disposal; and
- iii) IRB has disallowed certain development costs on the basis that these are only provisions and the amounts have yet to be paid. Thus, IRB does not treat them to be incurred for the purpose Section 33 (1) of the Income Tax Act, 1967.

Based on advice from both its tax consultants and solicitors, STSB is of the view that:

- i) The land sales of the investment properties are capital transaction which are liable to real property gains tax ("RPGT") in the year of assessment 2009 (which was a RPGT exempt year);
- ii) The Notices of Assessment raised by the IRB are statute barred and erroneous in Law; and
- iii) The accrual of development costs have been allowed according to accounting standards and IRB's public ruling on property development.

STSB disagreed with the assessment raised by the IRB and on 1 June 2017, filed a Notice of Appeal to the Special Commissioners of Income Tax (SCIT) pursuant to Section 99(1) of the Income Tax Act 1967 (Form Q) with the Director General of Inland Revenue to appeal against the Notices of Assessment. SCIT has yet to fix a hearing date.

Meanwhile, STSB has also made an Application to the High Court of Kuala Lumpur for a Judicial Review and Stay which was dismissed on 9 August 2017. On the advice of its solicitors, STSB has on 10 August 2017 filed an appeal to the Court of Appeal against the High Court's decision and filed a Notice of Motion to Stay on the effect and enforcement of the said Notices of Assessment pending the appeal before the Court of Appeal. On 29 August 2017, the Court of Appeal has granted an interim stay on the IRB's Notices of Assessment.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15 Changes in Contingent Liabilities and Contingent Assets (Continued)

c) Gain on sale of investment properties and development costs - Saujana Triangle Sdn Bhd (Continued)

The Court of Appeal has scheduled a case management on 15 November 2017 for STSB to file its notes of proceedings. On 15 November 2017, the Court of Appeal has fixed for the next case management on 18 December 2017 of which the Notice of Motion to Stay remains at this juncture.

On 6 September 2017, the IRB filed a Notice of Motion for Leave to Appeal to the Federal Court against the Court of Appeal's decision to grant the interim relief. The Federal Court directed STSB to file its Written Submission on 20 November 2017 and to attend a hearing on 4 December 2017. On 20 November 2017, the case management was postponed to 22 November 2017 to fix a hearing date. On 22 November 2017, the Federal Court had scheduled a new hearing on 28 March 2018 prior to which Written Submissions are to be filed.

Upon consulting its solicitors, the Board is of the view that there are grounds to disagree with the Notices of Assessment raised including the imposition of penalties as explained above.

On a prudent and without prejudice basis, a provision of tax and penalty amounting RM4,579,771 and RM4,534,737 respectively have been made in the financial year ended 30 June 2017, solely for reporting purposes. STSB is still of the view that the basis of the assessment that the gain on disposal of this investment properties should be subjected to RPGT and the development costs accrued being allowed according to accounting standards and IRB's public ruling on property development.

16 Performance Analysis

	3 Months Ended		
	(Individual & Cumulative)		Changes (%)
	30/09/2017 RM'000	30/09/2016 RM'000	
Revenue			
Property development	35,810	55,586	-36%
Leisure	6,415	7,329	-12%
Education	446	456	-2%
Investment	4,985	4,842	3%
	<hr/>	<hr/>	
	47,656	68,213	-30%
Eliminations on consolidation	(4,983)	(4,842)	-3%
Total revenue	<hr/>	<hr/>	
	42,673	63,371	-33%
	<hr/>	<hr/>	
Profit before taxation			
Property development	7,717	5,699	35%
Leisure	(787)	367	-314%
Education	(274)	(223)	-23%
Investment	99	1,020	-90%
	<hr/>	<hr/>	
	6,755	6,863	-2%
Elimination on consolidation	239	(66)	462%
	<hr/>	<hr/>	
	6,994	6,797	3%
	<hr/>	<hr/>	

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16 Performance Analysis (Continued)

The Group recorded revenue and profit before taxation of RM42.7 million and RM7.0 million respectively for the current quarter ended 30 September 2017.

Property development segment generated revenue of RM35.8 million, representing 83.9% of the total revenue for the current quarter. Revenue is mainly generated from construction progress, sale of on-going projects and completed properties in Damansara Perdana, Damansara Damai and Meru projects.

Profit before taxation for property development segment improved to RM7.7 million compared to RM5.7 million achieved in previous corresponding quarter mainly due to partial recognition of sale of its land parcels in Taiping.

The Group registered a lower revenue this quarter mainly due to a slow-down in sales of properties.

During the current quarter, the Group launched a residential development at Klebang Putra, Ipoh. This project, by the name of 'Emerald 3', is a 34 units double storey terrace house with a GDV of about RM10.8 million.

17 Variations of Results Against The Preceding Quarter

	3 Months Ended		
	(Individual & Cumulative)		
	30/09/2017	30/06/2017	Changes
	RM'000	RM'000	(%)
Profit before taxation			
Property development	7,717	14,939	-48%
Leisure	(787)	(2,060)	62%
Education	(274)	(337)	19%
Investment	99	2,229	-96%
	<hr/>	<hr/>	
	6,755	14,771	-54%
Eliminations on consolidation	239	(1,258)	119%
	<hr/>	<hr/>	
	6,994	13,513	-48%

The Group recorded profit before taxation of RM7.0 million for the current quarter as compared to RM13.5 million recorded in the preceding quarter.

The material changes are mainly from the property development, leisure and investment segments. Profit before tax for the property development segment is lower than the preceding quarter mainly due to lower sales and construction progress achieved during the current quarter. Leisure segment has recorded a lower loss before taxation compared to the preceding quarter mainly due to lower operating costs in the current quarter.

18 Commentary on Prospects

The main area of focus of the Group for the current financial year is the marketing and sales of our products and offerings. The Group will also focus on building our team and our brand.

The Group has about 4,908 acres of undeveloped land bank in the Klang Valley, Perak and Kedah.

The Group will intensify its marketing and sales efforts for its strategically located projects in the Klang Valley, Meru Perdana and Klebang Putra in Ipoh to drive growth amidst challenges in this operating environment. The Group expects property market sentiment continued to be soft and keen competition is anticipated from other developments.

With a new operational focus, coupled with its large land bank and low gearing level, the Group expects to achieve satisfactory results for the financial year ending 30 June 2018.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

19 Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and forecast profit after tax and for the shortfall in profit guarantee are not applicable.

20 Taxation

	3 Months Ended	
	(Individual & Cumulative)	
	30/09/2017	30/06/2017
	RM'000	RM'000
Income tax expense :		
Charge for the period	3,273	2,115
Deferred tax	(563)	564
	<u>2,710</u>	<u>2,679</u>

The effective tax rate of the Group is higher than the statutory tax rate of 24% due mainly to certain expenses are not deductible for tax purpose and losses of certain subsidiaries cannot be fully off-set against taxable profits made by other subsidiaries.

21 Status of Corporate Proposals

a) Employee Shares Option Scheme

The Employee Share Option Scheme ("ESOS") was terminated on 29 November 2002 at an Extraordinary General Meeting. At the same time, the Company also announced its intention to establish a new ESOS for eligible employees and directors of the Group. The proposed new ESOS will give them the right to subscribe for 120,440,878 new ordinary shares in the Company of RM1.00 each for a price that would be determined at a later date. The approval from the Securities Commission on the proposed new ESOS was obtained on 9 January 2003 but has not been implemented to date.

b) Share Buy-Back Scheme

A renewal of the Share Buy-Back Scheme mandate was tabled and approved by the shareholders at the AGM on 29 November 2016. The actual number of shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, market conditions, the availability of retained earnings/share premium and financial resources of the Company as well as Bursa Securities Malaysia Berhad ("Bursa Securities") requirements to maintain the necessary shareholding spread and minimum issued and paid-up share capital. The Share Buy-Back will be financed through internally generated funds and/or borrowings. There were no shares repurchased during the current quarter.

On 23 October 2017, the Company has announced its intention to seek the approval of its shareholders at the forthcoming Annual General Meeting to be held on 13 December 2017 on the proposed renewal of the share buy-back mandate.

22 Changes in Material Litigation

As at 23 November 2017, there were no changes in material litigation since the last audited statement of financial position of 30 June 2017.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

23 Borrowings and Debt Securities

Secured	As At	
	30/09/2017 RM'000	30/06/2017 RM'000
Short Term Borrowings :		
Term loans	22,456	18,126
Hire purchase payables	16	16
Bank overdraft	8,712	9,108
	<u>31,184</u>	<u>27,250</u>
Long Term Borrowings :		
Term and bridging loans	28,202	27,518
Hire purchase payables	87	88
	<u>28,289</u>	<u>27,606</u>
Total Borrowings	<u>59,473</u>	<u>54,856</u>

The weighted average effective interest rate during the current quarter for borrowings and debt securities was 7.85%. There is no foreign denominated borrowing.

24 Realised and Unrealised Profits/Losses

	As At	
	30/09/2017 RM'000	30/06/2017 RM'000
Realised	1,077,508	1,072,492
Unrealised	115,653	115,085
	<u>1,193,161</u>	<u>1,187,577</u>
Elimination on consolidation	(1,170,744)	(1,169,444)
Total	<u>22,417</u>	<u>18,133</u>

25 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. There was no potential dilutive shares outstanding at reporting date.

	3 Months Ended (Individual & Cumulative)	
	30/09/2017	30/09/2016
Net profit for the period (RM'000)	4,284	4,118
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>0.36</u>	<u>0.34</u>

26 Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 November 2017.