

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2009 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2008 RM'000	CUMULATIVE CURRENT YEAR 30/09/2009 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2008 RM'000
Revenue	9	80,809	76,853	80,809	76,853
Cost of sales		(56,439)	(41,543)	(56,439)	(41,543)
Gross profit		24,370	35,310	24,370	35,310
Other operating income		1,072	1,204	1,072	1,204
Administrative expenses		(11,108)	(10,125)	(11,108)	(10,125)
Selling and marketing expenses		(1,323)	(1,535)	(1,323)	(1,535)
Other operating expenses		(5,553)	(5,154)	(5,553)	(5,154)
Profit from operations	9	7,458	19,700	7,458	19,700
Finance costs		(6,120)	(6,640)	(6,120)	(6,640)
Profit before taxation		1,338	13,060	1,338	13,060
Taxation	19	(134)	(8,149)	(134)	(8,149)
Profit for the period		1,204	4,911	1,204	4,911
Attributable to:					
Equity holders of the parent		1,204	4,911	1,204	4,911
Earnings per share (sen)					
Basic	25	0.10	0.41	0.10	0.41

The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2009 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 30 SEPTEMBER 2009

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2009 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2009 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		121,092	122,495
Prepaid lease payments		30,200	31,838
Land held for property development		597,461	597,461
Investment properties	10	179,342	179,342
Other investments		4,000	4,000
Deferred tax assets		803	803
		932,898	935,939
Current Assets			
Property development costs		521,814	529,039
Inventories		126,706	143,405
Trade receivables		144,710	164,913
Other receivables		58,780	62,750
Tax recoverable		12,142	16,611
Deposits with licensed banks		3,583	72,948
Cash and bank balances		9,224	15,665
		876,959	1,005,331
Total Assets		1,809,857	1,941,270
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,207,262	1,207,262
Reserves		(210,113)	(211,317)
		997,149	995,945
Non-Current Liabilities			
Long term borrowings	22	160,222	169,089
Provisions for liabilities		20,924	20,924
Deferred tax liabilities		22,283	22,299
		203,429	212,312
Current Liabilities			
Short term borrowings	22	254,628	327,138
Trade payables		177,421	217,343
Other payables		162,522	168,704
Provisions for liabilities		13,742	16,999
Tax payable		966	2,829
		609,279	733,013
Total Liabilities		812,708	945,325
Total Equity and Liabilities		1,809,857	1,941,270
Net assets per share attributable to equity holders of the parent (sen)		83	82

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2009 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 2009**

(The figures have not been audited)

	<-----Non-distributable----->				Distributable	
	Share Capital	Treasury Shares	Share Premium	Merger Deficit	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009	1,207,262	(1,904)	9,034	(188,152)	(30,295)	995,945
Profit for the period	-	-	-	-	1,204	1,204
At 30 September 2009	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(188,152)</u>	<u>(29,091)</u>	<u>997,149</u>
At 1 July 2008	1,206,962	(1,904)	8,977	(188,152)	(48,308)	977,575
Issued during the period	300	-	57	-	-	357
Profit for the period					18,013	18,013
At 30 June 2009	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(188,152)</u>	<u>(30,295)</u>	<u>995,945</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 2009 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 2009

(The figures have not been audited)

	3 Months Ended 30/09/2009 RM'000	3 Months Ended 30/09/2008 RM'000
Net cash generated from operating activities	3,933	14,055
Net cash generated from investing activities	1,638	357
Net cash used in financing activities	(79,543)	(57,240)
Net decrease in cash and cash equivalents	(73,972)	(42,828)
Cash and cash equivalents at beginning of financial year	(46,576)	(66,258)
Cash and cash equivalents at end of financial year	(120,548)	(109,086)
 Cash and cash equivalents at end of financial year comprise of the following:		
Cash and bank balances	3,583	25,064
Deposits with licensed banks	9,224	8,932
Bank overdrafts (included within short term borrowings in Note 22)	(133,355)	(143,082)
	(120,548)	(109,086)

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the financial statements.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(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 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 2009. 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 2009.

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 2009.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2009 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 2009.

8 Dividends

No interim dividend has been declared by the Board for the financial period ended 30 September 2009.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

PART A - EXPLANATORY NOTES

9 Segmental Information

	3 months ended 30/09/2009 RM'000	3 months ended 30/09/2008 RM'000
Segment Revenue		
Property development	68,450	65,143
Leisure	9,182	8,815
Investment	6,414	6,574
Others	2,938	2,668
	<u>86,984</u>	<u>83,200</u>
Eliminations	(6,175)	(6,347)
Total revenue	<u>80,809</u>	<u>76,853</u>
Segment Results		
Property development	5,836	16,050
Leisure	(1,472)	(1,807)
Investment	1,841	4,347
Others	1,253	1,110
Profit from operations	<u>7,458</u>	<u>19,700</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 investment properties have been revalued at the end of the financial year ended 30 June 2009.

11 Changes in the Composition of the Group

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

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 RM281,977,000 as at 30 September 2009.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

PART A - EXPLANATORY NOTES

14 Changes in Contingent Liabilities and Contingent Assets (Contd)

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 IRB rejected MPSB's appeal and demanded MPSB to pay the outstanding tax and additional penalties amounting to RM14,586,000. MPSB has since submitted a Notice of Appeal to the Special Commissioners of Income Tax.

On 2 June 2009, the IRB has forwarded MPSB's appeal to the Special Commissioners of Income Tax ("SCIT") and the SCIT has fixed trial on 22 and 23 April 2010.

Subsequent to the initial appeal to the IRB, the IRB has initiated a civil suit against MPSB and has served a writ of summon and statement of claim for RM13.5 million to MPSB. In response, MPSB has filed an application for stay of proceedings and extension of time to file defence. The Court has given direction to both parties to file written submissions and fixed 9 December 2009 for oral submission. An undertaking has also been obtained by MPSB from the IRB that no proceedings will be taken against MPSB pending disposal of stay.

The directors have decided that a provision will not be made for this amount as MPSB is disputing the assessment on technical grounds.

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 after taxation of RM80.8 million and RM1.2 million respectively for the current quarter ended 30 September 2009.

The revenue and profit after taxation are contributed mainly from the sales and construction progress of development properties in the Klang Valley.

16 Variations of Results Against The Preceding Quarter

The Group recorded a revenue of RM80.8 million, an increase of 264% (or RM58.6 million), compared to revenue of RM22.2 million recorded in the immediate preceding quarter. The higher revenue achieved for the current financial period was mainly due to higher sales of development properties compared to the preceding quarter. The profit after taxation of RM1.2 million for the current quarter decreased by RM3.6 million as compared to RM4.8 million recorded in the preceding quarter. The higher profit after taxation for the preceding quarter was mainly due to reversal of deferred tax liability of RM35.3 million no longer required.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

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

17 Commentary on Prospects

The Group is cautiously optimistic on its prospects moving forward given the increased interests from both local and overseas purchasers in the Group's property development projects in the Klang Valley. In addition, the improvement in the global economy together with the various stimulus packages being rolled out by the government will augur well for the economy and the Group.

Barring any unforeseen circumstances, the Board anticipates better financial performance for the current financial year ending 30 June 2010.

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

	3 months ended 30/09/2009 RM'000	3 months ended 30/09/2008 RM'000
Income tax charge for the period	134	8,149
	<u>134</u>	<u>8,149</u>

During the period, the effective tax rate of the Group is lower than the statutory rate at 25% mainly due to availability of Group Tax Relief in accordance with S44A of the Income Tax Act, 1967.

20 Sale of Unquoted Investments and/or Investment Properties

There were no sales of unquoted investment and/or investment properties during the financial period ended 30 September 2009.

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.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

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

21 Status of Corporate Proposals (Cont'd)

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 4 December 2008. 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.

On 22 October 2009, the Company announced its intention to seek the approval of its shareholders at the forthcoming Annual General Meeting, to be held on 9 December 2009, on the proposed renewal of the share buy-back authority.

22 Borrowings and Debt Securities

	As at 30/09/2009 RM'000	As at 30/06/2009 RM'000
Short Term Borrowings :		
Secured		
Bank overdrafts	130,346	131,807
Revolving Credits	49,000	40,000
Hire purchase payables	82	48
Short term portion of long term loans	72,191	92,655
Short term portion of Bonds	-	59,628
	<u>251,619</u>	<u>324,138</u>
Unsecured		
Bank overdrafts	3,009	3,000
Total	<u>254,628</u>	<u>327,138</u>
Long Term Borrowings :		
Secured		
Tranche 2 Bonds	-	60,000
Less: Discount	-	(372)
	-	59,628
Less: Short term portion of Bonds	-	(59,628)
	<u>-</u>	<u>-</u>
Hire purchase payables	169	5
Revolving credits	40,000	50,000
Term loans (long term portion)	80,053	79,084
	<u>120,222</u>	<u>129,089</u>
Unsecured		
Term loan	40,000	40,000
Total	<u>160,222</u>	<u>169,089</u>
Total Borrowings	<u>414,850</u>	<u>496,227</u>

23 Off Balance Sheet Financial Instruments

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

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

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

24 Changes in Material Litigation

As at 16 November 2009, there were no changes in material litigation save as disclosed below since the last audited balance sheet date of 30 June 2009.

- 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. Judgement in Default dated 19 February 2008 has been extracted and served on 28 April 2008. Bankruptcy Notice was filed on 27 May 2008 and STSB's solicitors have served the Creditors Petition by substituted service. Matter is fixed for hearing on 7 December 2009.

- 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.

The Defendant's application to strike out MPSB's Writ and Statement of Claim was dismissed on 5 February 2009 with cost. The matter is now fixed for case management on 18 March 2010.

- 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. On 30 October 2009, Ipoh High Court has dismissed MKDSB's application pursuant to Order 14A of the Rules of High Court 1980. MKDSB will take up the issues in the hearing for Originating Summons which was fixed for mention on 11 December 2009. 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.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

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

24 Changes in Material Litigation (Cont'd)

- d) On 6 April 2009, 171 purchasers ("Plaintiffs") of Lake Town Serviced Apartments ("LTSA"), Bukit Merah, have by way of class action commenced a civil suit in High Court to seek declaration for rescission of the Sales and Purchase Agreements ("SPA") signed from 2001 till 2005 between the Plaintiffs and Segi Objektif (M) Sdn Bhd ("SEGI"), a subsidiary of MK Land Holdings Berhad ("MKLHB"). The Plaintiffs have alleged that SEGI and MKLHB of Misrepresentation in the Recitals of the SPA and Breach of Terms of the SPA.

On 26 October 2009, the Court has allowed MKLHB's application to be struck off as a party to the suit. In addition, our solicitors are also of the opinion that SEGI have a good defence against the suit as the claims by the Plaintiffs are baseless and there is no breach of the terms in the SPA.

25 Earnings per share

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:

	3 months ended 30/09/2009	3 months ended 30/09/2008
Net profit for the period (RM'000)	1,204	4,911
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Earnings per share (sen)	<u>0.10</u>	<u>0.41</u>

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 25 November 2009.