

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2010 RM'000	CUMULATIVE CURRENT YEAR 30/09/2011 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2010 RM'000
Revenue	9	83,136	61,777	83,136	61,777
Cost of sales		(53,584)	(36,299)	(53,584)	(36,299)
Gross profit		29,552	25,478	29,552	25,478
Other operating income		1,114	2,476	1,114	2,476
Administrative expenses		(11,458)	(11,864)	(11,458)	(11,864)
Selling and marketing expenses		(2,152)	(1,919)	(2,152)	(1,919)
Other operating expenses		(5,738)	(5,256)	(5,738)	(5,256)
Profit from operations	9	11,318	8,915	11,318	8,915
Finance costs		(5,005)	(3,303)	(5,005)	(3,303)
Profit before taxation		6,313	5,612	6,313	5,612
Taxation	19	(2,435)	(2,208)	(2,435)	(2,208)
Profit for the period		3,878	3,404	3,878	3,404
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		3,878	3,404	3,878	3,404
Profit for the period					
Attributable to:					
Equity holders of the parent		3,878	3,404	3,878	3,404
Total comprehensive income for the period					
Attributable to:					
Equity holders of the parent		3,878	3,404	3,878	3,404
Basic earnings per share (sen)	26	0.32	0.28	0.32	0.28

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2011.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2011 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2011 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		145,307	144,953
Land held for property development		585,506	585,249
Investment properties	10	178,347	178,347
Associated company		485	485
Deferred tax assets		2,257	2,257
		911,902	911,291
Current Assets			
Property development costs		425,929	422,694
Inventories		118,038	119,088
Trade receivables		329,412	313,444
Other receivables		32,276	33,705
Tax recoverable		9,609	10,530
Cash and bank balances		117,456	139,387
		1,032,720	1,038,848
Total Assets		1,944,622	1,950,139
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,207,262	1,207,262
Reserves		(147,727)	(151,605)
		1,059,535	1,055,657
Non-Current Liabilities			
Long term borrowings	22	90,403	41,459
Other payables		51,390	50,163
Deferred tax liabilities		28,471	28,488
		170,264	120,110
Current Liabilities			
Short term borrowings	22	172,034	227,617
Trade payables		178,781	181,025
Other payables		303,364	305,927
Provisions for liabilities		49,707	51,807
Tax payable		10,937	7,996
		714,823	774,372
Total Liabilities		885,087	894,482
Total Equity and Liabilities		1,944,622	1,950,139
Net assets per share attributable to equity holders of the parent (sen)		88	87

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2011.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

(The figures have not been audited)

	<----- Attributable to the equity holders of the parent ----->					Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000 (Note 23)	Distributable Retained Profits/ (Accumulated Losses) RM'000	
At 1 July 2011	1,207,262	(1,904)	9,034	(158,735)	-	1,055,657
Total comprehensive income for the period	-	-	-	-	3,878	3,878
Transfer to merger deficit				3,878	(3,878)	-
At 30 September 2011	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(154,857)</u>	<u>-</u>	<u>1,059,535</u>
At 1 July 2010	1,207,262	(1,904)	9,034	(188,152)	(19,283)	1,006,957
Effects of applying FRS 139					29,740	29,740
At 1 July 2010, restated	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(188,152)</u>	<u>10,457</u>	<u>1,036,697</u>
Total comprehensive income for the period	-	-	-	-	18,960	18,960
Transfer to merger deficit				29,417	(29,417)	-
At 30 June 2011	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(158,735)</u>	<u>-</u>	<u>1,055,657</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 2011.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

	3 Months Ended 30/09/2011 RM'000	3 Months Ended 30/09/2010 RM'000
Net cash (used in) / generated from operating activities	(11,522)	69,801
Net cash used in investing activities	(1,390)	(708)
Net cash generated from / (used in) financing activities	43,106	(53,962)
Net increase in cash and cash equivalents	<u>30,194</u>	<u>15,131</u>
Cash and cash equivalents at beginning of financial period	<u>56,384</u>	<u>(105,332)</u>
Cash and cash equivalents at end of financial period	<u><u>86,578</u></u>	<u><u>(90,201)</u></u>
Cash and cash equivalents at end of financial period comprise of the following:		
Deposits with licensed banks	36,793	2,089
Cash and bank balances	80,663	33,437
Bank overdrafts (included within short term borrowings in Note 22)	(30,878)	(125,727)
	<u><u>86,578</u></u>	<u><u>(90,201)</u></u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2011.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(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 interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2011. 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 2011.

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 audited financial statements for the financial year ended 30 June 2011, except for the adoption of the following Amendments to FRSs, IC Interpretations, Amendments to IC Interpretations and Improvements to FRSs which are applicable to its financial statements and relevant to the Group's operations.

Amendments to FRSs, IC Interpretations, Amendments to IC Interpretations and Improvement to FRSs:

Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosure for First Time Adopters
Amendments to FRS 1	Additional Exemptions for First Time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Statements
IC Interpretation 4	Determining whether an Agreement contains a Lease
IC Interpretation 18	Transfer of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirements
Improvements to FRS :	
FRS 1	First Time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 128	Investment in Associates
FRS 131	Investment in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments : Recognition and Measurement

The adoption of the above Amendments to FRSs, IC Interpretations, Amendments to IC Interpretations and Improvements to FRSs does 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 2011 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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

PART A - EXPLANATORY NOTES

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 period ended 30 September 2011.

8 Dividends

No interim dividend has been declared by the Board for the financial period ended 30 September 2011.

9 Segmental Information

	3 Months Ended 30/09/2011 RM'000	3 Months Ended 30/09/2010 RM'000
Segment Revenue		
Property development	71,992	49,827
Leisure	8,984	8,834
Investment	7,658	6,491
Education	2,160	3,116
	<u>90,794</u>	<u>68,268</u>
Eliminations	(7,658)	(6,491)
Total revenue	<u>83,136</u>	<u>61,777</u>
Segment Results		
Property development	8,033	7,632
Leisure	(633)	(1,660)
Investment	3,993	2,467
Education	(75)	476
Profit from operations	<u>11,318</u>	<u>8,915</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 2011.

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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

PART A - EXPLANATORY NOTES

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 amounted to RM164,897,000 as at 30 September 2011.

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 RM14.6 million. 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 on 6 May 2011, SCIT dismissed the appeal and MPSB has filed an appeal to the High Court on 24 May 2011. No hearing date has been fixed.

Subsequent to the initial appeal to the IRB, the IRB has initiated a civil suit against MPSB and has served a writ of summons and statement of claim for RM13.5 million to MPSB. In response, MPSB has filed an application for stay of proceedings. On 11th February 2010, the Shah Alam High Court has granted a stay of proceedings until the final disposal of the appeal before the SCIT. Subsequently, the IRB has on 5 March 2010 filed a notice of appeal to the High Court on the decision to grant the stay of proceedings. The Court had, on 16 March 2011, allowed IRB's appeal. On 15 April 2011, MPSB has filed a defense at the High Court against the civil suit. Case management is fixed on 21 November 2011 and the hearing date is 7 December 2011.

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 RM83.1 million and RM3.9 million respectively for the current quarter ended 30 September 2011.

Property development segment generated RM72.0 million, representing 86.6% of the total revenue for the three months period ended 30 September 2011. The revenue is mainly from the sales and construction progress of development properties in the Klang Valley and Ipoh projects.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

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

16 Variations of Results Against The Preceding Quarter

The Group recorded profit after taxation of RM3.9 million for the current quarter as compared to a profit after taxation of RM3.2 million recorded in the preceding quarter, representing a 15% increase in profit after tax.

The improved profit before tax in the current quarter was mainly due to provisions and impairments made in the preceding quarter.

17 Commentary on Prospects

The Group's strategically located projects, especially in the Klang Valley and Ipoh, together with a resilient property market assisted by the Government's policies are expected to be the key drivers for its growth.

Barring unforeseen circumstances, the Board of Directors anticipates better financial performance for the financial year ending 30 June 2012.

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 30/09/2011 RM'000	3 Months Ended 30/09/2010 RM'000
Income tax expense :		
Charge for the period	2,452	2,225
Deferred tax	(17)	(17)
	<u>2,435</u>	<u>2,208</u>

The effective tax rate for the Group is higher than the statutory tax rate at 25% principally due to the losses of certain subsidiaries which cannot be fully set off against taxable profits made by other subsidiaries.

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 2011.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(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

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 8 December 2010. 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 20 October 2011, the Company announced its intention to seek the approval of its shareholders at the forthcoming Annual General Meeting to be held on 6 December 2011 on the proposed renewal of the share buy-back mandate.

22 Borrowings and Debt Securities

	At 30/09/2011 RM'000	At 30/06/2011 RM'000
Short Term Borrowings :		
Secured		
Bank overdrafts	30,878	83,003
Revolving credits	61,906	64,205
Hire purchase payables	103	102
Short term portion of term loans	39,147	40,307
	<u>132,034</u>	<u>187,617</u>
Unsecured		
Term loan	40,000	40,000
	<u>172,034</u>	<u>227,617</u>
Long Term Borrowings :		
Secured		
Hire purchase payables	228	262
Term loans (long term portion)	90,175	41,197
	<u>90,403</u>	<u>41,459</u>
Total Borrowings	<u>262,437</u>	<u>269,076</u>

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

(The figures have not been audited)

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

23 Merger Deficit

	At 30/09/2011 RM'000	At 30/06/2011 RM'000
Unrealised	45,415	45,398
Realised	(200,272)	(204,133)
Total merger deficit	<u>(154,857)</u>	<u>(158,735)</u>

24 Off Balance Sheet Financial Instruments

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

25 Changes in Material Litigation

As at 18 November 2011, there were no changes in material litigation save as disclosed below since the last audited balance sheet date of 30 June 2011.

- a) 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 case management was held on 22 November 2010 while the Trial was held between 28 March to 18 April 2011. On 20 May 2011, the High Court dismissed our claim and we had, on 17 June 2011, filed an appeal to the Court of Appeal.

- b) 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. No hearing date has been fixed.

On 26 October 2009, the Court has allowed MKLHB's application to be struck off as a party to the suit. The Plaintiffs have made an appeal to the Court of Appeal on the striking off of MKLHB as a party to the suit. On 4 May 2011, the Court of Appeal dismissed the Plaintiff's appeal. Nonetheless, our solicitors are of the opinion that SEGI have a good defense against the suit as the claims by the Plaintiffs are baseless and there is no breach of the terms in the SPA.

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NOTES TO THE ACCOUNTS (The figures have not been audited)

(The figures have not been audited)

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

26 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 30/09/2011	3 Months Ended 30/09/2010
Net profit for the period (RM'000)	3,878	3,404
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>0.32</u>	<u>0.28</u>

27 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 24 November 2011.