

# 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 31 MARCH 2018

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (9 Mths)	
		CURRENT YEAR QUARTER 31/03/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2017 RM'000	CUMULATIVE CURRENT YEAR 31/03/2018 RM'000	CUMULATIVE PRECEDING YEAR 31/03/2017 RM'000
Revenue	9	35,147	23,809	141,784	138,626
Cost of sales		(8,624)	(3,520)	(58,697)	(57,009)
Gross profit		<u>26,523</u>	<u>20,289</u>	<u>83,087</u>	<u>81,617</u>
Other operating income		2,230	10,458	8,527	16,200
Administrative expenses		(14,457)	(13,265)	(43,471)	(42,917)
Selling and marketing expenses		(2,408)	(2,825)	(7,742)	(8,029)
Other operating expenses		(5,629)	(5,996)	(17,146)	(17,729)
Profit from operations	9	<u>6,259</u>	<u>8,661</u>	<u>23,255</u>	<u>29,142</u>
Finance costs		(1,433)	(1,481)	(4,207)	(4,618)
Profit before taxation	10	<u>4,826</u>	<u>7,180</u>	<u>19,048</u>	<u>24,524</u>
Taxation	20	(188)	(3,167)	(5,786)	(11,998)
Profit for the period		<u>4,638</u>	<u>4,013</u>	<u>13,262</u>	<u>12,526</u>
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		<u>4,638</u>	<u>4,013</u>	<u>13,262</u>	<u>12,526</u>
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		<u>4,638</u>	<u>4,013</u>	<u>13,262</u>	<u>12,526</u>
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		<u>4,638</u>	<u>4,013</u>	<u>13,262</u>	<u>12,526</u>
<b>Basic earnings per share (sen)</b>	25	<u>0.39</u>	<u>0.33</u>	<u>1.10</u>	<u>1.04</u>

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 31 MARCH 2018**

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 31/03/2018 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2017 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		182,313	188,298
Land held for property development		753,004	721,244
Investment properties	11	149,260	149,020
Deferred tax assets		8,577	4,830
		1,093,154	1,063,392
<b>Current Assets</b>			
Property development costs		69,119	182,995
Inventories		216,171	118,326
Trade receivables		159,557	173,447
Other receivables		16,964	12,669
Tax recoverable		12,871	11,116
Other financial assets		852	10,683
Cash and bank balances		53,519	76,349
		529,053	585,585
<b>Total Assets</b>		1,622,207	1,648,977
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,216,296	1,216,296
Reserves		(28,083)	(41,345)
		1,188,213	1,174,951
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		17,813	15,459
Long term borrowings	23	28,135	27,606
Other payables		71,274	69,617
		117,222	112,682
<b>Current Liabilities</b>			
Provisions for liabilities		51,797	146,716
Current tax liabilities		5,122	8,579
Short term borrowings	23	35,643	27,250
Trade payables		144,769	97,381
Other payables		79,441	81,418
		316,772	361,344
<b>Total Liabilities</b>		433,994	474,026
<b>Total Equity and Liabilities</b>		1,622,207	1,648,977
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		98	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.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

(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)	
<b>At 1 July 2017</b>	1,216,296	-	(1,904)	(57,574)	18,133	1,174,951
Total comprehensive income for the period	-	-	-	-	13,262	13,262
<b>At 31 March 2018</b>	<u>1,216,296</u>	<u>-</u>	<u>(1,904)</u>	<u>(57,574)</u>	<u>31,395</u>	<u>1,188,213</u>
<b>At 1 July 2016</b>	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)	-
<b>At 30 June 2017</b>	<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

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

	9 Months Ended 31/03/2018 RM'000	9 Months Ended 31/03/2017 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	19,048	24,524
Adjustments for non-cash and non-operating items	4,806	11,398
Operating loss before working capital changes	23,854	35,922
(Increase)/Decrease in land held for property development and property development costs	(19,137)	36,814
Decrease in inventories	3,408	6,196
Decrease in receivables	9,600	58,595
Decrease in payables and provision for liabilities	(48,220)	(146,448)
Net cash used in operations	(30,495)	(8,921)
Net interest paid	(1,101)	(2,693)
Taxes paid	(12,391)	(7,103)
<b>Net cash used in operating activities</b>	(43,987)	(18,717)
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(1,144)	(692)
Proceed from disposal of property, plant & equipment	3,548	-
Withdrawal from money market fund	9,831	26,069
<b>Net cash generated from investing activities</b>	12,235	25,377
<b>Cash flows from financing activities</b>		
Drawdown from borrowings	16,202	-
Net repayment of borrowings	(7,280)	(11,039)
<b>Net cash generated from/(used in) financing activities</b>	8,922	(11,039)
<b>Net decrease in cash and cash equivalents</b>	(22,830)	(4,379)
<b>Cash and cash equivalents at beginning of financial period</b>	76,349	83,769
<b>Cash and cash equivalents at end of financial period</b>	53,519	79,390
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Deposits with licensed banks	6,263	6,046
Cash and bank balances	47,256	73,344
	53,519	79,390

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.

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(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.

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 9 Segmental Information

	9 Months Ended		
	31/03/2018 RM'000	31/03/2017 RM'000	Changes (%)
<b>Segment Revenue</b>			
Property development	121,972	118,253	3
Leisure	18,647	18,843	(1)
Education	1,149	1,525	(25)
Investment	14,956	14,516	3
	<u>156,724</u>	<u>153,137</u>	<u>2</u>
Eliminations on consolidation	(14,940)	(14,511)	(3)
Total revenue	<u>141,784</u>	<u>138,626</u>	<u>2</u>
<b>Segment Results</b>			
Property development	26,515	29,907	(11)
Leisure	(2,904)	(2,938)	1
Education	(1,200)	(610)	(97)
Investment	1,036	2,139	(52)
	<u>23,447</u>	<u>28,498</u>	<u>(18)</u>
Eliminations on consolidation	(192)	644	(130)
Profit from operations	<u>23,255</u>	<u>29,142</u>	<u>(20)</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		9 Months Ended	
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000
The following have been (credited)/charged in arriving profit before tax:				
Gain on disposal of property, plant and equipment	-	-	(2,028)	-
Rental income	(846)	(812)	(2,329)	(2,381)
Interest income	(250)	(196)	(1,450)	(1,133)
Gain on disposal of investment property	-	-	-	-
Net fair value adjustments on investment properties	-	-	-	-
Interest expense	1,433	1,481	4,207	4,618
Depreciation	1,722	2,245	5,609	6,611
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	-	-	-	-

As stated above, the other items as required to be disclosed by Chapter 9 (Appendix 9B, no. 16) are not applicable.

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 11 Carrying Amount of Revalued Assets

The fair value of investment properties is assessed annually and were revalued at the end of the financial year ended 30 June 2017. There is no revaluation during the current quarter.

#### 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 RM63.78 million as at 31 March 2018.

##### 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 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 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. In response, MPSB submitted a Notice of Appeal to the Special Commissioners of Income Tax.

Subsequent to the initial appeal to the IRB, the IRB initiated a civil suit against MPSB and served a Writ of Summon and Statement of Claim of RM13.5 million to MPSB. MPSB then filed an application for Stay of Proceedings. On 11 February 2010, the Shah Alam High Court granted a Stay of Proceedings until the final disposal of the appeal before the SCIT. On 5 March 2010, the IRB filed a notice of appeal to the High Court on the decision to grant the Stay of Proceedings. On 16 March 2011, the High Court allowed IRB's appeal. On 15 April 2011, MPSB filed a defense at the High Court against the civil suit.

On 2 June 2009, the IRB forwarded MPSB's appeal to the Special Commissioners of Income Tax ("SCIT") and on 6 May 2011, SCIT dismissed the appeal and MPSB 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 31 MARCH 2018

(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 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 SCIT has scheduled the next Hearing on 23 April 2018. On 23 April 2018, MPSB made oral submission on the facts of the case to the SCIT. A Mention was held on 2 May 2018 and the SCIT has fixed a Hearing on 27 August 2018 for the calling of witness.

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"), was served with Notices of Assessment dated on 4 May 2017 for the years of assessment (YA) 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 took the view that the gains from the disposal of land held under investment properties in the year of assessment 2009 were to be treated as revenue in nature, instead of capital in nature;
- ii) IRB disregarded the 5 years' time barred period to raise the assessments in respect of the land disposal; and
- iii) IRB disallowed certain development costs on the basis that these were only provisions and the amounts have not been paid. Thus, IRB did not treat them to be incurred for the purpose Section 33 (1) of the Income Tax Act,

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

- i) The land sales of the investment properties were capital transaction which were 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 were statute barred and erroneous in Law; and
- iii) The accrual of development costs were allowable 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.



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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 15 Changes in Contingent Liabilities and Contingent Assets (Continued)

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

Meanwhile, STSB also made an Application to the High Court ("HC") 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 ("COA") against the HC'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 COA. On 29 August 2017, the COA has granted an interim stay on the IRB's Notices of Assessment.

The COA scheduled a case management on 15 November 2017 for STSB to file its notes of proceedings, which it was further adjourned to 18 December 2017. The COA fixed a hearing date to be held on 13 March 2018 for STSB to file its Submissions by 27 February 2018. On 13 March 2018, the COA did not allow STSB's appeal on the decision of the HC in not granting the application for a Judicial Review and Stay.

On 6 September 2017, the IRB filed a Notice of Motion for Leave to Appeal to the Federal Court ("FC") against the COA's decision to grant the interim relief. The FC 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 for a hearing date. On 22 November 2017, the FC scheduled a new hearing to be held on 28 March 2018 prior to which Written Submissions are to be filed. On 25 April 2018, proceedings with the FC was discontinued as the IRB filed the notice of discontinuance at the FC.

On 12 April 2018 and 18 April 2018, STSB was served with two (2) Writs of Summon pertaining to the IRB's Notices of Assessment amounting RM79,326,018 of additional tax assessment and penalty, and RM12,295,533 of late payment fine, totalling RM91,621,551. In response, STSB immediately filed applications for Stay and Extension of Time at the HC on the IRB's Writs of Summon. On 24 April 2018, a case management was conducted at the HC for the first suit and a hearing was fixed on 4 July 2018. On the second suit, STSB is to file Affidavit and Submissions on or before 1 June 2018 and 11 June 2018 respectively.

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 maintains 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 be allowed according to accounting standards and IRB's public ruling on property development.

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(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

	3 Months Ended			9 Months Ended		
	31/03/2018	31/03/2017	Changes	31/03/2018	31/03/2017	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
<b>Revenue</b>						
Property development	28,905	17,182	68	121,972	118,253	3
Leisure	5,886	6,102	(4)	18,647	18,843	(1)
Education	351	526	(33)	1,149	1,525	(25)
Investment	4,985	4,838	3	14,956	14,516	3
	40,127	28,648	40	156,724	153,137	2
Elimination on consolidation	(4,980)	(4,839)	(3)	(14,940)	(14,511)	(3)
	35,147	23,809	48	141,784	138,626	2
<b>Profit before taxation</b>						
Property development	6,539	8,983	(27)	22,666	26,537	(15)
Leisure	(1,239)	(1,955)	37	(2,907)	(2,941)	1
Education	(445)	(219)	(103)	(1,200)	(610)	(97)
Investment	291	437	(33)	638	1,739	(63)
	5,146	7,246	(29)	19,197	24,725	(22)
Elimination on consolidation	(320)	(66)	(385)	(149)	(201)	26
	4,826	7,180	(33)	19,048	24,524	(22)

The Group registered RM35.1 million in revenue and profit before tax of 4.8 million for the current quarter under review.

Property development segment generated revenue amounting RM28.9 million, representing 82.2% of the total revenue of the Group. Revenue is mainly generated from construction progress from properties sold for on-going projects and completed properties in Damansara Perdana, Damansara Damai and Meru projects.

For the current quarter under review, the property segment registered an increase in revenue of 68% as compared to the corresponding quarter. As compared to the corresponding quarter, the Group registered a decrease profit before tax of 33% mainly due to a lower other operating income for the current quarter under review.

#### 17 Variations of Results Against The Preceding Quarter

	3 Months Ended		Changes
	31/03/2018	31/12/2017	
	RM'000	RM'000	(%)
<b>Profit before taxation</b>			
Property development	6,539	8,410	(22)
Leisure	(1,239)	(881)	(41)
Education	(445)	(481)	7
Investment	291	248	17
	5,146	7,296	(29)
Eliminations on consolidation	(320)	(68)	371
	4,826	7,228	(33)

The Group recorded profit before taxation of RM4.8 million for the current quarter as compared to RM7.2 million for the preceding quarter mainly due to lower revenue achieved for the current quarter under review.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

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

#### 18 Commentary on Prospects

While the Group acknowledges the prevailing soft property market and will continue with the strategies to drive performance at its flagship locations namely Damansara Perdana, Damansara Damai, Taman Bunga Raya, Klebang and Meru Perdana, the Group shall continue to focus on aggressive awareness campaign and marketing promotion on its completed products and timely completion of its on-going developments.

The Group remains cautious on new launches and expects performance to be challenging for the financial year ending 30 June 2018.

#### 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

	9 Months Ended	
	31/03/2018	31/03/2017
	RM'000	RM'000
Current tax		
- for the current period	8,521	11,807
- in respect of prior periods	(1,342)	117
Deferred tax		
- for the current period	983	327
- in respect of prior periods	(2,376)	(253)
	<u>5,786</u>	<u>11,998</u>

The effective tax rate of the Group is higher than the statutory tax rate of 24% due mainly to certain expenses 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 13 December 2017. 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.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2018

(The figures have not been audited)

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

#### 22 Changes in Material Litigation

As at 11 May 2018, there was no change in material litigation since the last audited statement of financial position as at 30 June 2017, save as disclosed in Section 15 above.

#### 23 Borrowings and Debt Securities

	As At	
	31/03/2018	30/06/2017
	RM'000	RM'000
<b>Secured</b>		
<b>Short Term Borrowings :</b>		
Term and bridging loans	25,760	18,126
Hire purchase payables	26	16
Bank overdraft	9,857	9,108
	<u>35,643</u>	<u>27,250</u>
<b>Long Term Borrowings :</b>		
Term and bridging loans	27,989	27,518
Hire purchase payables	146	88
	<u>28,135</u>	<u>27,606</u>
<b>Total Borrowings</b>	<u>63,778</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	
	31/03/2018	30/06/2017
	RM'000	RM'000
Realised	1,087,016	1,072,492
Unrealised	112,381	115,085
	<u>1,199,397</u>	<u>1,187,577</u>
Elimination on consolidation	<u>(1,168,002)</u>	<u>(1,169,444)</u>
Total	<u>31,395</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	
	31/03/2018	31/03/2017
Net profit for the period (RM'000)	4,638	4,013
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>0.39</u>	<u>0.33</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 16 May 2018.