

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2011 RM'000	CUMULATIVE CURRENT YEAR 30/09/2012 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2011 RM'000
Revenue	9	91,944	83,136	91,944	83,136
Cost of sales		(59,192)	(50,850)	(59,192)	(50,850)
Gross profit		32,752	32,286	32,752	32,286
Other operating income	10	1,289	1,272	1,289	1,272
Administrative expenses		(15,025)	(14,192)	(15,025)	(14,192)
Selling and marketing expenses		(2,647)	(2,152)	(2,647)	(2,152)
Other operating expenses		(5,658)	(5,738)	(5,658)	(5,738)
Profit from operations	9	10,711	11,476	10,711	11,476
Finance costs		(2,860)	(5,163)	(2,860)	(5,163)
Profit before taxation	11	7,851	6,313	7,851	6,313
Taxation	21	(3,784)	(2,435)	(3,784)	(2,435)
Profit for the period		4,067	3,878	4,067	3,878
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		4,067	3,878	4,067	3,878
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		4,067	3,878	4,067	3,878
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		4,067	3,878	4,067	3,878
<b>Basic earnings per share (sen)</b>	26	0.34	0.32	0.34	0.32

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2012.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 30 SEPTEMBER 2012**

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2012 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2012 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		163,930	162,318
Land held for property development		601,941	601,941
Investment properties	12	195,165	195,165
Deferred tax assets		2,969	2,969
		964,005	962,393
<b>Current Assets</b>			
Property development costs		408,007	399,642
Inventories		119,888	119,899
Trade receivables		291,797	296,989
Other receivables		29,800	29,154
Tax recoverable		10,811	9,800
Cash and bank balances		141,782	158,368
		1,002,085	1,013,852
<b>Total Assets</b>		1,966,090	1,976,245
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,207,262	1,207,262
Reserves		(123,333)	(127,400)
		1,083,929	1,079,862
<b>Non-Current Liabilities</b>			
Long term borrowings	23	85,256	53,777
Other payables		54,985	54,040
Provision for liabilities		34,530	34,530
Deferred tax liabilities		34,948	34,965
		209,719	177,312
<b>Current Liabilities</b>			
Short term borrowings	23	89,218	140,369
Trade payables		245,666	236,884
Other payables		288,900	295,758
Provisions for liabilities		31,748	33,967
Tax payable		16,910	12,093
		672,442	719,071
<b>Total Liabilities</b>		882,161	896,383
<b>Total Equity and Liabilities</b>		1,966,090	1,976,245
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		90	89

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2012.

# M K LAND HOLDINGS BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(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 24)	Distributable Retained Profits/ (Accumulated Losses) RM'000	
<b>At 1 July 2012</b>	1,207,262	(1,904)	9,034	(134,530)	-	1,079,862
Total comprehensive income for the period					4,067	4,067
Transfer to merger deficit				4,067	(4,067)	-
<b>At 30 September 2012</b>	1,207,262	(1,904)	9,034	(130,463)	-	1,083,929
<b>At 1 July 2011</b>	1,207,262	(1,904)	9,034	(158,735)	-	1,055,657
Total comprehensive income for the period					24,205	24,205
Transfer to merger deficit				24,205	(24,205)	-
<b>At 30 June 2012</b>	1,207,262	(1,904)	9,034	(134,530)	-	1,079,862

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 2012.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

	3 Months Ended 30/09/2012 RM'000	3 Months Ended 30/09/2011 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	7,851	6,313
Adjustments for non-cash and non-operating items	7,133	6,706
Operating profit before working capital changes	14,984	13,019
Increase in land held for property development & property development cost	(8,365)	(3,492)
Decrease in inventories	11	1,050
Decrease/(increase) in receivables	3,642	(14,539)
Increase/(decrease) in payables	1,552	(5,680)
Cash generated from/(used in) operations	11,824	(9,642)
Taxes refunded	(5)	(1,410)
<b>Net cash generated from/(used in) operations</b>	<b>11,819</b>	<b>(11,052)</b>
<b>Cash flows from investing activity</b>		
Purchase of property, plant & equipment	(3,198)	(1,689)
<b>Net cash used in investing activity</b>	<b>(3,198)</b>	<b>(1,689)</b>
<b>Cash flows from financing activities</b>		
Net drawdown/repayment of borrowings	18,727	46,713
Interest paid	(1,915)	(3,778)
<b>Net cash generated from financing activities</b>	<b>16,812</b>	<b>42,935</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,433</b>	<b>30,194</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>109,299</b>	<b>56,384</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>134,732</b>	<b>86,578</b>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Deposits with licensed banks	5,387	36,793
Cash and bank balances	136,395	80,663
	141,782	117,456
Bank overdrafts (included within short term borrowings in Note 23)	(7,050)	(30,878)
	134,732	86,578

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2012.

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (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 2012. 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 2012.

#### 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 2012, except for the adoption of the following Financial Reporting Standards (FRS) and Amendments to FRSs which are mandatory for these financial statements.

FRS and Amendments to FRSs:

FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income

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 2012 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 period ended 30 September 2012.

#### 8 Dividends

No interim dividend has been declared by the Board for the financial period ended 30 September 2012.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 9 Segmental Information

	3 Months Ended 30/09/2012 RM'000	3 Months Ended 30/09/2011 RM'000
<b>Segment Revenue</b>		
Property development	81,691	71,992
Leisure	8,591	8,984
Investment	7,007	7,658
Education	1,662	2,160
	<hr/> 98,951	<hr/> 90,794
Eliminations on consolidation	(7,007)	(7,658)
Total revenue	<hr/> 91,944	<hr/> 83,136
<b>Segment Results</b>		
Property development	9,274	8,110
Leisure	(1,797)	(624)
Investment	3,654	3,993
Education	(440)	(75)
	<hr/> 10,691	<hr/> 11,404
Eliminations on consolidation	20	72
Profit from operations	<hr/> 10,711	<hr/> 11,476

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

#### 10 Other Operating Income

	3 Months Ended		3 Months Ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Included in the other operating income are:				
Interest income	736	412	736	412
Rental income	734	324	734	324
	<hr/>	<hr/>	<hr/>	<hr/>

#### 11 Profit Before Taxation

	3 Months Ended		3 Months Ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	2,860	5,163	2,860	5,163
Depreciation	1,586	1,335	1,586	1,335
	<hr/>	<hr/>	<hr/>	<hr/>

The other items required by Para 9.22 of the Bursa Malaysia Listing Requirements are not applicable to the Group.

#### 12 Carrying Amount of Revalued Assets

The investment properties have been revalued at the end of the financial year ended 30 June 2012.

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 13 Changes in the Composition of the Group

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

#### 14 Subsequent events

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

#### 15 Commitments

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

#### 16 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 RM128,416,000 as at 30 September 2012.

##### 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 disagreed 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. 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.

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. 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. No hearing date has been fixed.

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

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

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

#### 17 Performance Analysis

	3 Months Ended		3 Months Ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Property development	81,691	71,992	81,691	71,992
Leisure	8,591	8,984	8,591	8,984
Investment	7,007	7,658	7,007	7,658
Education	1,662	2,160	1,662	2,160
	<u>98,951</u>	<u>90,794</u>	<u>98,951</u>	<u>90,794</u>
Eliminations on consolidation	(7,007)	(7,658)	(7,007)	(7,658)
Total revenue	<u>91,944</u>	<u>83,136</u>	<u>91,944</u>	<u>83,136</u>
<b>Profit before taxation</b>				
Property development	6,638	4,536	6,638	4,536
Leisure	(1,798)	(638)	(1,798)	(638)
Investment	3,519	2,558	3,519	2,558
Education	(441)	(76)	(441)	(76)
	<u>7,918</u>	<u>6,380</u>	<u>7,918</u>	<u>6,380</u>
Elimination on consolidation	(67)	(67)	(67)	(67)
	<u>7,851</u>	<u>6,313</u>	<u>7,851</u>	<u>6,313</u>

The Group recorded revenue and profit before taxation of RM91.9 million and RM7.9 million respectively for the current quarter ended 30 September 2012.

Property development segment generated RM81.7 million, representing 88.9% of the total revenue for the three months period ended 30 September 2012. The revenue is mainly from the sales and construction progress of development properties in the Klang Valley and Ipoh.

#### 18 Variations of Results Against The Preceding Quarter

	3 Months Ended	
	30/09/2012	30/06/2012
	RM'000	RM'000
<b>Profit before taxation</b>		
Property development	6,638	23,958
Leisure	(1,798)	(1,311)
Investment	3,519	2,551
Education	(441)	(13)
	<u>7,918</u>	<u>25,185</u>
Eliminations on consolidation	(67)	(16,042)
	<u>7,851</u>	<u>9,143</u>

The Group recorded profit before taxation of RM7.9 million for the current quarter as compared to a profit before taxation of RM9.1 million recorded in the preceding quarter, representing a 14.1% decrease in profit before tax.

The material changes were recorded by the property development segment. The property development segment recorded lower revenue in the current quarter as a block of 422 units of condominium (Metropolitan Square) was completed and handed over in the preceding quarter.



# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

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

#### 19 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 2013.

#### 20 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.

#### 21 Taxation

	3 Months Ended 30/09/2012 RM'000	3 Months Ended 30/09/2011 RM'000
Income tax expense :		
Charge for the period	3,801	2,452
Deferred tax	(17)	(17)
	<u>3,784</u>	<u>2,435</u>

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

#### 22 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 6 December 2011. 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 Bursa Securities Malaysia Berhad ("Bursa Securities") requirements to maintain the 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 17 October 2012, the Company announced its intention to seek the approval of its shareholders at the forthcoming Annual General Meeting to be held on 30 November 2012 on the proposed renewal of the share buy-back mandate.

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

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

#### 23 Borrowings and Debt Securities

Secured	At	At
	30/09/2012	30/06/2012
	RM'000	RM'000
<b>Short Term Borrowings :</b>		
Bank overdrafts	7,050	49,069
Revolving credits	49,606	55,705
Hire purchase payables	66	95
Short term portion of term loans	32,496	35,500
	<u>89,218</u>	<u>140,369</u>
<b>Long Term Borrowings :</b>		
Hire purchase payables	130	194
Term loans (long term portion)	85,126	53,583
	<u>85,256</u>	<u>53,777</u>
<b>Total Borrowings</b>	<u>174,474</u>	<u>194,146</u>

#### 24 Realised and Unrealised Profits/Losses

	At	At
	30/09/2012	30/06/2012
	RM'000	RM'000
Unrealised	45,131	45,148
Realised	(175,594)	(179,678)
Total	<u>(130,463)</u>	<u>(134,530)</u>

#### 25 Changes in Material Litigation

As at 22 November 2012, there were no changes in material litigation save as disclosed below since the last audited statement of financial position of 30 June 2012.

- a) 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. 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. Subsequently, the plaintiffs filed a fresh suit against all the financiers involved and thereafter applied to consolidate the same with the suit herein. The financiers had filed applications to strike out the action against them. The Court will hear the application by the financiers to strike out the action and case management was on 14 February 2012. No hearing date has been fixed.

The Plaintiffs has filed an application to amend their writ of summons and statement of claim to add on the number of plaintiffs. The application for case management was heard on 31 October 2012 and is fixed for decision on 14 December 2012.

We have filed a notice of taxation and bill of cost on 23 April 2012 in relation to the Court's decision for MKLHB to be struck off as a party to the suit. The notice of taxation which was fixed for hearing on 31 October 2012 has been deferred.

Nonetheless, our solicitors are of the opinion that SEGI has 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 FOR THE PERIOD ENDED 30 SEPTEMBER 2012

(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 30/09/2012	3 Months Ended 30/09/2011
Net profit for the period (RM'000)	4,067	3,878
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>0.34</u>	<u>0.32</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 29 November 2012.