

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2020 RM'000	CUMULATIVE CURRENT YEAR 30/09/2021 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2020 RM'000
Revenue	9	46,581	60,036	46,581	60,036
Cost of sales		(34,280)	(46,524)	(34,280)	(46,524)
Gross profit		12,301	13,512	12,301	13,512
Other operating income		1,503	1,955	1,503	1,955
Administrative expenses		(7,015)	(7,790)	(7,015)	(7,790)
Selling and marketing expenses		(88)	(359)	(88)	(359)
Other operating expenses		(3,198)	(4,394)	(3,198)	(4,394)
Profit from operations	9	3,503	2,924	3,503	2,924
Finance costs		(1,271)	(717)	(1,271)	(717)
Profit before taxation	10	2,232	2,207	2,232	2,207
Taxation	20	(569)	(707)	(569)	(707)
Profit for the period		1,663	1,500	1,663	1,500
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		1,663	1,500	1,663	1,500
<b>Profit attributable to:</b>					
Owners of the parent		1,761	1,608	1,761	1,608
Non-controlling interests		(98)	(108)	(98)	(108)
		1,663	1,500	1,663	1,500
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		1,761	1,608	1,761	1,608
Non-controlling interests		(98)	(108)	(98)	(108)
		1,663	1,500	1,663	1,500
<b>Basic earnings per share (sen)</b>	24	0.15	0.13	0.15	0.13

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 2021.

**M K LAND HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2021 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2021 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		165,977	167,402
Inventories - land held for property development		750,796	749,878
Investment properties	11	244,325	244,325
Deferred tax assets		19,454	19,475
		1,180,552	1,181,080
<b>Current Assets</b>			
Inventories - property development costs		92,009	94,871
Inventories - completed properties and others		102,923	113,606
Trade receivables		44,439	42,630
Other receivables		5,551	5,605
Contract assets		76,669	62,326
Tax recoverable		5,724	5,153
Other financial assets		5,253	4,588
Cash and bank balances		52,613	53,683
		385,181	382,462
Asset classified as held for sale		51,775	51,775
		436,956	434,237
<b>Total Assets</b>		1,617,508	1,615,317
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		1,216,296	1,216,296
Reserves		(41)	(1,802)
		1,216,255	1,214,494
Non-controlling interests		(1,220)	(1,122)
<b>Total Equity</b>		1,215,035	1,213,372
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		35,515	35,550
Long term borrowings	23	5,476	5,371
Other payables		40,124	39,019
		81,115	79,940
<b>Current Liabilities</b>			
Short term borrowings	23	22,365	25,479
Trade payables		84,183	83,167
Other payables		179,644	166,736
Contract liabilities		24,732	36,287
Current tax liabilities		10,434	10,336
		321,358	322,005
<b>Total Liabilities</b>		402,473	401,945
<b>Total Equity and Liabilities</b>		1,617,508	1,615,317
<b>Net assets per share attributable to owners of the parent (sen)</b>		101	101

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

	<----- Attributable to owners of the parent ----->						Non- controlling Interest RM'000	Total RM'000
	<-----Non-distributable----->			Distributable		Total RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Retained Profits RM'000				
<b>At 1 July 2020</b>	1,216,296	(1,904)	(39,441)	39,543	1,214,494	(1,122)	1,213,372	
Total comprehensive income for period	-	-	-	1,761	1,761	(98)	1,663	
<b>At 30 September 2021</b>	<u>1,216,296</u>	<u>(1,904)</u>	<u>(39,441)</u>	<u>41,304</u>	<u>1,216,255</u>	<u>(1,220)</u>	<u>1,215,035</u>	
<b>At 1 July 2020</b>	1,216,296	(1,904)	(39,441)	21,905	1,196,856	(186)	1,196,670	
Effects on adoption of the IFRIC Agenda Decision	-	-	-	(2,713)	(2,713)	-	(2,713)	
As at 1 July 2020 (restated)	<u>1,216,296</u>	<u>(1,904)</u>	<u>(39,441)</u>	<u>19,192</u>	<u>1,194,143</u>	<u>(186)</u>	<u>1,193,957</u>	
Total comprehensive income for period	-	-	-	1,608	1,608	(108)	1,500	
<b>At 30 September 2020</b>	<u>1,216,296</u>	<u>(1,904)</u>	<u>(39,441)</u>	<u>20,800</u>	<u>1,195,751</u>	<u>(294)</u>	<u>1,195,457</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 2021.

**M K LAND HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

	<b>3 Months Ended 30/09/2021 RM'000</b>	<b>3 Months Ended 30/09/2020 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	2,232	2,207
Adjustments for non-cash and non-operating items	2,095	3,270
Operating profit before working capital changes	4,327	5,477
Decrease/(Increase) in land held for property development and property development costs	1,944	25,966
Decrease in inventories - completed properties and others	10,683	2,777
(Increase)/Decrease in receivables	(15,409)	(1,253)
(Decrease)/Increase in payables	2,791	(17,358)
Net cash used in operations	4,335	15,609
Net interest (paid)/received	(513)	(140)
Taxes paid	(1,056)	(3,450)
<b>Net cash from/(used in) operating activities</b>	<b>2,766</b>	<b>12,019</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(162)	(89)
(Increase)/Decrease in placement of fixed deposits	97	-
(Placement in)/Withdrawal from money market fund	(665)	6,469
<b>Net cash (used in)/from investing activities</b>	<b>(730)</b>	<b>6,380</b>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of borrowings	(1,000)	(17,735)
<b>Net used in financing activities</b>	<b>(1,000)</b>	<b>(17,735)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,036	664
<b>Cash and cash equivalents at beginning of financial period</b>	39,092	34,655
<b>Cash and cash equivalents at end of financial period</b>	<b>40,128</b>	<b>35,319</b>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Cash and bank balances	52,613	49,954
Less: Deposits with licensed banks for more than 3 months	(5,730)	(6,142)
Bank overdraft	(6,755)	(8,493)
	<b>40,128</b>	<b>35,319</b>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2021.

**M K LAND HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(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 Malaysian Financial Reporting Standard ("MFRS") 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 2021. 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 2021.

**2 Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the financial year ended 30 June 2021 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2021. The adoption of the new MFRSs, amendments to MFRSs and IC Interpretations did not have any material impact on the financial position and results of the Group.

**3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 30 June 2021 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**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(The figures have not been audited)

**PART A - EXPLANATORY NOTES (CONT'D)**

**9 Segmental Information**

	<b>3 Months Ended</b>		
	<b>30/09/2021</b>	<b>30/09/2020</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>(%)</b>
<b>Segment Revenue</b>			
Property development	45,952	56,504	(19)
Leisure	375	3,176	(88)
Education	254	353	(28)
Investment	4,014	4,409	(9)
	<u>50,595</u>	<u>64,442</u>	<u>(21)</u>
Eliminations on consolidation	<u>(4,014)</u>	<u>(4,406)</u>	<u>(9)</u>
Total revenue	<u>46,581</u>	<u>60,036</u>	<u>(22)</u>
<b>Segment Results</b>			
Property development	2,988	1,386	116
Leisure	(1,462)	(2,557)	43
Education	7	(30)	123
Investment	2,030	4,185	(51)
	<u>3,563</u>	<u>2,984</u>	<u>19</u>
Eliminations on consolidation	<u>(60)</u>	<u>(60)</u>	<u>-</u>
Profit from operations	<u>3,503</u>	<u>2,924</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 Taxation**

	<b>3 Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
The following have been (credited)/charged in arriving at profit before tax:		
Rental income	(1,052)	(967)
Interest income	(75)	(102)
Interest expense	1,271	717
Depreciation and amortisation	1,587	1,513
Provision for impairment loss (net of reversal) of receivables	(689)	620
	<u>          </u>	<u>          </u>

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

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(The figures have not been audited)

**PART A - EXPLANATORY NOTES (CONT'D)**

**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 2021.

**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 RM27.8 million as at 30 September 2021.

**b) 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 of 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 were capital transactions 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.

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(The figures have not been audited)

**PART A - EXPLANATORY NOTES (CONT'D)**

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

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

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. A case management was held on 16 August 2018 whereby SCIT directed the parties to attend the next case management fixed on 19 November 2018.

During the case management on 19 November 2018, the SCIT fixed another case management on 26 February 2019 for parties to update on the status of settlement as IRB required more time to consider the settlement proposal.

On 26 February 2019, IRB requested for a 3 months mention date. In that regards, the SCIT fixed a next mention date on 10 May 2019 for the parties to update the Court on the progress of settlement, however the mention was not reflected in SCIT's diary and a new mention date will be fixed and informed by SCIT. Subsequently, case management was held on 24 September 2019 and 1 November 2019. On 1 November 2019, the Court informed the parties to attend case management on 21 November 2019 as more time is given to IRB to respond to STSB's settlement proposal.

During case management on 21 November 2019, the IRB requested for more time to consider the settlement proposal. Accordingly, the Court allowed the IRB's request and fixed another case management on 25 February 2020 for the IRB to update the Court.

During case management on 25 February 2020, the Appellant informed the Court that it has issued a letter to the Respondent on 20 January 2020 to which the Respondent has only reverted on 25 February 2020. As such, another case management date was fixed on 25 March 2020 for parties to update the Court on the status of the settlement and to allow further negotiations between the parties.

The case management date fixed on 25 March 2020 was further adjourned to 6 May 2020, which was subsequently vacated as the Movement Control Order was still in effect. The Court fixed the next case management date on 6 July 2020.

During case management on 6 July 2020, the Court was informed that parties are still in the midst of settlement discussions and that additional time is needed due to the Movement Control Order. The Court directed parties to attend the next case management on 4 September 2020 for parties to update the Court on the status.

At the case management on 4 September 2020, the Court fixed the next case management on 11 November 2020 for parties to update the Court on the status. The case management fixed on 11 November 2020 was subsequently vacated in light of the Conditional Movement Control Order. The Court fixed the next case management date on 4 January 2021. On 4 January 2021, the Court set a new case management date on 12 March 2021. On 12 March 2021, the court fixed the next case management date on 25 May 2021 to update the Court on the status of settlement.

In light of the Movement Control Order, the Court vacated the case management fixed on 25 May 2021 and set the next case management on 5 October 2021. On 5 October 2021, the court fixed the next case management on 2 December 2021.

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.



**M K LAND HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(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		Changes (%)
	30/09/2021 RM'000	30/09/2020 RM'000	
<b>Revenue</b>			
Property development	45,952	56,504	(19)
Leisure	375	3,176	(88)
Education	254	353	(28)
Investment	4,014	4,409	(9)
	50,595	64,442	(21)
Elimination on consolidation	(4,014)	(4,406)	9
	46,581	60,036	(22)
<b>Profit before taxation</b>			
Property development	1,810	767	136
Leisure	(1,463)	(2,558)	43
Education	7	(30)	123
Investment	1,938	4,088	(53)
	2,292	2,267	1
Elimination on consolidation	(60)	(60)	-
	2,232	2,207	1

The Group registered RM46.6 million in revenue and profit before tax of RM2.2 million for the current quarter under review. Property development segment generated revenue amounting to RM46.0 million, representing 98.6% of the total revenue of the Group. Revenue is mainly generated from the sale of properties and construction progress from the projects in Damansara Damai, Damansara Perdana, Taman Bunga Raya (in Central region) and Klebang Putra (in Northern region).

Revenue for the property development segment recorded a decrease of RM10.6 million or 19%, mainly due to lower sales in Taman Bunga Raya. The proclamation of Emergency and the extension of MCO have affected the property buying sentiment. Revenue from leisure segment in current quarter has decreased by 88% as compared to the previous year corresponding quarter mainly due to the suspension of resort operation during Total Lockdown in current quarter.

The Group's profit before taxation remained at RM2.2 million for the current quarter with decrease in revenue. This was mainly due to lower other operating expenses.

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

	3 Months Ended		Changes (%)
	30/09/2021 RM'000	30/06/2021 RM'000	
<b>Profit before taxation</b>			
Property development	1,810	19,654	(91)
Leisure	(1,463)	(1,044)	(40)
Education	7	106	93
Investment	1,938	(3,143)	(162)
	2,292	15,573	(85)
Eliminations on consolidation	(60)	(60)	-
	2,232	15,513	(86)

The Group recorded profit before taxation of RM2.2 million for the current quarter as compared to RM15.5 million for the preceding quarter. Profit before tax for the property development segment in the current quarter of RM1.8 million is lower by 91% as compared to the preceding quarter, mainly due to higher other operating income for the preceding quarter.

**M K LAND HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(The figures have not been audited)

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**18 Commentary on Prospects**

Over the past year, Movement Control Order and Total Lockdown have affected the Malaysian economy and property market. With the achievement of 90% vaccination rate of adult population, the interstate travel ban was lifted on October 2021 and the economy is expected to improve gradually.

Moving forward, the Group will continue to focus on sales of its products and the timely completion of its on-going projects, leveraging on the lower interest rates as well as the Government stimulus packages. The Group remains cautious on new launches (other than affordable housing) and expects performance to be challenging for the financial year ending 30 June 2022.

**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**

	<b>3 Months Ended</b>	
	<b>30/09/2021</b>	<b>30/09/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax		
- for the current period	583	722
- in respect of prior periods	-	-
Deferred tax		
- for the current period	(14)	(15)
- in respect of prior periods	-	-
	<u>569</u>	<u>707</u>

The effective tax rate of the Group is higher than the statutory tax rate of 24% mainly due 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**

There was no corporate proposal announced but not completed at the end of the current financial period.

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(The figures have not been audited)

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**22 Changes in Material Litigation**

As at 17 November 2021, there was no change in material litigation which exceed 5% of the net assets of the Group since the last audited statement of financial position as at 30 June 2021, save as disclosed below and in Section 15.

*Medan Prestasi Sdn Bhd vs. Inland Revenue Board*

**Appeal to Special Commissioners of Income Tax ("SCIT")**

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 new panel of SCIT heard the oral submissions by parties concerned and the last hearing was on 22 February 2019. The SCIT then set a date of 10 May 2019 for an oral decision on the case. On 10 May 2019, the SCIT opined that since there are no firm evidence to show that the lands were meant for other uses in the future, or that it was intended for the construction of commercial buildings and showrooms for rental income, the Appellant's appeal is dismissed.

Upon review of the SCIT's Deciding Order and consulting its solicitors, MPSB filed an appeal against the SCIT's decision to the High Court on 28 May 2019 via a case stated.

On 4 March 2021, MPSB received the case stated (i.e. the ground of judgement) issued by the SCIT. MPSB has sought for some amendments on the case stated. During the case management on 7 May 2021, the High Court set the next case management on 3 June 2021. During the case management held on 15 September 2021, the Court instructed the parties to files respective affidavits in reply in respect of MPSB's application to amend the Case Stated. The parties are instructed to attend a new case management on 18 October 2021. The next case management was fixed on 7 February 2022.

**Stay of proceedings**

On 6 July 2020, the IRB issued a Writ of Summon and Statement of Claim of RM10,107,364.56 to MPSB. MPSB then filed an application for Stay of Proceedings on 14 August 2020.

During case management on 28 August 2020, the Court had fixed the date for case management for the Defendant's Application for Stay of Proceedings on 30 September 2020 and hearing on 15 October 2020.

During case management on 10 September 2020 to update the Court on the filing of cause papers, the Plaintiff requested for an extension of time to file an Application for Summary Judgment. The Defendant informed the Court that the Defendant's Application for Stay of Proceedings should be disposed of first before an Application for Summary Judgment could be filed. The Court granted an extension of 2 weeks for the Plaintiff to file its application for Summary Judgment and reminded parties that the Defendant's Application for Stay of Proceedings is to be disposed of first. The Court fixed the next case management on 15 October 2020, after the hearing of the Defendant's Application for Stay of Proceedings.

During case management on 30 September 2020 to update the Court on the status of the Defendant's Application for Stay of Proceedings, parties had served the cause papers to the Court in respect of the Defendant's Application for Stay of Proceedings and subsequently exchanged their respective Written Submission and Bundle of Authorities.

During the hearing of the Defendant's Application for Stay of Proceedings on 15 October 2020, but the hearing was adjourned in view of the recent spike in Covid-19 cases and the enforcement of Conditional Movement Control Order ("CMCO") from 14 October 2020 to 27 October 2020. The Court fixed the hearing of the Application for Stay of Proceedings on 3 November 2020.

**M K LAND HOLDINGS BERHAD**  
(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**  
(The figures have not been audited)

**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**

**22 Changes in Material Litigation (Continued)**

*Medan Prestasi Sdn Bhd vs. Inland Revenue Board (Continued)*

During the hearing of the Defendant's Application for Stay of Proceedings on 3 November 2020, owing to the extension of the CMCO from 27 October 2020 to 9 November 2020, the hearing was adjourned and a new hearing date for the Application for Stay of Proceedings was fixed on 9 December 2020. Additionally, the Court fixed the next case management in respect of the Plaintiff's Application for Summary Judgment on 9 December 2020, after the disposal of the Defendant's Application for Stay of Proceedings. On 9 December 2020, the Court set the next case management date on 25 February 2021. On 25 February 2021, the case management was adjourned to 5 May 2021 due to Movement Control Order ("MCO").

On 5 May 2021, the Court fixed the next case management on 4 June 2021. After the case management on 4 June 2021 and 8 July 2021, the Court fixed the hearing of the Defendant's Application for Stay and Extension of Time to file Defence on 28 October 2021. On 28 October 2021, the Court instructed the parties to attend the next hearing on 16 December 2021.

On a prudent and without prejudice basis, a provision of tax and penalty amounting RM8,709,121 and RM5,876,480 respectively have been made in the financial year ended 30 June 2019, solely for reporting purposes. MPSB maintains the view that the basis of the assessment that the gain on disposal of this investment properties should be subjected to RPGT.

**23 Borrowings and Debt Securities**

	As At	
Secured	30/09/2021	30/09/2020
	RM'000	RM'000
<b>Short Term Borrowings :</b>		
Term and bridging loans	15,610	16,745
Bank overdraft	6,755	8,493
	22,365	25,238
<b>Long Term Borrowings :</b>		
Term and bridging loans	5,476	5,983
	5,476	5,983
<b>Total Borrowings</b>	27,841	31,221

The weighted average effective interest rate during the current quarter for borrowings and debt securities was 6.5%. There is no foreign denominated borrowing.

**24 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent 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	
	30/09/2021	30/09/2020
Net profit attributable to owners of the parent for the period (RM'000)	1,761	1,608
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	0.15	0.13

**25 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 25 November 2021.