

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2013 RM'000	CUMULATIVE CURRENT YEAR 30/09/2014 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2013 RM'000
Revenue	9	106,979	118,789	106,979	118,789
Cost of sales		(66,785)	(80,201)	(66,785)	(80,201)
Gross profit		40,194	38,588	40,194	38,588
Other operating income	10	2,251	1,272	2,251	1,272
Administrative expenses		(16,621)	(16,491)	(16,621)	(16,491)
Selling and marketing expenses		(3,539)	(3,497)	(3,539)	(3,497)
Other operating expenses		(6,248)	(7,149)	(6,248)	(7,149)
Profit from operations	9	16,037	12,723	16,037	12,723
Finance costs		(2,574)	(3,015)	(2,574)	(3,015)
Profit before taxation	11	13,463	9,708	13,463	9,708
Taxation	21	(5,861)	(4,256)	(5,861)	(4,256)
Profit for the period		7,602	5,452	7,602	5,452
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		7,602	5,452	7,602	5,452
Profit for the period					
Attributable to:					
Equity holders of the parent		7,602	5,452	7,602	5,452
Total comprehensive income for the period					
Attributable to:					
Equity holders of the parent		7,602	5,452	7,602	5,452
Basic earnings per share (sen)	26	0.63	0.45	0.63	0.45

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2014 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2014 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		192,261	192,564
Land held for property development		611,986	611,986
Investment properties	12	147,297	147,297
Deferred tax assets		4,090	4,090
		955,634	955,937
Current Assets			
Property development costs		373,761	368,907
Inventories		113,386	113,860
Trade receivables		316,180	302,971
Other receivables		21,787	21,446
Tax recoverable		10,471	10,502
Cash and bank balances		170,485	207,290
		1,006,070	1,024,976
Total Assets		1,961,704	1,980,913
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,207,262	1,207,262
Reserves		(52,903)	(60,505)
		1,154,359	1,146,757
Non-Current Liabilities			
Long term borrowings	23	76,067	76,019
Other payables		62,180	60,973
Deferred tax liabilities		29,703	29,720
		167,950	166,712
Current Liabilities			
Short term borrowings	23	7,623	17,048
Trade payables		306,797	317,287
Other payables		216,567	229,772
Provisions for liabilities		97,866	98,084
Tax payable		10,542	5,253
		639,395	667,444
Total Liabilities		807,345	834,156
Total Equity and Liabilities		1,961,704	1,980,913
Net assets per share attributable to equity holders of the parent (sen)		96	95

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	<----- Attributable to the equity holders of the parent ----->					
	<-----Non-distributable----->			Distributable	Retained	
	Share Capital	Treasury	Share	Merger	(Accumulated	
	RM'000	Shares	Premium	Deficit	Losses)	Total
				RM'000	RM'000	RM'000
				(Note 24)	(Note 24)	
At 1 July 2014	1,207,262	(1,904)	9,034	(91,727)	24,092	1,146,757
Total comprehensive income for the period	-	-	-	-	7,602	7,602
Transfer to merger deficit	-	-	-	7,602	(7,602)	-
At 30 September 2014	1,207,262	(1,904)	9,034	(84,125)	24,092	1,154,359
 At 1 July 2013	 1,207,262	 (1,904)	 9,034	 (112,253)	 -	 1,102,139
Total comprehensive income for the period	-	-	-	-	65,698	65,698
Dividend on ordinary shares	-	-	-	-	(21,080)	(21,080)
Transfer to merger deficit	-	-	-	20,526	(20,526)	-
At 30 June 2014	1,207,262	(1,904)	9,034	(91,727)	24,092	1,146,757

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 2014.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	3 Months Ended 30/09/2014 RM'000	3 Months Ended 30/09/2013 RM'000
Cash flows from operating activities		
Profit before tax	13,463	9,708
Adjustments for non-cash and non-operating items	4,409	4,833
Operating profit before working capital changes	17,872	14,541
(Increase)/decrease in land held for property development & property development cost	(4,854)	7,661
Decrease in inventories	474	776
Increase in receivables	(13,550)	(16,406)
(Decrease)/increase in payables	(11,867)	6,925
Cash generated from operations	(11,925)	13,497
Taxes paid	(558)	(2,219)
Net cash (used in)/generated from operations	(12,483)	11,278
Cash flows from investing activity		
Purchase of property, plant & equipment	(1,510)	(5,320)
Net cash used in investing activity	(1,510)	(5,320)
Cash flows from financing activities		
Net repayment of borrowings	(8,170)	(10,042)
Dividend paid	(12,046)	(9,034)
Interest paid	(2,596)	(1,469)
Net cash used in financing activities	(22,812)	(20,545)
Net decrease in cash and cash equivalents	(36,805)	(14,587)
Cash and cash equivalents at beginning of financial period	207,290	108,166
Cash and cash equivalents at end of financial period	170,485	93,579
Cash and cash equivalents at end of financial period comprise the following:		
Deposits with licensed banks	5,042	5,533
Cash and bank balances	165,443	88,046
	170,485	93,579

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2014.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 2014. 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 2014.

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 2014, 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 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, 12 and 127	Investment Entities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 2	Share-Based Payment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 3	Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 8	Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 13	Fair Value Measurements (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 116	Property, Plant and Equipment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 124	Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 138	Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)
Amendments to FRS 140	Investment Property (Annual Improvements to FRSs 2010-2012 Cycle)

The adoption of the above Amendments to FRSs 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 2014 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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

PART A - EXPLANATORY NOTES

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 2014.

8 Dividends

The Company paid a second interim dividend (single tier) of 1 sen for the financial year ended 30 June 2014 on 22 August 2014.

A final dividend (single tier) of 2 sen for the financial year ended 30 June 2014 has been proposed, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

9 Segmental Information

	3 Months Ended	3 Months Ended
	30/09/2014	30/09/2013
	RM'000	RM'000
Segment Revenue		
Property development	97,420	109,326
Leisure	9,311	8,922
Investment	8,574	8,561
Education	248	541
	<hr/>	<hr/>
	115,553	127,350
Eliminations on consolidation	(8,574)	(8,561)
Total revenue	<hr/> 106,979	<hr/> 118,789
Segment Results		
Property development	13,519	10,736
Leisure	(1,699)	(2,133)
Investment	4,344	4,539
Education	(599)	(492)
	<hr/>	<hr/>
	15,565	12,650
Eliminations on consolidation	472	73
Profit from operations	<hr/> 16,037	<hr/> 12,723

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

10 Other Operating Income

	3 Months Ended		3 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Included in the other operating income are:				
Interest income	981	439	981	439
Rental income	760	663	760	663
	<hr/>	<hr/>	<hr/>	<hr/>

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

PART A - EXPLANATORY NOTES

11 Profit Before Taxation

	3 Months Ended		3 Months Ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	2,574	3,015	2,574	3,015
Depreciation	1,813	1,701	1,813	1,701

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 2014.

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 RM72,091,000 as at 30 September 2014.

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 ("RPGT"). 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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

PART A - EXPLANATORY NOTES

16 Changes in Contingent Liabilities and Contingent Assets (contd)

b) Gain on sale of investment properties (contd)

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. The hearing which was set on 20 until 22 October 2014, was adjourned to 12 January 2015.

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.

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	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property development	97,420	109,326	97,420	109,326
Leisure	9,311	8,922	9,311	8,922
Investment	8,574	8,561	8,574	8,561
Education	248	541	248	541
	<u>115,553</u>	<u>127,350</u>	<u>115,553</u>	<u>127,350</u>
Eliminations on consolidation	(8,574)	(8,561)	(8,574)	(8,561)
Total revenue	<u>106,979</u>	<u>118,789</u>	<u>106,979</u>	<u>118,789</u>
Profit before taxation				
Property development	11,549	8,095	11,549	8,095
Leisure	(1,688)	(2,133)	(1,688)	(2,133)
Investment	4,268	4,305	4,268	4,305
Education	(599)	(492)	(599)	(492)
	<u>13,530</u>	<u>9,775</u>	<u>13,530</u>	<u>9,775</u>
Elimination on consolidation	(67)	(67)	(67)	(67)
	<u>13,463</u>	<u>9,708</u>	<u>13,463</u>	<u>9,708</u>

The Group recorded revenue and profit before taxation of RM107.0 million and RM13.5 million respectively for the current quarter ended 30 September 2014.

Property development segment generated RM97.4 million, representing 91.0% of the total revenue for the three months period ended 30 September 2014. The revenue is mainly from the construction progress of development properties in the Damansara Perdana projects. The lower revenue of the education segment was due to the lower student population during the period.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

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

18 Variations of Results Against The Preceding Quarter

	3 Months Ended	
	30/09/2014	30/06/2014
	RM'000	RM'000
Profit before taxation		
Property development	11,549	32,295
Leisure	(1,688)	(1,491)
Investment	4,268	6,767
Education	(599)	(529)
	<hr/>	<hr/>
	13,530	37,042
Eliminations on consolidation	(67)	(18,076)
	<hr/>	<hr/>
	13,463	18,966

The Group recorded profit before taxation of RM13.5 million for the current quarter as compared to a profit before taxation of RM19.0 million recorded in the preceding quarter, representing a 29.0% decrease in profit before tax.

The material changes are mainly from the property development and investment segments. The profit before tax for the property development segment is higher in the preceding quarter due to the fair value adjustment of investment properties, as well as gain on disposal of investment property recorded in the preceding quarter. The leisure segment results in the preceding quarter was helped by the rationalisation of management fees charged. The better results of the investment segment for the preceding quarter was due to dividend from a subsidiary.

19 Commentary on Prospects

The Group's strategically located projects, especially in the Klang Valley and Ipoh are expected to be the key drivers for the Group despite challenges arising from measures introduced by the government to curb speculative buying activity and to reduce household debts. We maintain focus on our strategies in the core property development segment to further our growth.

Barring unforeseen circumstances, the Board of Directors expects to achieve satisfactory financial performance for the financial year ending 30 June 2015.

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	3 Months Ended
	30/09/2014	30/09/2013
	RM'000	RM'000
Income tax expense :		
Charge for the period	5,878	4,273
Deferred tax	(17)	(17)
	<hr/>	<hr/>
	5,861	4,256

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.

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

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

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.

On 30 October 2014, the Company announced its intention to seek the approval of its shareholders at the forthcoming Annual General Meeting to be held on 27 November 2014 on the proposed renewal of the share buy-back mandate.

23 Borrowings and Debt Securities

Secured	At	At
	30/09/2014	30/06/2014
	RM'000	RM'000
Short Term Borrowings :		
Revolving credits	7,306	15,906
Hire purchase payables	41	49
Short term portion of term loans	276	1,093
	<u>7,623</u>	<u>17,048</u>
Long Term Borrowings :		
Hire purchase payables	111	133
Term loans (long term portion)	75,956	75,886
	<u>76,067</u>	<u>76,019</u>
Total Borrowings	<u>83,690</u>	<u>93,067</u>

24 Realised and Unrealised Profits/Losses

Unrealised	At	At
	30/09/2014	30/06/2014
Realised	RM'000	RM'000
Unrealised	74,596	74,613
Realised	(134,629)	(142,248)
Total	<u>(60,033)</u>	<u>(67,635)</u>

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NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

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

25 Changes in Material Litigation

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

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 30/09/2014	3 Months Ended 30/09/2013
Net profit for the period (RM'000)	7,602	5,452
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>0.63</u>	<u>0.45</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 November 2014.