

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q1)		CUMULATIVE QUARTER (3 Mths)	
		CURRENT YEAR QUARTER 30/09/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2014 RM'000	CUMULATIVE CURRENT YEAR 30/09/2015 RM'000	CUMULATIVE PRECEDING YEAR 30/09/2014 RM'000
Revenue	9	73,317	106,979	73,317	106,979
Cost of sales		(43,925)	(66,785)	(43,925)	(66,785)
Gross profit		29,392	40,194	29,392	40,194
Other operating income	10	2,152	2,251	2,152	2,251
Administrative expenses		(14,934)	(16,621)	(14,934)	(16,621)
Selling and marketing expenses		(3,337)	(3,539)	(3,337)	(3,539)
Other operating expenses		(5,174)	(6,248)	(5,174)	(6,248)
Profit from operations	9	8,099	16,037	8,099	16,037
Finance costs		(2,374)	(2,574)	(2,374)	(2,574)
Profit before taxation	11	5,725	13,463	5,725	13,463
Taxation	21	(2,920)	(5,861)	(2,920)	(5,861)
Profit for the period		2,805	7,602	2,805	7,602
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		2,805	7,602	2,805	7,602
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		2,805	7,602	2,805	7,602
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		2,805	7,602	2,805	7,602
<b>Basic earnings per share (sen)</b>	26	0.23	0.63	0.23	0.63

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2015.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 30 SEPTEMBER 2015**

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2015 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2015 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		189,760	191,484
Land held for property development		709,115	709,115
Investment properties	12	146,053	146,053
Deferred tax assets		3,405	3,405
		1,048,333	1,050,057
<b>Current Assets</b>			
Property development costs		166,697	180,928
Inventories		158,654	158,555
Trade receivables		329,815	356,865
Other receivables		23,717	25,357
Tax recoverable		10,181	10,329
Other financial assets		44,866	38,879
Cash and bank balances		131,370	112,987
		865,300	883,900
<b>Total Assets</b>		1,913,633	1,933,957
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		1,207,262	1,207,262
Reserves		(39,875)	(42,680)
		1,167,387	1,164,582
<b>Non-Current Liabilities</b>			
Long term borrowings	23	30,623	19,673
Other payables		65,600	64,901
Deferred tax liabilities		19,106	19,082
		115,329	103,656
<b>Current Liabilities</b>			
Short term borrowings	23	45,405	56,870
Trade payables		296,754	309,065
Other payables		160,840	167,781
Provisions for liabilities		125,256	126,130
Tax payable		2,662	5,873
		630,917	665,719
<b>Total Liabilities</b>		746,246	769,375
<b>Total Equity and Liabilities</b>		1,913,633	1,933,957
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		97	96

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2015.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(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 2015</b>	1,207,262	(1,904)	9,034	(73,902)	24,092	1,164,582
Total comprehensive income for the period	-	-	-	-	2,805	2,805
<b>At 30 September 2015</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(73,902)</u>	<u>26,897</u>	<u>1,167,387</u>
<b>At 1 July 2014</b>	1,207,262	(1,904)	9,034	(91,727)	24,092	1,146,757
Total comprehensive income for the period	-	-	-	-	53,963	53,963
Dividend on ordinary shares	-	-	-	-	(36,138)	(36,138)
Transfer to merger deficit	-	-	-	17,825	(17,825)	-
<b>At 30 June 2015</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(73,902)</u>	<u>24,092</u>	<u>1,164,582</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 2015.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

	3 Months Ended 30/09/2015 RM'000	3 Months Ended 30/09/2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	5,725	13,463
Adjustments for non-cash and non-operating items	4,295	4,409
Operating profit before working capital changes	10,020	17,872
Decrease/(Increase) in land held for property development & property development cost	14,231	(4,854)
(Increase)/Decrease in inventories	(99)	474
Decrease/(Increase) in receivables	28,690	(13,550)
Decrease in payables	(20,153)	(13,096)
Cash generated from/(used in) operations	32,689	(13,154)
Taxes paid	(5,959)	(558)
<b>Net cash generated from/(used in) operations</b>	26,730	(13,712)
<b>Cash flows from investing activity</b>		
Purchase of property, plant & equipment	(197)	(1,510)
Investment in money market fund	(5,987)	-
Withdrawal from money market fund	-	2,581
<b>Net cash (used in)/generated from investing activity</b>	(6,184)	1,071
<b>Cash flows from financing activities</b>		
Net repayment of borrowings	(515)	(8,170)
Dividend paid	-	(12,046)
Interest paid	(1,648)	(1,367)
<b>Net cash used in financing activities</b>	(2,163)	(21,583)
<b>Net increase/(decrease) in cash and cash equivalents</b>	18,383	(34,224)
<b>Cash and cash equivalents at beginning of financial period</b>	112,987	179,427
<b>Cash and cash equivalents at end of financial period</b>	131,370	145,203
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Deposits with licensed banks	4,583	5,042
Cash and bank balances	126,787	140,161
	131,370	145,203

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2015.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(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 2015. 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 2015.

#### 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 2015, 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 119: Defined Benefit Plans: Employee Contributions  
Annual Improvements to FRSs 2010 - 2012 Cycle  
Annual Improvements to FRSs 2011 - 2013 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 2015 was not qualified.

#### 4 Comments About Seasonal or Cyclical Factors

The business operations of the Group is generally affected by the nation's state of economy.

#### 5 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual due to their nature, size or incidence during the current quarter.

#### 6 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

#### 7 Debt and Equity Securities

There were no issuance of debt and equity securities, share buy backs, share cancellations, shares held as treasury share and resale of treasury shares during the financial period ended 30 September 2015.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 8 Dividends

A final dividend (single tier) of 2 sen for the financial year ended 30 June 2015 has been proposed, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

#### 9 Segmental Information

	3 Months Ended 30/09/2015 RM'000	3 Months Ended 30/09/2014 RM'000
<b>Segment Revenue</b>		
Property development	65,387	97,420
Leisure	7,487	9,311
Investment	4,843	8,574
Education	443	248
	<u>78,160</u>	<u>115,553</u>
Eliminations on consolidation	(4,843)	(8,574)
Total revenue	<u>73,317</u>	<u>106,979</u>
<b>Segment Results</b>		
Property development	7,757	13,519
Leisure	(372)	(1,699)
Investment	633	4,344
Education	(278)	(599)
	<u>7,740</u>	<u>15,565</u>
Eliminations on consolidation	359	472
Profit from operations	<u>8,099</u>	<u>16,037</u>

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

#### 10 Other Operating Income

	3 Months Ended		3 Months Ended	
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Included in the other operating income are:				
Interest income	725	981	725	981
Rental income	1,044	760	1,044	760
	<u>1,769</u>	<u>1,741</u>	<u>1,769</u>	<u>1,741</u>

#### 11 Profit Before Taxation

	3 Months Ended		3 Months Ended	
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
The following have been included in arriving at profit before taxation:				
Interest expense	2,374	2,574	2,374	2,574
Depreciation	1,630	1,813	1,630	1,813
	<u>4,004</u>	<u>4,387</u>	<u>4,004</u>	<u>4,387</u>

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 SEPTEMBER 2015

(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 2015.

#### 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 RM64,304,000 as at 30 September 2015.

##### 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.

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.

On 12 January 2015, the hearing continued with the witnesses giving their evidences in respect of the appeal. On 16 February 2015, MPSB filed a written submission with the SCIT and subsequently filed a submission in reply to IRB's written submission on 6 July 2015. As at to date, a decision from SCIT is still pending.

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.

# M K LAND HOLDINGS BERHAD

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## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

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

#### 17 Performance Analysis

	3 Months Ended		3 Months Ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Property development	65,387	97,420	65,387	97,420
Leisure	7,487	9,311	7,487	9,311
Investment	4,843	8,574	4,843	8,574
Education	443	248	443	248
	<u>78,160</u>	<u>115,553</u>	<u>78,160</u>	<u>115,553</u>
Eliminations on consolidation	(4,843)	(8,574)	(4,843)	(8,574)
Total revenue	<u>73,317</u>	<u>106,979</u>	<u>73,317</u>	<u>106,979</u>
<b>Profit before taxation</b>				
Property development	5,965	11,549	5,965	11,549
Leisure	(373)	(1,688)	(373)	(1,688)
Investment	478	4,268	478	4,268
Education	(278)	(599)	(278)	(599)
	<u>5,792</u>	<u>13,530</u>	<u>5,792</u>	<u>13,530</u>
Elimination on consolidation	(67)	(67)	(67)	(67)
	<u>5,725</u>	<u>13,463</u>	<u>5,725</u>	<u>13,463</u>

The Group recorded revenue and profit before taxation of RM73.3 million and RM5.7 million respectively for the current quarter ended 30 September 2015.

Property development segment generated RM65.4 million, representing 89.2% of the total revenue for the current quarter. Revenue is mainly generated from construction progress for property development in Damansara Perdana and Meru projects. In addition, the Group has recorded an improved performance from the education segment mainly due to increase in the number of students.

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

	3 Months Ended	
	30/09/2015	30/06/2015
	RM'000	RM'000
<b>Profit before taxation</b>		
Property development	5,965	24,849
Leisure	(373)	2,882
Investment	478	7,224
Education	(278)	(788)
	<u>5,792</u>	<u>34,167</u>
Eliminations on consolidation	(67)	(18,109)
	<u>5,725</u>	<u>16,058</u>

The Group recorded profit before taxation of RM5.7 million for the current quarter as compared to a profit before taxation of RM16.1 million recorded in the preceding quarter.

The material changes are mainly from the property development and investment segments. The profit before tax for the property development segment is lower than the preceding quarter mainly due to lower sales and construction progress achieved during the current quarter. The better results of the investment segment for the preceding quarter is mainly due to dividend received from a subsidiary.



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(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(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 Perak, are expected to be the key drivers for the Group despite challenges arising from a softer market. The Group will continue with its strategies in the core property development segment to further its growth.

Barring unforeseen circumstances, the Board of Directors expects to achieve satisfactory financial performance for the financial year ending 30 June 2016.

#### 20 Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and forecast profit after tax and for the shortfall in profit guarantee are not applicable.

#### 21 Taxation

	3 Months Ended 30/09/2015 RM'000	3 Months Ended 30/09/2014 RM'000
Income tax expense :		
Charge for the period	2,937	5,878
Deferred tax	(17)	(17)
	<u>2,920</u>	<u>5,861</u>

The effective tax rate for the Group is higher than the statutory tax rate at 24% 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 27 November 2014. 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 3 November 2015, the Company announced its intention to seek the approval of its shareholders at the forthcoming Annual General Meeting to be held on 26 November 2015 on the proposed renewal of the share buy-back mandate.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(The figures have not been audited)

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

#### 23 Borrowings and Debt Securities

Secured	At	At
	30/09/2015	30/06/2015
	RM'000	RM'000
<b>Short Term Borrowings :</b>		
Hire purchase payables	14	15
Short term portion of term loans	45,391	56,855
	<u>45,405</u>	<u>56,870</u>
<b>Long Term Borrowings :</b>		
Hire purchase payables	112	119
Term loans (long term portion)	30,511	19,554
	<u>30,623</u>	<u>19,673</u>
<b>Total Borrowings</b>	<u>76,028</u>	<u>76,543</u>

#### 24 Realised and Unrealised Profits/Losses

	At	At
	30/09/2015	30/06/2015
	RM'000	RM'000
Unrealised	1,009,596	1,009,579
Realised	158,739	155,951
	<u>1,168,335</u>	<u>1,165,530</u>
Elimination on consolidation	(1,141,438)	(1,141,438)
Total	<u>26,897</u>	<u>24,092</u>

#### 25 Changes in Material Litigation

As at 19 November 2015, there were no changes in material litigation since the last audited statement of financial position of 30 June 2015.

#### 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	3 Months Ended
	30/09/2015	30/09/2014
Net profit for the period (RM'000)	2,805	7,602
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>0.23</u>	<u>0.63</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 25 November 2015.