

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER (12 Mths)	
		CURRENT YEAR QUARTER 30/06/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2012 RM'000	CUMULATIVE CURRENT YEAR 30/06/2013 RM'000	CUMULATIVE PRECEDING YEAR 30/06/2012 RM'000
Revenue	9	124,290	159,629	463,667	428,530
Cost of sales		(65,265)	(104,362)	(289,873)	(263,260)
Gross profit		59,025	55,267	173,794	165,270
Other operating income	10	18,589	19,832	23,471	25,518
Administrative expenses		(19,490)	(18,304)	(67,248)	(66,052)
Selling and marketing expenses		(2,642)	(2,840)	(10,978)	(10,040)
Other operating expenses		(26,295)	(36,518)	(43,423)	(55,090)
Profit from operations	9	29,187	17,437	75,616	59,606
Finance costs		(5,600)	(7,318)	(12,952)	(20,502)
Share of losses of associates		-	(975)	-	(975)
Profit before taxation	11	23,587	9,144	62,664	38,129
Taxation	21	(8,964)	(2,822)	(22,077)	(13,924)
Profit for the period		14,623	6,322	40,587	24,205
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		14,623	6,322	40,587	24,205
Profit for the period					
Attributable to:					
Equity holders of the parent		14,623	6,322	40,587	24,205
Total comprehensive income for the period					
Attributable to:					
Equity holders of the parent		14,623	6,322	40,587	24,205
Basic earnings per share (sen)	26	1.21	0.52	3.37	2.01

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2013 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2012 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		183,658	162,318
Land held for property development		609,180	601,941
Investment properties	12	211,054	195,165
Deferred tax assets		2,969	2,969
		1,006,861	962,393
Current Assets			
Property development costs		398,430	399,642
Inventories		117,636	119,899
Trade receivables		276,529	296,989
Other receivables		35,597	29,154
Tax recoverable		10,110	9,800
Cash and bank balances		109,999	158,368
		948,301	1,013,852
Total Assets		1,955,162	1,976,245
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,207,262	1,207,262
Reserves		(104,882)	(127,400)
		1,102,380	1,079,862
Non-Current Liabilities			
Long term borrowings	23	84,668	53,777
Other payables		57,822	88,570
Deferred tax liabilities		34,494	34,965
		176,984	177,312
Current Liabilities			
Short term borrowings	23	66,252	140,369
Trade payables		262,824	236,884
Other payables		334,066	329,725
Tax payable		12,656	12,093
		675,798	719,071
Total Liabilities		852,782	896,383
Total Equity and Liabilities		1,955,162	1,976,245
Net assets per share attributable to equity holders of the parent (sen)		91	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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

(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	
At 1 July 2012	1,207,262	(1,904)	9,034	(134,530)	-	1,079,862
Total comprehensive income for the period	-	-	-	-	40,587	40,587
Dividend	-	-	-	-	(18,069)	(18,069)
Transfer to merger deficit	-	-	-	22,518	(22,518)	-
At 30 June 2013	1,207,262	(1,904)	9,034	(112,012)	-	1,102,380
At 1 July 2011	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)	-
At 30 June 2012	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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

(The figures have not been audited)

	12 Months Ended 30/06/2013 RM'000	12 Months Ended 30/06/2012 RM'000
Cash flows from operating activities		
Profit before tax	62,664	38,129
Adjustments for non-cash and non-operating items	9,262	25,769
Operating profit before working capital changes	71,926	63,898
Decrease in land held for property development & property development cost	6,027	6,360
Decrease/(increase) in inventories	2,263	(811)
Decrease in receivables	14,017	21,006
(Decrease)/increase in payables	(32,445)	49,567
Cash generated from operations	61,788	140,020
Taxes paid	(22,295)	(3,332)
Net cash generated from operating activities	39,493	136,688
Cash flows from investing activities		
Purchase of property, plant & equipment	(27,449)	(23,510)
Proceeds from disposal of property, plant & equipment	32	3
Investment in associate	-	(490)
Proceeds from disposal of associate	980	-
Proceeds from disposal of investment property	-	530
Net cash used in investing activities	(26,437)	(23,467)
Cash flows from financing activities		
Net drawdown/(repayment) of borrowings	7,366	(40,996)
Interest paid	(12,949)	(19,310)
Dividend paid	(9,034)	-
Net cash generated used in financing activities	(14,617)	(60,306)
Net (decrease)/increase in cash and cash equivalents	(1,561)	52,915
Cash and cash equivalents at beginning of financial period	109,299	56,384
Cash and cash equivalents at end of financial period	107,738	109,299
Cash and cash equivalents at end of financial period comprise the following:		
Deposits with licensed banks	5,521	7,009
Cash and bank balances	104,478	151,359
	109,999	158,368
Bank overdrafts (included within short term borrowings in Note 23)	(2,261)	(49,069)
	107,738	109,299

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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013

(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 FRS and Amendments 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 June 2013.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013

(The figures have not been audited)

PART A - EXPLANATORY NOTES

8 Dividends

The Company paid an interim dividend of 1 sen less 25% tax for the financial year ended 30 June 2013 on 26 February 2013. On 21 May 2013, the Company declared a second interim dividend of 1 sen less 25% tax for the financial year ended 30 June 2013.

9 Segmental Information

	12 Months Ended 30/06/2013 RM'000	12 Months Ended 30/06/2012 RM'000
Segment Revenue		
Property development	417,296	377,860
Leisure	40,874	43,097
Investment	33,322	34,012
Education	5,497	7,809
	<hr/> 496,989	<hr/> 462,778
Adjustments on consolidation	(33,322)	(34,248)
Total revenue	<hr/> 463,667	<hr/> 428,530
Segment Results		
Property development	78,578	60,797
Leisure	(4,394)	235
Investment	17,041	15,212
Education	(1,117)	(277)
	<hr/> 90,108	<hr/> 75,967
Adjustments on consolidation	(14,492)	(16,361)
Profit from operations	<hr/> 75,616	<hr/> 59,606

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		12 Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Included in the other operating income are:				
Gain on disposal of property, plant & equipment	-	3	32	3
Gain on disposal of investment property	-	-	-	80
Fair value adjustment on investment properties	15,889	17,249	15,889	17,249
Gain on disposal of associate	980	-	980	-
Interest income	347	662	2,343	2,603
Rental income	533	683	2,453	1,634
	<hr/> 533	<hr/> 683	<hr/> 2,453	<hr/> 1,634

11 Profit Before Taxation

	3 Months Ended		12 Months Ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	5,600	7,318	12,952	20,502
Provision for receivables	289	8,812	289	8,812
Depreciation	1,534	1,537	6,109	6,109
	<hr/> 1,534	<hr/> 1,537	<hr/> 6,109	<hr/> 6,109

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

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013

(The figures have not been audited)

PART A - EXPLANATORY NOTES

12 Carrying Amount of Revalued Assets

The investment properties have been revalued at the end of the financial year ended 30 June 2013.

13 Changes in the Composition of the Group

Other than the disposal of an associate, Laras Kualiti Sdn Bhd, whose principal activity is construction, 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 RM110.4 million as at 30 June 2013.

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.

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.

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. SCIT has set the hearing on 11 and 14 November 2013.

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 JUNE 2013

(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		12 Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property development	113,469	147,466	417,296	377,860
Leisure	9,492	10,268	40,874	43,097
Investment	12,304	10,967	33,322	34,012
Education	1,329	1,641	5,497	7,809
	<u>136,594</u>	<u>170,342</u>	<u>496,989</u>	<u>462,778</u>
Adjustments on consolidation	(12,304)	(10,713)	(33,322)	(34,248)
Total revenue	<u>124,290</u>	<u>159,629</u>	<u>463,667</u>	<u>428,530</u>
Profit before taxation				
Property development	34,259	23,959	67,878	42,099
Leisure	(2,596)	(1,311)	(4,440)	185
Investment	7,238	2,551	16,110	12,366
Education	252	(13)	(1,118)	(279)
	<u>39,153</u>	<u>25,186</u>	<u>78,430</u>	<u>54,371</u>
Adjustments on consolidation	(15,566)	(16,042)	(15,766)	(16,242)
	<u>23,587</u>	<u>9,144</u>	<u>62,664</u>	<u>38,129</u>

The Group recorded revenue and profit before taxation of RM463.7 million and RM62.7 million respectively for the current year ended 30 June 2013.

Property development segment generated RM417.3 million, representing 90.0% of the total revenue for the current year ended 30 June 2013. The revenue is mainly from the sales and construction progress of development properties in the Klang Valley and Ipoh. The loss before tax for the leisure was mainly due to higher overheads incurred, that arose from the adoption of the minimum wage requirements. The higher profit for the investment segment was due to lower interest resulting from the paring down of borrowings, while the higher loss of the education segment was due to lower student intake during the year.

18 Variations of Results Against The Preceding Quarter

	3 Months Ended	
	30/06/2013	31/03/2013
	RM'000	RM'000
Profit before taxation		
Property development	34,259	19,056
Leisure	(2,596)	(1,517)
Investment	7,238	2,706
Education	252	(647)
	<u>39,153</u>	<u>19,598</u>
Adjustments on consolidation	(15,566)	(67)
	<u>23,587</u>	<u>19,531</u>

The Group recorded profit before taxation of RM23.6 million for the current quarter as compared to a profit before taxation of RM19.5 million recorded in the preceding quarter, representing a 21.0% increase in profit before tax.

The property development segment recorded a revenue of RM113.5 million compared to the preceding quarter of RM124.5 million due to higher construction activities during the preceding quarter. The higher profit before tax is higher in this quarter due to the fair value adjustment of investment properties. The leisure segment's loss of RM2.6 million in this quarter was due to higher overheads incurred. The improved results of the investment and education segments were due to dividend from a subsidiary and rationalisation of management fees respectively.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013

(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 are expected to be the key drivers for its growth.

Barring unforeseen circumstances, the Board of Directors anticipates the Group to record improved performance in the financial year ending 30 June 2014.

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

	12 Months Ended 30/06/2013 RM'000	12 Months Ended 30/06/2012 RM'000
Income tax expense :		
Charge for the period	22,548	8,159
Deferred tax	(471)	5,765
	<u>22,077</u>	<u>13,924</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 30 November 2012. 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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2013

(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
	30/06/2013	30/06/2012
	RM'000	RM'000
Short Term Borrowings :		
Bank overdrafts	2,261	49,069
Revolving credits	25,306	55,705
Hire purchase payables	47	95
Short term portion of term loans	38,638	35,500
	<u>66,252</u>	<u>140,369</u>
Long Term Borrowings :		
Hire purchase payables	118	194
Term loans (long term portion)	84,550	53,583
	<u>84,668</u>	<u>53,777</u>
Total Borrowings	<u>150,920</u>	<u>194,146</u>

24 Realised and Unrealised Profits/Losses

	At	At
	30/06/2013	30/06/2012
	RM'000	RM'000
Unrealised	43,313	45,148
Realised	(155,325)	(179,678)
Total	<u>(112,012)</u>	<u>(134,530)</u>

25 Changes in Material Litigation

As at 16 August 2013, 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 Plaintiffs' appeal. 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 was fixed for decision on 14 December 2012 is now deferred to 22 February 2013. On 22 February 2013, the Court allowed the Plaintiff's application to amend the summon in respect of the Statement of Claim but dismissed the Plaintiff's application to add on the number of plaintiffs and our application to strike out the Plaintiff's summons. On 20 March 2013, we filed an appeal to the Court of Appeal against the above decisions. Case management was fixed on 4 June 2013 and the full trial from 17 to 20 September 2013.

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 plaintiff's application to review the 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 JUNE 2013

(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:

	12 Months Ended 30/06/2013	12 Months Ended 30/06/2012
Net profit for the period (RM'000)	40,587	24,205
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>3.37</u>	<u>2.01</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 22 August 2013.