

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2006

(The figures have not been audited)

		INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/9/2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2005 RM'000	CUMULATIVE CURRENT YEAR TO DATE 30/9/2006 RM'000	CUMULATIVE PRECEDING YEAR TO DATE 30/9/2005 RM'000
Note					
	9	81,375	114,713	81,375	114,713
		(49,243)	(67,865)	(49,243)	(67,865)
		32,132	46,848	32,132	46,848
		1,485	2,450	1,485	2,450
		(14,762)	(14,770)	(14,762)	(14,770)
		(2,713)	(6,911)	(2,713)	(6,911)
		(4,768)	(3,290)	(4,768)	(3,290)
	9	11,374	24,327	11,374	24,327
		(4,947)	(2,733)	(4,947)	(2,733)
		6,427	21,594	6,427	21,594
	19	(3,486)	(6,376)	(3,486)	(6,376)
		2,941	15,218	2,941	15,218
		2,941	15,218	2,941	15,218
		0.24	1.26	0.24	1.26
		0.24	1.26	0.24	1.26

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the financial statements.

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(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2006

		UNAUDITED AS AT END OF CURRENT QUARTER 30/9/2006 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2006 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	161,757	163,534
Land held for property development		561,791	562,394
Investment properties	10	294,530	294,530
Long term receivables		2,900	3,544
Deferred tax assets		5,487	5,033
		1,026,465	1,029,035
<b>Current Assets</b>			
Property development costs		482,246	477,196
Inventories		66,895	68,302
Trade receivables		257,417	264,286
Other receivables		118,675	96,752
Tax recoverable		17,642	15,782
Deposits with licensed banks		46,164	98,044
Cash and bank balances		23,316	30,349
		1,012,355	1,050,711
<b>Total Assets</b>		2,038,820	2,079,746
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,206,962	1,206,962
Share premium		8,977	8,977
Treasury shares		(1,904)	(1,904)
Warrant reserves		21,482	21,482
Merger deficit		(155,845)	(158,786)
<b>Shareholders' equity</b>		1,079,672	1,076,731
<b>Non-Current Liabilities</b>			
Long term borrowings	22	203,697	198,034
Provisions for liabilities		1,162	4,344
Long term payables		89,743	89,743
Deferred tax liabilities		13,625	13,625
		308,227	305,746
<b>Current Liabilities</b>			
Short term borrowings	22	220,119	241,459
Trade payables		239,872	260,816
Other payables		131,445	129,134
Provisions for liabilities		34,166	35,332
Tax payable		25,319	30,528
		650,921	697,269
<b>Total Liabilities</b>		959,148	1,003,015
<b>Total equity and liabilities</b>		2,038,820	2,079,746
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>		90	89

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the financial statements.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2006 (The figures have not been audited)

	← Non-distributable				→ Distributable		Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	^ Other Reserves RM'000	Merger Deficit RM'000	Retained Profits RM'000	
<b>At 1 July 2006</b>							
As previously stated	1,206,962	(1,904)	8,977	21,482	(158,786)	-	1,076,731
Change in accounting policy:							
Transfer of revaluation surplus of investment properties to retained profits	-	-	-	-	(236,584)	236,584	-
Transfer to merger deficit account	-	-	-	-	236,584	(236,584)	-
<b>As restated</b>	1,206,962	(1,904)	8,977	21,482	(158,786)	-	1,076,731
Net profit for the period	-	-	-	-	-	2,941	2,941
Transfer to merger deficit account	-	-	-	-	2,941	(2,941)	-
<b>At 30 September 2006</b>	1,206,962	(1,904)	8,977	21,482	(155,845)	-	1,079,672
<b>At 1 July 2005</b>	1,206,962	-	8,977	21,482	(160,842)	-	1,076,579
Purchase of treasury shares	-	(667)	-	-	-	-	(667)
Net profit for the period	-	-	-	-	-	15,218	15,218
Dividends	-	-	-	-	-	(17,373)	(17,373)
Transfer to merger deficit account	-	-	-	-	(2,155)	2,155	-
<b>At 30 September 2005</b>	1,206,962	(667)	8,977	21,482	(162,997)	-	1,073,757

^ Included in other reserves is warrant reserves of RM21,482,000. Warrant reserves represent the fair value of warrants issued after 1 July 2002 and are recognised when the rights to these warrant reserves are established.

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 2006 and the accompanying explanatory notes attached to the financial statements.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2006

(The figures have not been audited)

	3 Months Ended 30/9/2006 RM'000	3 Months Ended 30/9/2005 RM'000
Net cash used in operating activities	(41,714)	(10,254)
Net cash used in investing activities	(797)	(3,951)
Net cash used in financing activities	(23,187)	(30,521)
<b>Net decrease in cash and cash equivalents</b>	<b>(65,698)</b>	<b>(44,726)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>65,780</b>	<b>76,523</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>82</b>	<b>31,797</b>

Cash and cash equivalents at end of financial period comprise of the following:

Cash and bank balances	23,316	40,631
Deposits with licensed banks	46,164	55,909
Bank overdrafts (included within short term borrowings in Note 22)	(69,398)	(64,743)
	<b>82</b>	<b>31,797</b>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the financial statements.

# MK LAND HOLDINGS BERHAD

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## PART A - EXPLANATORY NOTES

### 1 Basis of Preparation

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

The financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2006. 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 2006.

### 2 Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2006 except for the adoption of the following new/revised FRSs which became effective for the financial periods beginning on and after 1 January 2006:

FRS 2	Share-based payment
FRS 3	Business combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosures and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs do not have any significant financial impact on the Group except for the followings:

#### FRS 140 "Investment Property"

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised directly in the income statement. Prior to 1 July 2006, investment properties were stated at valuation. Revaluation were carried out at least once every five years and any revaluation increase is taken to equity as revaluation surplus unless the total of the surplus is insufficient to cover a deficit for the same assets, in which case the amount by which the deficit exceeds the amount in the revaluation surplus was charged to the income statement. The investment properties were last revalued between 2003 and 2005. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 30 June 2006 are not restated. Instead, the revaluation surplus of RM236,584,000 as at 1 July 2006 has been transferred to retained profits.

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(INCORPORATED IN MALAYSIA) - 40970 H

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

The auditors' report on the financial statements for the year ended 30 June 2006 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 financial quarter ended 30 September 2006.

# MK LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## PART A - EXPLANATORY NOTES

### 8 Dividends

At the recent Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2006, of 1% less 28% taxation on 1,204,289,984 ordinary shares, amounting to a dividend payable of approximately RM8,671,000 (0.72sen net per ordinary share) was approved by the shareholders. No dividend has been declared by the Board for the financial quarter ended 30 September 2006.

### 9 Segmental Information

	3 months ended 30.9.2006 RM'000	3 months ended 30.9.2005 RM'000
<b>Segment Revenue</b>		
Leisure	11,005	10,418
Investment	7,947	7,720
Property development	70,091	104,188
Others	492	-
	<u>89,535</u>	<u>122,326</u>
Eliminations	(8,160)	(7,613)
Total revenue	<u>81,375</u>	<u>114,713</u>
<b>Segment Results</b>		
Leisure	(263)	1,374
Investment	3,745	3,650
Property development	7,908	19,303
Others	(16)	-
Profit from operations	<u>11,374</u>	<u>24,327</u>

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

### 10 Carrying Amount of Revalued Assets

The valuations of property, plant and equipment and investment properties have been brought forward, without amendment from the annual financial statements for the year ended 30 June 2006.

### 11 Changes in the Composition of the Group

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

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(INCORPORATED IN MALAYSIA) - 40970 H

**PART A - EXPLANATORY NOTES**

**12 Subsequent events**

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

**13 Commitments**

The amount of commitments not provided for in the financial statements as at 30 September 2006 are as follows:

	<b>RM'000</b>
Approved and contracted for	<u>26,000</u>

The above commitments are in respect of the purchase of several parcels of land for the purpose of development.

**14 Changes in Contingent Liabilities and Contingent Assets**

Since the last annual balance sheet date as at 30 June 2006, contingent liabilities have increased by RM25,757,000 to RM142,218,000 as a result of corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries during the financial period ended 30 September 2006.



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

**15 Performance Review**

The Group recorded revenue and profit before taxation of RM81.4 million and RM6.4 million respectively for the current quarter ended 30 September 2006.

The revenue and profit before taxation were mainly contributed by the Group's property development projects in Klang Valley.

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

The Group recorded a revenue of RM81.4 million, a decrease of 7.4% (or RM6.5 million), compared to RM87.9 million recorded in the immediate preceding quarter. Net profit after tax for the current quarter has increased by 26.0% (or RM0.6 million) to RM2.9 million due to recognition of revenue for high margin products.

**17 Commentary on Prospects**

The Group will continue to launch new products in the coming months. Barring unforeseen circumstances, the Group anticipate to improve its performance.

**18 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.

**19 Taxation**

	<b>3 months ended 30.9.2006 RM'000</b>	<b>3 months ended 30.9.2005 RM'000</b>
Income tax		
Charge for the period	3,939	6,376
Deferred tax		
Due to origination and reversal of timing differences	(453)	-
	3,486	6,376

The effective tax rate for the Group at 54.2% is higher than the statutory tax rate at 27% principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

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

**20 Sale of Unquoted Investments and/or Properties**

There were no sales of unquoted investments and/or properties during the quarter ended 30 September 2006.

**21 Status of Corporate Proposals**

**a) Employee Shares Option Scheme**

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

**b) Share Buy-Back Scheme**

A renewal of the Share Buy Back Scheme mandate was tabled and approved by the shareholders at the AGM on 24 November 2005. The actual number of shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, market conditions, the availability of retained earnings/share premium and financial resources of the Company as well as the Bursa Securities Malaysia Berhad ("Bursa Securities") requirement to maintain necessary shareholding spread and minimum issued and paid-up share capital. The Share Buy Back will be financed through internally generated funds and /or borrowings.

There were no shares repurchased during the current quarter. A renewal of the Share Buy Back has been approved by the shareholders in the recent Annual General Meeting.

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

**22 Borrowings and Debt Securities**

	As at 30.9.2006 RM'000
<b>Short Term Borrowings :</b>	
<b>Secured</b>	
Bank overdrafts	69,398
Hire purchase payables	920
Short term portion of long term loan	149,801
Short term portion of Bonds	-
<b>Total</b>	220,119
 <b>Long Term Borrowings :</b>	
<b>Secured</b>	
Tranche 1 & 2 Bonds	170,000
Less: Discount	(6,307)
	163,693
Less: Short term portion of Bonds	-
Hire purchase payables	553
Term loans (long term portion)	39,451
<b>Total</b>	203,697
 <b>Total Borrowings</b>	 423,816

Included in long term borrowings are RM170,000,000 3, 5 and 7-years 4.5% secured bonds 2002/2009 at a nominal value of RM1 each, with a carrying value of RM163,693,162. All the above borrowings are denominated in Ringgit Malaysia.

**23 Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report.

**24 Changes in Material Litigation**

As at 30 November 2006, there were no changes in material litigation since the last audited balance sheet date of 30 June 2006.

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

**25 Earnings per Share**

**a) Basic**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period:

	<b>3 months ended 30.9.2006</b>	<b>3 months ended 30.9.2005</b>
Net profit for the period (RM'000)	2,941	15,218
Weighted average no. of ordinary shares in issue ('000)	1,204,290	1,206,697
Basic earnings per share (sen)	<u>0.24</u>	<u>1.26</u>

**b) Diluted**

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of potential ordinary shares.

The dilutive potential ordinary shares of the Group comprises outstanding warrants.

	<b>3 months ended 30.9.2006</b>	<b>3 months ended 30.9.2005</b>
Net profit for the period (RM'000)	<u>2,941</u>	<u>15,218</u>
Weighted average no. of ordinary shares issued ('000)	1,204,290	1,206,697
Adjustment for shares assumed to be issued from the exercise of warrants at no consideration ('000)	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,204,290</u>	<u>1,206,697</u>
Diluted earnings per share (sen)	<u>0.24</u>	<u>1.26</u>

The Group's diluted earnings per share equal to basic earnings per share because the assumed exercise of warrants does not have any dilutive effect.

**26 Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 November 2006.