

**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 31 DECEMBER 2023**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
		CURRENT YEAR QUARTER 31/12/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2022 RM'000	CUMULATIVE CURRENT YEAR 31/12/2023 RM'000	CUMULATIVE PRECEDING YEAR 31/12/2022 RM'000
Revenue	9	71,569	55,049	117,051	85,104
Cost of sales		(52,577)	(33,633)	(80,757)	(50,974)
Gross profit		18,992	21,416	36,294	34,130
Other operating income		1,944	1,243	5,059	8,318
Administrative expenses		(12,336)	(10,964)	(23,998)	(22,049)
Selling and marketing expenses		(564)	(803)	(1,252)	(1,378)
Other operating expenses		(5,177)	(5,576)	(10,667)	(10,026)
Profit from operations	9	2,859	5,316	5,436	8,995
Finance costs		(1,492)	(949)	(2,993)	(1,922)
Profit before taxation	10	1,367	4,367	2,443	7,073
Taxation	20	35	(2,570)	260	(3,503)
Profit for the year		1,402	1,797	2,703	3,570
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		1,402	1,797	2,703	3,570
<b>Profit attributable to:</b>					
Owners of the parent		1,448	1,880	2,817	3,722
Non-controlling interests		(46)	(83)	(114)	(152)
		1,402	1,797	2,703	3,570
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		1,448	1,880	2,817	3,722
Non-controlling interests		(46)	(83)	(114)	(152)
		1,402	1,797	2,703	3,570
<b>Basic earnings per share (sen)</b>	24	0.12	0.16	0.23	0.31

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 2023.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 197801003984 (40970 H)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 31 DECEMBER 2023**

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2023 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2023 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		216,696	218,959
Intangible asset		149	149
Investment properties	11	357,075	362,883
Inventories - land held for property development		733,563	730,133
Deferred tax assets		15,809	15,809
		1,323,292	1,327,933
<b>Current Assets</b>			
Inventories - property development costs		57,107	57,297
Inventories - completed properties and others		68,164	80,564
Trade receivables		57,223	69,932
Other receivables		10,628	6,243
Contract assets		20,698	21,965
Tax recoverable		2,739	3,221
Other financial assets		20,380	18,412
Cash and bank balances		63,200	77,892
		300,139	335,526
Asset classified as held for sale		52,623	52,481
		352,762	388,007
		1,676,054	1,715,940
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		1,216,296	1,216,296
Reserves		30,856	28,039
		1,247,152	1,244,335
Non-controlling interests		(2,033)	(1,919)
<b>Total Equity</b>		1,245,119	1,242,416
<b>Non-Current Liabilities</b>			
Long term borrowings	23	40,088	41,381
Deferred tax liabilities		46,764	47,634
Long term payables		43,883	42,399
		130,735	131,414
<b>Current Liabilities</b>			
Trade payables		84,821	88,656
Other payables		192,140	228,980
Contract liabilities		9,807	9,850
Short term borrowings	23	6,233	6,057
Current tax liabilities		7,199	8,567
		300,200	342,110
<b>Total Liabilities</b>		430,935	473,524
<b>Total Equity and Liabilities</b>		1,676,054	1,715,940
<b>Net assets per share attributable to owners of the parent (sen)</b>		103	103

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2023.

**M K LAND HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2023**

(The figures have not been audited)

	<----- Attributable to owners of the parent ----->				Total RM'000	Non- controlling Interest RM'000	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Retained Profits RM'000			
<b>At 1 July 2023</b>	1,216,296	(1,904)	(39,441)	69,384	1,244,335	(1,919)	1,242,416
Total comprehensive income for the year	-	-	-	2,817	2,817	(114)	2,703
<b>At 31 December 2023</b>	1,216,296	(1,904)	(39,441)	72,201	1,247,152	(2,033)	1,245,119
<b>At 1 July 2022</b>	1,216,296	(1,904)	(39,441)	55,953	1,230,904	(1,403)	1,229,501
Total comprehensive income for the year	-	-	-	3,722	3,722	(152)	3,570
<b>At 31 December 2022</b>	1,216,296	(1,904)	(39,441)	59,675	1,234,626	(1,555)	1,233,071

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 2023.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2023**

(The figures have not been audited)

	<b>6 Months Ended</b> <b>31/12/2023</b> <b>RM'000</b>	<b>6 Months Ended</b> <b>31/12/2022</b> <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	2,443	7,073
Adjustments for non-cash and non-operating items	7,772	5,502
Operating profit before working capital changes	10,215	12,575
Increase in land held for property development and property development costs	(3,430)	(3,946)
Decrease in inventories - completed properties and others	12,448	6,541
Decrease/(Increase) in receivables	8,400	(5,814)
Decrease in payables	(40,722)	(5,285)
Net cash (used in)/from operations	(13,089)	4,071
Net interest paid	(823)	(104)
Taxes paid	(1,496)	(1,184)
<b>Net cash (used in)/from operating activities</b>	<b>(15,408)</b>	<b>2,783</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(1,967)	(4,788)
Proceeds from disposal of investment property	5,768	-
Withdrawal/(Placement) of fixed deposits	2,059	(667)
(Placement)/Withdrawal of money market fund	(1,968)	6,742
<b>Net cash from investing activities</b>	<b>3,892</b>	<b>1,287</b>
<b>Cash flows from financing activities</b>		
Drawdown from borrowings	470	-
Repayment of borrowings	(1,636)	(7,098)
<b>Net cash used in financing activities</b>	<b>(1,166)</b>	<b>(7,098)</b>
<b>Net decrease in cash and cash equivalents</b>	(12,682)	(3,028)
<b>Cash and cash equivalents at beginning of financial year</b>	67,435	66,567
<b>Cash and cash equivalents at end of financial year</b>	<b>54,753</b>	<b>63,539</b>
<b>Cash and cash equivalents at end of financial year comprise the following:</b>		
Cash and bank balances	63,200	74,958
Less: Deposits with licensed banks for more than 3 months	(6,011)	(7,552)
Bank overdraft	(2,436)	(3,867)
	<b>54,753</b>	<b>63,539</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 2023.

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**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 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 2023. 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 2023.

**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 2023 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 2024. 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 2023 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**  
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**PART A - EXPLANATORY NOTES (CONT'D)**

**9 Segmental Information**

	6 Months Ended		Changes (%)
	31/12/2023 RM'000	31/12/2022 RM'000	
<b>Segment Revenue</b>			
Property development	102,327	70,492	45
Leisure	12,757	14,580	(13)
Education	-	120	(100)
Solar	2,054	-	100
Investment	10,300	9,058	14
	<u>127,438</u>	<u>94,250</u>	<u>35</u>
Eliminations on consolidation	(10,387)	(9,146)	(14)
Total revenue	<u>117,051</u>	<u>85,104</u>	<u>38</u>
<b>Segment Results</b>			
Property development	4,746	5,745	(17)
Leisure	222	2,392	(91)
Education	(508)	(462)	(10)
Solar	630	-	100
Investment	466	1,440	(68)
	<u>5,556</u>	<u>9,115</u>	<u>(39)</u>
Eliminations on consolidation	(120)	(120)	-
Profit from operations	<u>5,436</u>	<u>8,995</u>	<u>(40)</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**

	3 Months Ended		6 Months Ended	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
The following have been (credited)/charged in arriving at profit before tax:				
Rental income	(1,177)	(1,230)	(2,507)	(2,376)
Interest income	(405)	(211)	(682)	(392)
Interest expense	1,492	949	2,993	1,922
Depreciation and amortisation	2,131	1,587	4,270	3,146
Provision for impairment loss (net of reversal) of receivables	1,319	643	1,191	826

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

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**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 RM46.3 million as at 31 December 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.

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(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. On 7 & 8 February 2024, the hearing has been vacated and a new case management is fixed on 4 April 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.



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**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 application for enforcement. The Court has fixed for the next case management on 8 August 2023. On 8 August 2023, STSB and CBSB are 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 4 September 2023, the case management was vacated due to STSB's date of hearing for their stay application on 14 September 2023.

On 14 September 2023, STSB withdrew the stay application as the Court has agreed that both applications for Enforcement of Arbitral Award by CBSB and the setting aside of the Arbitral Award by STSB will be heard together on 1 December 2023.

On 1 December 2023, the Court adjourned and the decision for both applications to set aside the Arbitration Final Award and the enforcement of the Arbitration Final Award is fixed on 29 February 2024.

On a prudent and without prejudice basis, a provision of the sum amounting to RM20.58 million has been made in the financial statements, solely for reporting purposes. Based on the advice of the Company's solicitors, the Board of Directors is of the opinion that STSB has valid and reasonable grounds to stay the enforcement and set aside the arbitration award.

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

**16 Performance Analysis**

	3 Months Ended			6 Months Ended		
	31/12/2023 RM'000	31/12/2022 RM'000	Changes (%)	31/12/2023 RM'000	31/12/2022 RM'000	Changes (%)
<b>Revenue</b>						
Property development	63,848	47,112	36	102,327	70,492	45
Leisure	6,775	7,934	(15)	12,757	14,580	(13)
Education	-	48	(100)	-	120	(100)
Solar	990	-	100	2,054	-	100
Investment	5,149	4,528	14	10,300	9,058	14
	<u>76,762</u>	<u>59,622</u>	<u>29</u>	<u>127,438</u>	<u>94,250</u>	<u>35</u>
Elimination on consolidation	(5,193)	(4,573)	(14)	(10,387)	(9,146)	(14)
	<u>71,569</u>	<u>55,049</u>	<u>30</u>	<u>117,051</u>	<u>85,104</u>	<u>38</u>
<b>Profit before taxation</b>						
Property development	1,500	2,758	(46)	3,091	4,101	(25)
Leisure	304	1,688	(82)	222	2,392	(91)
Education	(124)	(214)	42	(514)	(462)	(11)
Solar	(228)	-	(100)	(450)	-	(100)
Investment	(25)	195	(113)	214	1,162	(82)
	<u>1,427</u>	<u>4,427</u>	<u>(68)</u>	<u>2,563</u>	<u>7,193</u>	<u>(64)</u>
Elimination on consolidation	(60)	(60)	-	(120)	(120)	-
	<u>1,367</u>	<u>4,367</u>	<u>(69)</u>	<u>2,443</u>	<u>7,073</u>	<u>(65)</u>

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**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 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)**

The Group registered RM71.6 million in revenue and profit before tax of RM1.4 million for the current quarter under review. Property development segment generated revenue amounting to RM63.8 million, representing 89% of the total revenue of the Group. Revenue was mainly generated from the sale of properties and construction progress from projects in Damansara Perdana Damansara Damai, Taman Bunga Raya (in Central region), Meru Perdana, Klebang Putra and Taman Raia Perdana (in Northern region).

Revenue for the property development segment has increased by RM16.7 million or 36% as compared to the previous year corresponding quarter, mainly due to higher sales and construction progress in Damansara Perdana, Damansara Damai, Taman Bunga Raya, Meru Perdana, Klebang Putra and Taman Raia Perdana. Revenue and profit before tax from the leisure segment in current quarter has decreased by 15% and 82% respectively as compared to the previous year corresponding quarter mainly due to the decline in occupancy and higher general and administrative expenses.

The Group's profit before taxation decreased by RM3.0 million or 69% for the current quarter. This was mainly due to higher administrative expenses and finance costs in the current quarter.

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

	3 Months Ended		Changes (%)
	31/12/2023 RM'000	30/9/2023 RM'000	
<b>Profit before taxation</b>			
Property development	1,500	1,591	(6)
Leisure	304	(82)	471
Education	(124)	(390)	68
Solar	(228)	(222)	(3)
Investment	(25)	239	(110)
	1,427	1,136	26
Eliminations on consolidation	(60)	(60)	-
	1,367	1,076	27

The Group recorded profit before taxation of RM1.4 million for the current quarter as compared to RM1.1 million for the preceding quarter. Profit before taxation for the property development segment for the current quarter was RM1.5 million, slightly lower by 6% as compared to the preceding quarter of RM1.6 million, mainly due to higher administrative expenses in current quarter. Leisure segment achieved profit before tax of RM0.3 million in the current quarter mainly due to higher revenue from resorts operation in the current quarter driven by the year-end holiday season compared to the preceding quarter.

**18 Commentary on Prospects**

The Group continues with its strategies to drive performance at its flagship locations namely Damansara Perdana, Damansara Damai, Taman Bunga Raya, Klebang Putra, Meru Perdana and Taman Raia Perdana and will continue to focus on sales of its products and the timely completion of its projects. For the leisure segment, the Group will continue the promotional packages to capitalise on the domestic demand.

The outlook for the renewable energy ("RE") industry in Malaysia remains optimistic with the Government's effort to increase its RE capacity to 31% by 2025 and 40% by 2035 with solar energy becoming the dominant RE resource. On that note, the Group remains positive on its RE segment which is expected to contribute positively to the recurring revenue stream in the long run.

**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.

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

**20 Taxation**

	6 Months Ended	
	31/12/2023	31/12/2022
	RM'000	RM'000
Current tax		
- for the current period	977	3,439
Deferred tax		
- for the current period	(29)	64
- in respect of prior periods	(1,208)	-
	(260)	3,503

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 23 February 2024, 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 2023, 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.

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**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 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.

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**

	<b>As At</b>	
<b>Secured</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short Term Borrowings :</b>		
Term and bridging loans	3,797	3,468
Bank overdraft	2,436	3,867
	6,233	7,335
<b>Long Term Borrowings :</b>		
Term and bridging loans	40,088	29,265
	40,088	29,265
<b>Total Borrowings</b>	46,321	36,600

The weighted average effective interest rate during the current quarter for borrowings and debt securities was 5.34%. 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.

	<b>3 Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
Net profit attributable to owners of the parent for the period (RM'000)	1,448	1,880
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	0.12	0.16

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

**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 28 February 2024.