

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q3)		CUMULATIVE QUARTER (9 Mths)	
		CURRENT YEAR QUARTER 31/03/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2013 RM'000	CUMULATIVE CURRENT YEAR 31/03/2014 RM'000	CUMULATIVE PRECEDING YEAR 31/03/2013 RM'000
Revenue	9	140,681	135,181	399,922	339,378
Cost of sales		(88,967)	(91,147)	(260,547)	(224,609)
Gross profit		51,714	44,034	139,375	114,769
Other operating income	10	1,940	1,173	4,886	4,882
Administrative expenses		(17,185)	(16,148)	(51,729)	(47,758)
Selling and marketing expenses		(4,631)	(2,599)	(12,412)	(8,337)
Other operating expenses		(5,085)	(5,489)	(17,153)	(17,127)
Profit from operations	9	26,753	20,971	62,967	46,429
Finance costs		(3,510)	(1,440)	(10,485)	(7,352)
Profit before taxation	11	23,243	19,531	52,482	39,077
Taxation	21	(7,566)	(6,174)	(17,540)	(13,113)
Profit for the period		15,677	13,357	34,942	25,964
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		15,677	13,357	34,942	25,964
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		15,677	13,357	34,942	25,964
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		15,677	13,357	34,942	25,964
<b>Basic earnings per share (sen)</b>	26	1.30	1.11	2.90	2.16

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 MARCH 2014**

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 31/03/2014 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		188,877	183,889
Land held for property development		595,698	597,848
Investment properties	12	211,087	211,087
Deferred tax assets		3,847	3,847
		999,509	996,671
<b>Current Assets</b>			
Property development costs		430,162	415,879
Inventories		114,653	117,689
Trade receivables		272,221	266,806
Other receivables		31,429	33,293
Tax recoverable		9,169	7,352
Cash and bank balances		147,121	110,427
		1,004,755	951,446
<b>Total Assets</b>		2,004,264	1,948,117
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,207,262	1,207,262
Reserves		(79,215)	(105,123)
		1,128,047	1,102,139
<b>Non-Current Liabilities</b>			
Long term borrowings	23	100,148	105,336
Other payables		60,454	57,423
Deferred tax liabilities		43,575	43,525
		204,177	206,284
<b>Current Liabilities</b>			
Short term borrowings	23	40,786	45,591
Trade payables		286,801	249,296
Other payables		253,798	261,735
Provisions for liabilities		79,531	80,148
Tax payable		11,124	2,924
		672,040	639,694
<b>Total Liabilities</b>		876,217	845,978
<b>Total Equity and Liabilities</b>		2,004,264	1,948,117
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		93	91

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 MARCH 2014

(The figures have not been audited)

	<----- Attributable to the equity holders of the parent ----->					
	<-----Non-distributable----->			Distributable	Retained	Total
	Share Capital	Treasury	Share	Merger	(Accumulated	
	RM'000	Shares	Premium	Deficit	Losses)	RM'000
		RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	34,942	34,942
Dividend on ordinary shares	-	-	-	-	(9,034)	(9,034)
Transfer to merger deficit	-	-	-	25,908	(25,908)	-
<b>At 31 March 2014</b>	1,207,262	(1,904)	9,034	(86,345)	-	1,128,047
 <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>	1,207,262	(1,904)	9,034	(112,253)	-	1,102,139

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 MARCH 2014

(The figures have not been audited)

	9 Months Ended 31/03/2014 RM'000	9 Months Ended 31/03/2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	52,482	39,077
Adjustments for non-cash and non-operating items	17,350	11,895
Operating profit before working capital changes	69,832	50,972
Increase in land held for property development & property development cost	(14,283)	(9,782)
Decrease in inventories	3,036	238
Increase in receivables	(3,551)	(49,678)
Increase in payables	47,019	24,451
Cash generated from operations	102,053	16,201
Taxes paid	(11,107)	(14,862)
<b>Net cash generated from operating activities</b>	<b>90,946</b>	<b>1,339</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(10,414)	(16,399)
Proceeds from disposal of property, plant & equipment	-	32
<b>Net cash used in investing activities</b>	<b>(10,414)</b>	<b>(16,367)</b>
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of borrowings	(26,403)	13,373
Interest paid	(10,485)	(4,515)
Dividend paid	(18,068)	(9,034)
<b>Net cash used in financing activities</b>	<b>(54,956)</b>	<b>(176)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25,576</b>	<b>(15,204)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>108,166</b>	<b>109,299</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>133,742</b>	<b>94,095</b>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Deposits with licensed banks	5,562	5,207
Cash and bank balances	141,559	88,888
Bank overdrafts (included within short term borrowings in Note 23)	(13,379)	-
	<b>133,742</b>	<b>94,095</b>

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

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

(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 MARCH 2014

(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 March 2014.

#### 8 Dividends

The Company paid a first interim dividend of 1 sen less 25% tax for the financial year ending 30 June 2014 on 27 December 2013.

#### 9 Segmental Information

	9 Months Ended 31/03/2014 RM'000	9 Months Ended 31/03/2013 RM'000
<b>Segment Revenue</b>		
Property development	364,422	303,827
Leisure	34,373	31,383
Investment	25,697	21,017
Education	1,127	4,168
	<hr/> 425,619	<hr/> 360,395
Eliminations on consolidation	(25,697)	(21,017)
Total revenue	<hr/> 399,922	<hr/> 339,378
<b>Segment Results</b>		
Property development	52,477	39,266
Leisure	(960)	(1,840)
Investment	13,235	9,576
Education	(2,067)	(1,370)
	<hr/> 62,686	<hr/> 45,632
Eliminations on consolidation	281	797
Profit from operations	<hr/> 62,967	<hr/> 46,429

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

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 10 Other Operating Income

	3 Months Ended		9 Months Ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Included in the other operating income are:				
Interest income	389	679	1,145	1,996
Rental income	586	204	1,776	1,919

#### 11 Profit Before Taxation

	3 Months Ended		9 Months Ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	3,510	1,440	10,485	7,352
Depreciation	1,912	1,548	5,426	4,574

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 RM106,302,000 as at 31 March 2014.

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

(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		9 Months Ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Property development	129,263	124,460	364,422	303,827
Leisure	11,201	9,671	34,373	31,383
Investment	8,572	7,004	25,697	21,017
Education	215	1,050	1,127	4,168
	149,251	142,185	425,619	360,395
Eliminations on consolidation	(8,570)	(7,004)	(25,697)	(21,017)
Total revenue	140,681	135,181	399,922	339,378



# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

(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		9 Months Ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
<b>Profit before taxation</b>				
Property development	20,685	19,056	43,111	33,618
Leisure	(702)	(1,517)	(927)	(1,844)
Investment	4,113	2,706	12,565	8,873
Education	(787)	(647)	(2,067)	(1,370)
	<u>23,309</u>	<u>19,598</u>	<u>52,682</u>	<u>39,277</u>
Elimination on consolidation	(66)	(67)	(200)	(200)
	<u>23,243</u>	<u>19,531</u>	<u>52,482</u>	<u>39,077</u>

The Group recorded revenue and profit before taxation of RM140.7 million and RM23.2 million respectively for the current quarter ended 31 March 2014.

Property development segment generated RM129.3 million, representing 91.9% of the total revenue for the three months period ended 31 March 2014. 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	
	31/03/2014	31/12/2013
	RM'000	RM'000
<b>Profit before taxation</b>		
Property development	20,685	14,331
Leisure	(702)	1,908
Investment	4,113	4,147
Education	(787)	(788)
	<u>23,309</u>	<u>19,598</u>
Eliminations on consolidation	(66)	(66)
	<u>23,243</u>	<u>19,532</u>

The Group recorded profit before taxation of RM23.2 million for the current quarter as compared to a profit before taxation of RM19.5 million recorded in the preceding quarter, representing a 19% 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 RM129.3 million compared to the preceding quarter of RM125.8 million due to higher construction activities in the Klang Valley and Ipoh. The leisure segment's revenue decreased to RM11.2 million in this quarter from RM14.2 million achieved in the preceding quarter. The end of the year holidays enable the leisure segment to turn in a profit before tax of RM1.9 million for the preceding quarter compared to the loss for the current quarter.

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

(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 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

	9 Months Ended 31/03/2014 RM'000	9 Months Ended 31/03/2013 RM'000
Income tax expense :		
Charge for the period	17,590	13,163
Deferred tax	(50)	(50)
	<u>17,540</u>	<u>13,113</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.

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 MARCH 2014

(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
	31/03/2014	30/06/2013
	RM'000	RM'000
<b>Short Term Borrowings :</b>		
Bank overdrafts	13,379	2,261
Revolving credits	19,506	33,306
Hire purchase payables	37	125
Short term portion of term loans	7,864	9,899
	<u>40,786</u>	<u>45,591</u>
<b>Long Term Borrowings :</b>		
Hire purchase payables	32	36
Term loans (long term portion)	100,116	105,300
	<u>100,148</u>	<u>105,336</u>
<b>Total Borrowings</b>	<u>140,934</u>	<u>150,927</u>

#### 24 Realised and Unrealised Profits/Losses

	At	At
	31/03/2014	30/06/2013
	RM'000	RM'000
Unrealised	53,287	53,338
Realised	(139,632)	(165,591)
Total	<u>(86,345)</u>	<u>(112,253)</u>

#### 25 Changes in Material Litigation

As at 19 May 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:

	9 Months Ended	9 Months Ended
	31/03/2014	31/03/2013
Net profit for the period (RM'000)	34,942	25,964
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>2.90</u>	<u>2.16</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 26 May 2014.