

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2008

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q3)		CUMULATIVE QUARTER (9 Mths)	
		CURRENT YEAR QUARTER 31/03/2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2007 RM'000	CUMULATIVE CURRENT YEAR TO DATE 31/03/2008 RM'000	CUMULATIVE PRECEDING YEAR TO DATE 31/03/2007 RM'000
Revenue	9	50,408	68,259	118,777	253,902
Cost of sales		(22,071)	(38,044)	(61,714)	(159,175)
Gross profit		28,337	30,215	57,063	94,727
Other operating income		885	1,465	3,217	5,169
Administrative expenses		(10,831)	(15,172)	(33,069)	(43,869)
Selling and marketing expenses		(1,519)	(1,960)	(4,837)	(8,820)
Other operating expenses		(8,217)	(3,572)	(18,649)	(15,640)
Profit from operations	9	8,655	10,976	3,725	31,567
Finance costs		(3,584)	(6,581)	(15,446)	(17,087)
Profit/(loss) before taxation		5,071	4,395	(11,721)	14,480
Taxation	19	(4,834)	(2,387)	(6,329)	(7,377)
Profit/(loss) for the period		237	2,008	(18,050)	7,103
Attributable to:					
Equity holders of the parent		237	2,008	(18,050)	7,103
Earnings/(loss) per share (sen)					
Basic	25(a)	0.02	0.17	(1.50)	0.59
Diluted	25(b)	0.02	0.17	(1.50)	0.59

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the financial statements.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 31/03/2008 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2007 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	127,814	133,875
Prepaid lease payments		33,112	33,423
Land held for property development		693,230	687,820
Investment properties	10	347,706	348,139
Other investments		4,000	4,000
Other receivables		1,202	1,201
Deferred tax assets		1,223	1,223
		1,208,287	1,209,681
<b>Current Assets</b>			
Property development costs		481,448	483,559
Inventories		90,982	90,322
Trade receivables		153,092	149,526
Other receivables		48,564	56,865
Tax recoverable		11,585	11,491
Deposits with licensed banks		48,065	101,709
Cash and bank balances		19,239	34,343
		852,975	927,815
<b>Total Assets</b>		2,061,262	2,137,496
<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		(215,374)	(188,412)
<b>Shareholders' equity</b>		1,020,143	1,047,105
<b>Non-Current Liabilities</b>			
Long term borrowings	22	288,611	319,626
Provisions for liabilities		412	499
Long term payables		89,708	89,017
Deferred tax liabilities		72,487	72,487
		451,218	481,629
<b>Current Liabilities</b>			
Short term borrowings	22	264,201	242,224
Trade payables		228,104	246,093
Other payables		54,260	76,326
Provisions for liabilities		36,703	34,621
Tax payable		6,633	9,498
		589,901	608,762
<b>Total Liabilities</b>		1,041,119	1,090,391
<b>Total Equity and Liabilities</b>		2,061,262	2,137,496
<b>Net assets per share attributable to equity holders of the parent (sen)</b>			
		85	87

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the financial statements.

# M K LAND HOLDINGS BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2008

(The figures have not been audited)

	← Non-distributable →				→ Distributable		
	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 2007</b>	1,206,962	(1,904)	8,977	21,482	(188,412)	-	1,047,105
Loss for the period	-	-	-	-	-	(18,050)	(18,050)
Dividends	-	-	-	-	-	(8,912)	(8,912)
Transfer to merger deficit account	-	-	-	-	(26,962)	26,962	-
<b>At 31 March 2008</b>	<u>1,206,962</u>	<u>(1,904)</u>	<u>8,977</u>	<u>21,482</u>	<u>(215,374)</u>	<u>-</u>	<u>1,020,143</u>
<b>At 1 July 2006</b>							
<b>As previously stated</b>	1,206,962	(1,904)	8,977	21,482	(158,786)	-	1,076,731
Changes 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>	<u>1,206,962</u>	<u>(1,904)</u>	<u>8,977</u>	<u>21,482</u>	<u>(158,786)</u>	<u>-</u>	<u>1,076,731</u>
Profit for the period	-	-	-	-	-	7,103	7,103
Dividends	-	-	-	-	-	(8,791)	(8,791)
Transfer to merger deficit account	-	-	-	-	(1,688)	1,688	-
<b>At 31 March 2007</b>	<u>1,206,962</u>	<u>(1,904)</u>	<u>8,977</u>	<u>21,482</u>	<u>(160,474)</u>	<u>-</u>	<u>1,075,043</u>

^ 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 2007 and the accompanying explanatory notes attached to the financial statements.

# M K LAND HOLDINGS BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2008 (The figures have not been audited)

	9 Months Ended 31/03/2008 RM'000	9 Months Ended 31/03/2007 RM'000
Net cash used in operating activities	(50,948)	(149,461)
Net cash used in investing activities	(41)	(5,338)
Net cash (used in)/generated from financing activities	(20,882)	36,623
<b>Net decrease in cash and cash equivalents</b>	<u>(71,871)</u>	<u>(118,176)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	2,882	65,780
<b>Cash and cash equivalents at end of financial period</b>	<u>(68,989)</u>	<u>(52,396)</u>

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

Cash and bank balances	19,239	15,674
Deposits with licensed banks	48,065	46,559
Bank overdrafts (included within short term borrowings in Note 22)	(136,293)	(114,629)
	<u>(68,989)</u>	<u>(52,396)</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the financial statements.

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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 2007. 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 2007.

**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 2007 except for the adoption of the following new/revised FRSs:

**Effective for financial period beginning on or after 1 October 2006**

FRS 117	Leases
FRS 124	Related Party Disclosures

**Effective for financial period beginning on or after 1 January 2007**

FRS 6	Exploration for and Evaluation of Mineral Resources
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**Effective for financial period beginning on or after 1 July 2007**

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 126	Accounting and Reporting by Retirement Benefits Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 6, 120, 126 and 129 are not relevant to the Group's operations.

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

**FRS 117 "Leases"**

The adoption of the revised FRS 117 has affected the presentation of leasehold land currently classified under property, plant and equipment, which is now required to be presented as prepaid lease payments as a separate line item under non-current assets and is to be amortised on a straight-line basis over the lease terms.

With the adoption of FRS 117, the reclassification of leasehold land has been accounted for retrospectively and the amount of RM33,422,649 has been reclassified to prepaid lease payments as at 30 June 2007.

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**PART A - EXPLANATORY NOTES**

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

The auditors' report on the financial statements for the financial year ended 30 June 2007 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 31 March 2008.

**8 Dividends**

A final dividend in respect of the financial year ended 30 June 2007, of 1% less 26% taxation on 1,204,289,984 ordinary shares, amounting to RM8,911,746 (0.7sen net per ordinary share) was paid on 12 March 2008. No dividend has been declared by the Board for the financial period ended 31 March 2008.

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**PART A - EXPLANATORY NOTES**

**9 Segmental Information**

	<b>3 months ended 31.03.2008 RM'000</b>	<b>3 months ended 31.03.2007 RM'000</b>
<b>Segment Revenue</b>		
Leisure	9,596	9,529
Investment	6,610	7,948
Property development	38,867	57,793
Others	1,868	925
	<u>56,941</u>	<u>76,195</u>
Eliminations	(6,533)	(7,936)
Total revenue	<u>50,408</u>	<u>68,259</u>
<b>Segment Results</b>		
Leisure	(1,180)	(1,740)
Investment	3,721	4,289
Property development	5,298	8,156
Others	816	271
Profit from operations	<u>8,655</u>	<u>10,976</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 financial year ended 30 June 2007.

**11 Changes in the Composition of the Group**

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

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**PART A - EXPLANATORY NOTES**

**12 Subsequent events**

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

**13 Commitments**

There were no commitments at the end of the current financial period.

**14 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 amounts to RM288,040,000 as at 31 March 2008.

**b) Gain on sale of investment properties**

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. 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 has 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 disagrees with the IRB position and had appealed against the assessment. The directors have decided that a provision will not be made in the accounts for this amount as MPSB is disputing the assessment on technical grounds and has made an appeal for a stand over from payment of the tax till the matter is resolved.

IRB has on 12 November 2007 issued a letter to inform that they are maintaining their stand that the sale of land is subject to income tax and there will be no waiver of penalty and stand over on the tax payable.

The management has vide its letters dated 28 November 2007 appealed to the Director General of IRB as the said properties have always been classified as investment properties in the records/accounts of MPSB.

The IRB has on 2 January 2008 imposed additional late payment penalties of about RM2 million on the above outstanding tax payable.

The management has responded and requested IRB to consider our appeals.

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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 net profit after taxation of RM50.4 million and RM0.2 million respectively for the current quarter ended 31 March 2008.

The decrease in the revenue and the net profit after taxation as compared to previous year corresponding quarter, were mainly attributable to the lower sales and lower construction progress achieved during the period.

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

The Group recorded a revenue of RM50.4 million, a significant increase of 46.1% (or RM15.9 million), compared to revenue of RM34.5 million recorded in the immediate preceding quarter mainly due to increase in sales during the quarter. This has contributed to net profit after taxation of RM0.2 million for the current quarter as compared to a net loss after taxation of RM9.8 million in the immediate preceding quarter.

**17 Commentary on Prospects**

The Group will continue to focus on marketing its existing and newly launched products.

Barring any unforeseen circumstances, the Group anticipate improvement to the financial performance for the remaining period of the financial year.

**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.

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

**19 Taxation**

	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.03.2008</b>	<b>31.03.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax		
Charge for the period	4,834	2,387
Deferred tax		
Due to origination and reversal of timing differences	-	-
	4,834	2,387

The effective tax rate for the Group is higher than the statutory tax rate at 26% principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

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

There were no sales of unquoted investments and/or properties during the financial period ended 31 March 2008 except for disposals of shops classified as investment properties with a net carrying amount of RM433,000.

**21 Status of Corporate Proposals**

**a) Employee Shares Option Scheme**

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

**b) Share Buy-Back Scheme**

A renewal of the Share Buy-Back Scheme mandate was tabled and approved by the shareholders at the AGM on 13 December 2007. 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.

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

### 21 Status of Corporate Proposals (Cont'd)

#### c) Proposed Private Placement

On 12 September 2007, the Company announced a proposal to issue new ordinary shares of RM1.00 each in M K Land Holdings Berhad, not exceeding ten percent (10%) of its issued and paid-up share capital, through a private placement exercise.

The proposed private placement was approved by the Securities Commission on 24 October 2007 and subsequently by Bursa Malaysia on 5 November 2007 but has not been implemented to date.

The Securities Commission has approved the extension of time till 23 October 2008 to implement the proposed private placement.

### 22 Borrowings and Debt Securities

	As at 31.03.2008 RM'000
<b>Short Term Borrowings :</b>	
<b>Secured</b>	
Bank overdrafts	136,293
Hire purchase payables	184
Short term portion of long term loans	67,724
Short term portion of Bonds	60,000
Total	<u>264,201</u>
<b>Long Term Borrowings :</b>	
<b>Secured</b>	
Tranche 1 & 2 Bonds	120,000
Less: Discount	(2,152)
	<u>117,848</u>
Less: Short term portion of Bonds	(60,000)
Hire purchase payables	98
Term loans (long term portion)	190,665
	<u>248,611</u>
<b>Unsecured</b>	
Term loan	40,000
Total	<u>288,611</u>
<b>Total Borrowings</b>	<u>552,812</u>

Included in long term borrowings are RM120,000,000 3, 5 and 7-years 4.5% secured bonds 2002/2009 at a nominal value of RM1 each, with a carrying value of RM117,848,196. 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.

## MK LAND HOLDINGS BERHAD

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

#### 24 Changes in Material Litigation

As at 29 May 2008, there were no changes in material litigation save as disclosed below since the last audited balance sheet date of 30 June 2007.

- a) Saujana Triangle Sdn Bhd ("STSB") had vide Kuala Lumpur High Court Suit No. S2-22-854-2006 brought a claim against the guarantor who had executed a letter of guarantee dated 16 August 2003 ("Letter of Guarantee") in respect of the sum of RM10.5 million being the advance/interim payment STSB released to Kenwin Engineering Sdn Bhd ("KESB"). Pursuant to a Letter of Acceptance dated 5/7/2002, ("the Building Contract") STSB had appointed KESB as the Main Contractors to construct and complete a Project known as "Cadangan Pembangunan 6 Blok Rumah Pangsa yang mengandungi 2 Blok Rumah Pangsa Kos Rendah, 1 Blok Rumah Pangsa Kos Sederhana Rendah, 3 Blok Rumah Pangsa Kos Sederhana dan Apartment, Kemudahan-Kemudahan Awam serta Tempat Letak Kereta di atas sebahagian Lot PT 31429 dan Lot PT 31430, Mukim Sungai Buloh, Daerah Petaling Jaya, Selangor Darul Ehsan. The guarantor was at all material times the director of KESB.

STSB has filed a Writ and Statement of Claim against the Defendant on 24 August 2006 for recovery of the balance of RM6.5 million together with interest. Personal service on the Defendant has been unsuccessful. Our application for substituted service was granted on 16 February 2007 and the Writ has been served by substituted service. No appearance was filed by the Defendant. Judgement in Default dated 19 February 2008 has been extracted and served on 28 April 2008.

- b) Medan Prestasi Sdn Bhd ("MPSB"), a wholly owned subsidiary of MK Land had vide Kuala Lumpur High Court S1-22-13-2006 brought a claim of RM34,513,194 (inclusive of RM13.5 million being advances/interim payments made by MPSB to Bennes Engineering Sdn Bhd ("BESB")) against the guarantors ("the Defendants") under the 1st Letter of Guarantee dated 30 May 2002 and the 2nd Letter of Guarantee dated 26 February 2003, together with interests and costs. The claim arose from a Letter of Acceptance dated 26 March 2002 and a Supplementary Agreement dated 26 February 2003 ("the Building Contract") made between MPSB, as developer, and BESB, as Main Contractors for the construction and completion of the project known as "Cadangan Pembangunan 2 Blok Apartment dan Podium Letak Kereta Bagi Fasa 1A Di Atas Lot PT 36234, Mukim Sungai Buloh, Daerah Petaling, Selangor, ("the Project") and the Letters of Guarantees entered by the Defendants to guarantee the performance of BESB in the Project. BESB had defaulted and breached the terms and conditions of the Building Contract. The Defendants/Guarantors were at all material times the directors of BESB.

MPSB's application for Summary Judgement was dismissed by the court on 25 January 2008 but the solicitor of MPSB has on 4 February 2008 filed an appeal with the Judge in Chambers.

Appeal and case management on the Summary Judgement was fixed for hearing on 6 August 2008. Meanwhile, the Defendant's application to strike out Plaintiff's Writ and Statement of Claim is now fixed for hearing on 3 July 2008.

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

#### **24 Changes in Material Litigation (Cont'd)**

- c) Felcra Berhad ("Felcra") had vide Ipoh High Court Originating Summons No. M4-24-73-2006 brought a claim against M.K. Development Sdn Bhd ("MKDSB"), a wholly owned subsidiary of MK Land, for the sum of RM20,243,090.

Pursuant to the Privatisation Agreement dated 27 March 1996 entered into between the State Government of Perak and MKDSB for the development of State Land, (which includes a portion of land being cultivated and managed by Felcra) a compensation amount of RM20,243,090 is to be provided and payable to Felcra in accordance with the progress of development to be undertaken by MKDSB.

The land concerned has already been alienated to MKDSB by the State Government of Perak on 9 January 1997. However, MKDSB has yet to commence development on the land being cultivated by Felcra and hence the claim for compensation by Felcra is premature and invalid at this juncture. The solicitors for MKDSB are of the view that MKDSB will succeed in its defence against Felcra's claim in this legal suit as Felcra was not a party to the Privatisation Agreement and hence has no right to bring the action against MKDSB.

Ipoh High Court has fixed the next mention date on 26 September 2008 to hear MKDSB's application to determine a preliminary issues/questions of law pursuant to Order 14A of the Rules of High Court 1980.

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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 31.03.2008</b>	<b>3 months ended 31.03.2007</b>
Net profit for the period (RM'000)	237	2,008
Weighted average no. of ordinary shares in issue ('000)	1,204,290	1,204,290
Basic earnings per share (sen)	<u>0.02</u>	<u>0.17</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 31.03.2008</b>	<b>3 months ended 31.03.2007</b>
Net profit for the period (RM'000)	<u>237</u>	<u>2,008</u>
Weighted average no. of ordinary shares issued ('000)	1,204,290	1,204,290
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>1,204,290</u>
Diluted earnings per share (sen)	<u>0.02</u>	<u>0.17</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 29 May 2008.