

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q2)		CUMULATIVE QUARTER (6 Mths)	
		CURRENT YEAR QUARTER 31/12/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2012 RM'000	CUMULATIVE CURRENT YEAR 31/12/2013 RM'000	CUMULATIVE PRECEDING YEAR 31/12/2012 RM'000
Revenue	9	140,452	112,253	259,241	204,196
Cost of sales		(91,380)	(74,269)	(171,581)	(133,461)
Gross profit		49,072	37,984	87,660	70,735
Other operating income	10	1,903	2,420	2,947	3,709
Administrative expenses		(18,053)	(16,585)	(34,544)	(31,610)
Selling and marketing expenses		(4,283)	(3,091)	(7,780)	(5,737)
Other operating expenses		(4,919)	(5,980)	(12,068)	(11,638)
Profit from operations	9	23,720	14,748	36,215	25,459
Finance costs		(4,188)	(3,052)	(6,975)	(5,912)
Profit before taxation	11	19,532	11,696	29,240	19,547
Taxation	21	(5,719)	(3,155)	(9,975)	(6,939)
Profit for the period		13,813	8,541	19,265	12,608
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		13,813	8,541	19,265	12,608
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		13,813	8,541	19,265	12,608
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		13,813	8,541	19,265	12,608
<b>Basic earnings per share (sen)</b>	26	1.15	0.71	1.60	1.05

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2013.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2013 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2013 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		188,803	183,889
Land held for property development		597,848	597,848
Investment properties	12	211,087	211,087
Deferred tax assets		3,847	3,847
		<u>1,001,585</u>	<u>996,671</u>
<b>Current Assets</b>			
Property development costs		408,935	415,879
Inventories		115,900	117,689
Trade receivables		252,999	266,806
Other receivables		34,533	33,293
Tax recoverable		8,990	7,352
Cash and bank balances		135,041	110,427
		<u>956,398</u>	<u>951,446</u>
<b>Total Assets</b>		<u>1,957,983</u>	<u>1,948,117</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,207,262	1,207,262
Reserves		(94,892)	(105,123)
		<u>1,112,370</u>	<u>1,102,139</u>
<b>Non-Current Liabilities</b>			
Long term borrowings	23	105,575	105,336
Other payables		59,577	57,423
Deferred tax liabilities		43,559	43,525
		<u>208,711</u>	<u>206,284</u>
<b>Current Liabilities</b>			
Short term borrowings	23	37,664	45,591
Trade payables		241,413	249,296
Other payables		268,262	261,735
Provisions for liabilities		79,520	80,148
Tax payable		10,043	2,924
		<u>636,902</u>	<u>639,694</u>
<b>Total Liabilities</b>		<u>845,613</u>	<u>845,978</u>
<b>Total Equity and Liabilities</b>		<u>1,957,983</u>	<u>1,948,117</u>
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		<u>92</u>	<u>91</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2013.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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	<-----Non-distributable----->		Distributable	
			Share Premium RM'000	Merger Deficit RM'000	Retained Profits RM'000	
				(Note 24)		
<b>At 1 July 2013</b>	1,207,262	(1,904)	9,034	(112,253)	-	1,102,139
Total comprehensive income for the period	-	-	-	-	19,265	19,265
Dividend on ordinary shares	-	-	-	-	(9,034)	(9,034)
Transfer to merger deficit	-	-	-	10,231	(10,231)	-
<b>At 31 December 2013</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(102,022)</u>	<u>-</u>	<u>1,112,370</u>
<b>At 1 July 2012</b>	1,207,262	(1,904)	9,034	(134,530)	-	1,079,862
Total comprehensive income for the period	-	-	-	-	40,345	40,345
Dividend on ordinary shares	-	-	-	-	(18,068)	(18,068)
Transfer to merger deficit	-	-	-	22,277	(22,277)	-
<b>At 30 June 2013</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(112,253)</u>	<u>-</u>	<u>1,102,139</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 2013.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2013

(The figures have not been audited)

	6 Months Ended 31/12/2013 RM'000	6 Months Ended 31/12/2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	29,240	19,547
Adjustments for non-cash and non-operating items	8,023	8,938
Operating profit before working capital changes	37,263	28,485
Decrease/(increase) in land held for property development & property development cost	6,944	(5,711)
Decrease in inventories	1,789	469
Decrease in receivables	12,567	8,818
Increase/(decrease) in payables	16,084	(24,964)
Cash generated from operations	74,647	7,097
Taxes paid	(4,459)	(1,858)
<b>Net cash generated from operating activities</b>	70,188	5,239
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(8,428)	(10,217)
<b>Net cash used in investing activities</b>	(8,428)	(10,217)
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of borrowings	(15,153)	6,952
Dividend paid	(18,068)	-
Interest paid	(6,975)	(5,912)
<b>Net cash (used in)/generated from financing activities</b>	(40,196)	1,040
<b>Net increase/(decrease) in cash and cash equivalents</b>	21,564	(3,938)
<b>Cash and cash equivalents at beginning of financial period</b>	108,166	109,299
<b>Cash and cash equivalents at end of financial period</b>	129,730	105,361
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Deposits with licensed banks	5,557	5,386
Cash and bank balances	129,484	100,229
Bank overdrafts (included within short term borrowings in Note 23)	(5,311)	(254)
	129,730	105,361

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2013.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 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 2013. 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 2013.

#### 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 2013, 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:

Amendments to FRS 101	Presentation of Financial Statements (Improvements to FRSs (2012))
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of interest in Other Entities
FRS 13	Fair Value Measurements
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to FRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11	Joint Arrangements: Transition Guidance
Amendments to FRS 12	Disclosure of Interest in Other Entities: Transition Guidance

The adoption of the above FRSs 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 2013 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.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(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 31 December 2013.

#### 8 Dividends

The Company on 27 November 2013, declared an interim dividend of 1 sen less 25% tax for the financial year ending 30 June 2014 which was paid on 27 December 2013.

#### 9 Segmental Information

	6 Months Ended 31/12/2013 RM'000	6 Months Ended 31/12/2012 RM'000
<b>Segment Revenue</b>		
Property development	235,159	179,367
Leisure	23,172	21,711
Investment	17,125	14,013
Education	912	3,118
	<hr/> 276,368	<hr/> 218,209
Eliminations on consolidation	(17,127)	(14,013)
Total revenue	<hr/> <b>259,241</b>	<hr/> <b>204,196</b>
<b>Segment Results</b>		
Property development	28,702	19,331
Leisure	(225)	(324)
Investment	8,911	6,643
Education	(1,280)	(723)
	<hr/> 36,108	<hr/> 24,927
Eliminations on consolidation	107	532
Profit from operations	<hr/> <b>36,215</b>	<hr/> <b>25,459</b>

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

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 10 Other Operating Income

	3 Months Ended		6 Months Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Included in the other operating income are:				
Interest income	317	581	756	1,318
Rental income	527	981	1,190	1,715

#### 11 Profit Before Taxation

	3 Months Ended		6 Months Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	4,188	3,052	6,975	5,912
Depreciation	2,074	1,440	3,514	3,026

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 2013.

#### 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 RM104,919,000 as at 31 December 2013.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2013

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 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 ("RPGT") 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 ("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 11 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 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. The hearing is set from 20 to 22 October 2014.

The directors have decided that a provision will not be made for this amount as MPSB is disputing the basis of the assessment that the gain on disposal of these investment properties should be subject to RPGT.

### 17 Performance Analysis

	3 Months Ended		6 Months Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Property development	125,833	97,677	235,159	179,367
Leisure	14,250	13,120	23,172	21,711
Investment	8,564	7,006	17,125	14,013
Education	371	1,456	912	3,118
	149,018	119,259	276,368	218,209
Eliminations on consolidation	(8,566)	(7,006)	(17,127)	(14,013)
Total revenue	140,452	112,253	259,241	204,196



# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 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		6 Months Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
<b>Profit before taxation</b>				
Property development	14,331	7,927	22,426	14,565
Leisure	1,908	1,471	(225)	(327)
Investment	4,147	2,647	8,452	6,166
Education	(788)	(282)	(1,280)	(723)
	19,598	11,763	29,373	19,681
Elimination on consolidation	(66)	(67)	(133)	(134)
	19,532	11,696	29,240	19,547

The Group recorded revenue and profit before taxation of RM140.5 million and RM19.5 million respectively for the current quarter ended 31 December 2013.

Property development segment generated RM125.8 million, representing 89.6% of the total revenue for the three months period ended 31 December 2013. The revenue is mainly from the sales and construction progress of development properties in the Klang Valley and Ipoh. The lower revenue of the education segment was due to the lower student population during the period.

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

	3 Months Ended	
	31/12/2013	30/09/2013
	RM'000	RM'000
<b>Profit before taxation</b>		
Property development	14,331	8,095
Leisure	1,908	(2,133)
Investment	4,147	4,305
Education	(788)	(492)
	19,598	9,775
Eliminations on consolidation	(66)	(67)
	19,532	9,708

The Group recorded profit before taxation of RM19.5 million for the current quarter as compared to a profit before taxation of RM9.7 million recorded in the preceding quarter, representing a 101% increase in profit before tax.

The material changes were recorded by the property development and leisure segments. The property development segment recorded a revenue of RM125.8 million compared to the preceeding quarter of RM109.3 million due to higher construction progress of development properties in the Klang Valley and Ipoh during the current quarter. The leisure segment's revenue has also increased to RM14.2 million in this quarter from RM8.9 million achieved in the preceding quarter. This was due to higher occupancy during the end of the year holidays which enabled the leisure segment to turn in a profit before tax of RM1.9 million for the quarter compared to a loss of RM2.1 million for the preceeding quarter.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 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 is mindful of the cooling measures introduced recently to curb speculation in the property market. However, 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 remains positive on a better financial performance for the financial year ending 30 June 2014, supported by sustained interest in our projects.

#### 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

	6 Months Ended 31/12/2013 RM'000	6 Months Ended 31/12/2012 RM'000
Income tax expense :		
Charge for the period	10,009	6,973
Deferred tax	(34)	(34)
	<u>9,975</u>	<u>6,939</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 29 November 2013. 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.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 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
	31/12/2013	30/06/2013
	RM'000	RM'000
<b>Short Term Borrowings :</b>		
Bank overdrafts	5,311	2,261
Revolving credits	18,106	33,306
Hire purchase payables	62	125
Short term portion of term loans	14,185	9,899
	<u>37,664</u>	<u>45,591</u>
<b>Long Term Borrowings :</b>		
Hire purchase payables	39	36
Term loans (long term portion)	105,536	105,300
	<u>105,575</u>	<u>105,336</u>
<b>Total Borrowings</b>	<u>143,239</u>	<u>150,927</u>

#### 24 Realised and Unrealised Profits/Losses

	At	At
	31/12/2013	30/06/2013
	RM'000	RM'000
Unrealised	53,304	53,338
Realised	(155,326)	(165,591)
Total	<u>(102,022)</u>	<u>(112,253)</u>

#### 25 Changes in Material Litigation

As at 20 February 2014, there were no changes in material litigation since the last audited statement of financial position of 30 June 2013.

#### 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:

	6 Months Ended	6 Months Ended
	31/12/2013	31/12/2012
Net profit for the period (RM'000)	19,265	12,608
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>1.60</u>	<u>1.05</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 27 February 2014.