

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER (12 Mths)	
		CURRENT YEAR QUARTER 30/6/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2022 RM'000	CUMULATIVE CURRENT YEAR 30/6/2023 RM'000	CUMULATIVE PRECEDING YEAR 30/6/2022 RM'000
Revenue	9	63,635	57,335	208,494	196,750
Cost of sales		(62,499)	(49,335)	(152,562)	(141,980)
Gross profit		1,136	8,000	55,932	54,770
Other operating income		35,628	103,990	45,381	108,099
Administrative expenses		(14,599)	(11,753)	(49,104)	(37,502)
Selling and marketing expenses		(639)	(583)	(2,427)	(1,317)
Other operating expenses		(4,448)	(85,571)	(19,381)	(97,056)
Profit from operations	9	17,078	14,083	30,401	26,994
Finance costs		(875)	(793)	(3,745)	(4,644)
Profit before taxation	10	16,203	13,290	26,656	22,350
Taxation	20	(8,357)	(4,610)	(14,060)	(6,221)
Profit for the year		7,846	8,680	12,596	16,129
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		7,846	8,680	12,596	16,129
Profit attributable to:					
Owners of the parent		8,148	8,642	13,111	16,410
Non-controlling interests		(302)	38	(515)	(281)
		7,846	8,680	12,596	16,129
Total comprehensive income attributable to:					
Owners of the parent		8,148	8,642	13,111	16,410
Non-controlling interests		(302)	38	(515)	(281)
		7,846	8,680	12,596	16,129
Basic earnings per share (sen)	24	0.68	0.72	1.09	1.36

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 2022.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2023 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		215,062	186,505
Investment properties	11	359,088	326,395
Inventories - land held for property development		728,838	748,872
Deferred tax assets		16,969	16,969
		1,319,957	1,278,741
Current Assets			
Inventories - property development costs		58,908	86,815
Inventories - completed properties and others		80,990	63,026
Trade receivables		68,551	42,121
Other receivables		9,420	6,824
Contract assets		19,820	36,389
Tax recoverable		4,027	2,627
Other financial assets		18,412	7,806
Cash and bank balances		77,881	77,126
		338,009	322,734
Asset classified as held for sale		52,481	52,125
		390,490	374,859
		1,710,447	1,653,600
Total Assets			
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		1,216,296	1,216,296
Reserves		27,719	14,608
		1,244,015	1,230,904
Non-controlling interests		(1,918)	(1,403)
Total Equity		1,242,097	1,229,501
Non-Current Liabilities			
Long term borrowings	23	41,227	16,979
Deferred tax liabilities		43,331	35,542
Long term payables		42,398	40,737
		126,956	93,258
Current Liabilities			
Trade payables		87,616	80,721
Other payables		226,279	201,671
Contract liabilities		10,387	29,957
Short term borrowings	23	7,667	12,506
Current tax liabilities		9,445	5,986
		341,394	330,841
Total Liabilities		468,350	424,099
Total Equity and Liabilities		1,710,447	1,653,600
Net assets per share attributable to owners of the parent (sen)		103	102

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2022.

M K LAND HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

(The figures have not been audited)

	<----- Attributable to owners of the parent ----->						Non- controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total RM'000	Distributable RM'000		
At 1 July 2022	1,216,296	(1,904)	(39,441)	55,953	1,230,904	(1,403)	1,229,501	
Total comprehensive income for the year	-	-	-	13,111	13,111	(515)	12,596	
At 30 June 2023	<u>1,216,296</u>	<u>(1,904)</u>	<u>(39,441)</u>	<u>69,064</u>	<u>1,244,015</u>	<u>(1,918)</u>	<u>1,242,097</u>	
At 1 July 2021	1,216,296	(1,904)	(39,441)	39,543	1,214,494	(1,122)	1,213,372	
Total comprehensive income for the year	-	-	-	16,410	16,410	(281)	16,129	
At 30 June 2022	<u>1,216,296</u>	<u>(1,904)</u>	<u>(39,441)</u>	<u>55,953</u>	<u>1,230,904</u>	<u>(1,403)</u>	<u>1,229,501</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 2022.

M K LAND HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

(The figures have not been audited)

	12 Months Ended 30/06/2023 RM'000	12 Months Ended 30/6/2022 RM'000
Cash flows from operating activities		
Profit before tax	26,656	22,350
Adjustments for non-cash and non-operating items	(22,918)	(14,498)
Operating profit before working capital changes	3,738	7,852
Decrease in land held for property development and property development costs	47,941	8,712
(Increase)/Decrease in inventories - completed properties and others	(18,320)	26,014
(Increase)/Decrease in receivables	(13,275)	51,236
Increase/(Decrease) in payables	10,743	(43,951)
Net cash from operations	30,827	49,863
Net interest paid	(12)	(1,505)
Taxes paid	(4,212)	(5,547)
Net cash from operating activities	26,603	42,811
Cash flows from investing activities		
Purchase of property, plant & equipment	(10,183)	(3,732)
Placement of fixed deposits	(1,174)	(3,728)
Placement of money market fund	(10,606)	(3,218)
Net cash used in investing activities	(21,963)	(10,678)
Cash flows from financing activities		
Drawdown from borrowings	2,250	8,003
Repayment of borrowings	(7,631)	(15,331)
Net cash used in financing activities	(5,381)	(7,328)
Net (decrease)/increase in cash and cash equivalents	(741)	24,805
Cash and cash equivalents at beginning of financial year	66,567	41,762
Cash and cash equivalents at end of financial year	65,826	66,567
Cash and cash equivalents at end of financial year comprise the following:		
Cash and bank balances	77,881	77,126
Less: Deposits with licensed banks for more than 3 months	(8,059)	(6,885)
Bank overdraft	(3,996)	(3,674)
	65,826	66,567

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2022.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023
(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 2022. 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 2022.

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 2022 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 2022. 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 2022 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 YEAR ENDED 30 JUNE 2023
(The figures have not been audited)

PART A - EXPLANATORY NOTES (CONT'D)

9 Segmental Information

	12 Months Ended		
	30/6/2023 RM'000	30/6/2022 RM'000	Changes (%)
Segment Revenue			
Property development	181,740	178,290	2
Leisure	26,782	17,697	51
Education	146	763	(81)
Investment	18,122	13,768	32
	<u>226,790</u>	<u>210,518</u>	8
Eliminations on consolidation	(18,296)	(13,768)	(33)
Total revenue	<u>208,494</u>	<u>196,750</u>	6
Segment Results			
Property development	28,299	21,616	31
Leisure	1,469	(892)	265
Education	(984)	(546)	(80)
Investment	1,857	7,056	(74)
	<u>30,641</u>	<u>27,234</u>	13
Eliminations on consolidation	(240)	(240)	-
Profit from operations	<u>30,401</u>	<u>26,994</u>	13

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

	3 Months Ended		12 Months Ended	
	30/6/2023 RM'000	30/6/2022 RM'000	30/6/2023 RM'000	30/6/2022 RM'000
The following have been (credited)/charged in arriving at profit before tax:				
Rental income	(1,211)	(1,415)	(4,799)	(4,887)
Interest income	(293)	(149)	(882)	(387)
Interest expense	875	793	3,745	4,644
Depreciation and amortisation	1,433	1,434	6,094	6,177
Provision for impairment loss (net of reversal) of receivables	(675)	(24,756)	818	(26,009)
Fair value gain on investment properties	(32,693)	(69,027)	(32,693)	(69,027)
Write-down of inventories	-	60	-	60

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 YEAR ENDED 30 JUNE 2023**
(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 2023.

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 RM48.9 million as at 30 June 2023.

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 YEAR ENDED 30 JUNE 2023
(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. Subsequent to the case management on 9 February 2022, 9 March 2022, 10 May 2022, 13 July 2022, 23 August 2022 and 3 November 2022, the Court fixed the hearings on 10 and 11 April 2023.

On 10 April 2023, the Court postponed the hearings scheduled on 10 and 11 April 2023. The Court will set the next hearing dates on 7 and 8 February 2024.

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.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023**
(The figures have not been audited)

PART A - EXPLANATORY NOTES (CONT'D)

15 Changes in Contingent Liabilities and Contingent Assets (Continued)

c) Saujana Triangle Sdn Bhd ("STSB") vs Crest Builder Sdn Bhd ("CBSB")

In financial year 2015, a wholly owned subsidiary, Saujana Triangle Sdn Bhd ("STSB") made a claim totalling to RM94.686 million against Crest Builders Sdn Bhd ("CBSB") on the failure to complete the construction of a development project. CBSB has disputed the claim and made a counter claim of RM31.084 million. The dispute was then referred to arbitration. The arbitrator disallowed STSB's claim and made a final award to CBSB for a sum of RM20.577 million. The final award was dated 12 May 2023 but was made available to STSB on 2 June 2023.

On 2 June 2023, STSB received a letter of demand from CBSB for the abovementioned amount in respect of the final award on the arbitration.

On 21 June 2023, CBSB has filed an application in the Kuala Lumpur High Court to register the arbitration award. A case management was set on 6 July 2023.

On 6 July 2023, STSB proceeded to challenge and oppose CBSB's application for enforcement. The Court has fixed for the next case management on 8 August 2023. On 8 August 2023, STSB and CBSB were instructed to file respective affidavits in reply and the next case management was fixed on 28 August 2023. On 28 August 2023, the Court fixed 4 September 2023 for the next case management.

On 3 August 2023, STSB filed an application to stay on the arbitration final award. A case management was set on 4 August 2023. During the case management on 4 August 2023, the Court fixed the hearing date on 14 September 2023.

On a prudent and without prejudice basis, a provision of the sum amounting to RM20.577 million has been made in the financial statements, solely for reporting purposes.

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

16 Performance Analysis

	3 Months Ended			12 Months Ended		
	30/6/2023 RM'000	30/6/2022 RM'000	Changes (%)	30/6/2023 RM'000	30/6/2022 RM'000	Changes (%)
Revenue						
Property development	57,340	52,183	10	181,740	178,290	2
Leisure	6,332	5,020	26	26,782	17,697	51
Education	7	132	(95)	146	763	(81)
Investment	4,533	1,725	163	18,122	13,768	32
	<u>68,212</u>	<u>59,060</u>	<u>15</u>	<u>226,790</u>	<u>210,518</u>	<u>8</u>
Elimination on consolidation	(4,577)	(1,725)	(165)	(18,296)	(13,768)	(33)
	<u>63,635</u>	<u>57,335</u>	<u>11</u>	<u>208,494</u>	<u>196,750</u>	<u>6</u>
Profit before taxation						
Property development	16,797	12,575	34	25,347	17,694	43
Leisure	(202)	(2,723)	93	1,469	(915)	261
Education	(298)	(245)	(22)	(984)	(552)	(78)
Investment	(34)	3,743	(101)	1,064	6,363	(83)
	<u>16,263</u>	<u>13,350</u>	<u>22</u>	<u>26,896</u>	<u>22,590</u>	<u>19</u>
Elimination on consolidation	(60)	(60)	-	(240)	(240)	-
	<u>16,203</u>	<u>13,290</u>	<u>22</u>	<u>26,656</u>	<u>22,350</u>	<u>19</u>

The Group registered RM63.6 million in revenue and profit before tax of RM16.2 million for the current quarter under review. Property development segment generated revenue amounting to RM57.3 million, representing 90% of the total revenue of the Group. Revenue is mainly generated from the sale of properties and construction progress from projects in Damansara Damai, Taman Bunga Raya (in Central region), Meru Perdana, Klebang Putra and Taman Raia Perdana (in Northern region).

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023
(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)

16 Performance Analysis (cont'd)

Revenue for the property development segment has increased by RM5.2 million or 10% as compared to the previous year corresponding quarter, mainly due to higher sales in Damansara Damai and Taman Bunga Raya. Revenue and profit before tax from the leisure segment in current quarter has increased by 26% and 93% respectively as compared to the previous year corresponding quarter mainly due to higher room rates and occupancy rate from leisure segment.

The Group's profit before taxation increased by RM2.9 million or 22% for the current quarter. This was mainly due to higher other operating income from the property development segment.

17 Variations of Results Against The Preceding Quarter

	3 Months Ended		Changes (%)
	30/6/2023 RM'000	31/3/2023 RM'000	
Profit before taxation			
Property development	16,797	4,449	278
Leisure	(202)	(721)	72
Education	(298)	(224)	(33)
Investment	(34)	(64)	47
	16,263	3,440	373
Eliminations on consolidation	(60)	(60)	-
	16,203	3,380	379

The Group recorded profit before taxation of RM16.2 million for the current quarter as compared to RM3.4 million for the preceding quarter. Profit before taxation for the property development segment in the current quarter of RM16.8 million is higher by 278% as compared to the preceding quarter, mainly due to higher other operating income from the property development segment. Loss before taxation for the leisure segment in the current quarter improved by 72% mainly due to higher turnover from resorts operation in the current quarter compared to the preceding quarter.

18 Commentary on Prospects

With the Covid-19 restriction broadly lifted since May 2022, the full resumption of business activities has set the stage for economic rebound. The Group has began to offer new launches in Klang Valley and Ipoh, Perak in this financial year and will continue to focus on sales of its products and the timely completion of its projects. For leisure segment, the Group will continue the promotional packages to capitalise on the strong domestic demand. The Group's first solar plant development in Lembah Beriah has received the commercial operation date in May 2023. In August 2023, the Group has also been selected to be a solar power producer under the Corporate Green Power Programme (CGPP).

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

	12 Months Ended	
	30/6/2023 RM'000	30/6/2022 RM'000
Current tax		
- for the current period	6,682	4,378
- in respect of prior periods	(411)	(655)
Deferred tax		
- for the current period	7,789	1,738
- in respect of prior periods	-	760
	14,060	6,221

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023
(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)

20 Taxation (cont'd)

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.

22 Changes in Material Litigation

As at 29 August 2023, 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 2022, 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 file 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. On 7 February 2022, the Court instructed the parties to attend the decision and case management fixed on 11 April 2022 and 12 April 2022 respectively.

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

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2023
(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 (Cont'd)

Medan Prestasi Sdn Bhd vs. Inland Revenue Board (Cont'd)

On 11 April 2022, the High Court dismissed the application to amend the Case Stated with costs in the cause and instructed the parties to attend the next hearing on 21 June 2022, which subsequently has been rescheduled to 27 July 2022. On 19 August 2022, the Court fixed the hearing date for Medan Prestasi's appeal on 29 November 2022. After hearing parties on 29 November 2022, the Court fixed the decision and case management date on 16 March 2023.

On 16 March 2023, the High Court dismissed the appeal. Subsequently, on 28 March 2023, a Notice of Appeal has been filed to the Court of Appeal. A case management was fixed on 22 June 2023.

On 22 June 2023, the case management at Court of appeal was vacated and rescheduled to 10 July 2023. On 10 July 2023, all cause papers for the appeal have been filed and the Court fixed the hearing date on 22 April 2024.

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	30/6/2023	30/6/2022
	RM'000	RM'000
Short Term Borrowings :		
Term and bridging loans	3,671	8,832
Bank overdraft	3,996	3,674
	7,667	12,506
Long Term Borrowings :		
Term and bridging loans	41,227	16,979
	41,227	16,979
Total Borrowings	48,894	29,485

The weighted average effective interest rate during the current quarter for borrowings and debt securities was 5.69%. 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	
	30/6/2023	30/6/2022
Net profit attributable to owners of the parent for the period (RM'000)	8,148	8,642
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	0.68	0.72

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 29 August 2023.