

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER (Q4)		CUMULATIVE QUARTER (12 Mths)	
		CURRENT YEAR QUARTER 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM'000	CUMULATIVE CURRENT YEAR 30/06/2016 RM'000	CUMULATIVE PRECEDING YEAR 30/06/2015 RM'000
Revenue	9	80,514	159,456	310,399	488,316
Cost of sales		(58,636)	(87,092)	(193,664)	(279,463)
Gross profit		21,878	72,364	116,735	208,853
Other operating income		18,514	19,692	24,199	26,242
Administrative expenses		(14,941)	(10,240)	(61,144)	(61,422)
Selling and marketing expenses		(1,774)	(9,048)	(11,187)	(21,379)
Other operating expenses		(16,237)	(54,208)	(31,970)	(69,216)
Profit from operations	9	7,440	18,560	36,633	83,078
Finance costs		(2,462)	(2,502)	(9,267)	(10,049)
Profit before taxation	10	4,978	16,058	27,366	73,029
Taxation	20	(806)	1,398	(11,040)	(19,066)
Profit for the period		4,172	17,456	16,326	53,963
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		4,172	17,456	16,326	53,963
<b>Profit for the period</b>					
Attributable to:					
Equity holders of the parent		4,172	17,456	16,326	53,963
<b>Total comprehensive income for the period</b>					
Attributable to:					
Equity holders of the parent		4,172	17,456	16,326	53,963
<b>Basic earnings per share (sen)</b>	25	0.35	1.45	1.36	4.48

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 JUNE 2016

(The figures have not been audited)

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2016 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		195,061	191,484
Land held for property development		701,492	709,115
Investment properties	11	144,878	146,053
Deferred tax assets		6,625	3,405
		1,048,056	1,050,057
<b>Current Assets</b>			
Property development costs		190,512	180,928
Inventories		142,570	158,555
Trade receivables		290,494	356,865
Other receivables		23,143	25,357
Tax recoverable		16,623	10,329
Other financial assets		26,034	38,879
Cash and bank balances		79,902	112,987
		769,278	883,900
<b>Total Assets</b>		1,817,334	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		(50,446)	(42,680)
		1,156,816	1,164,582
<b>Non-Current Liabilities</b>			
Long term borrowings	22	7,749	19,673
Other payables		67,052	64,901
Deferred tax liabilities		16,906	19,082
		91,707	103,656
<b>Current Liabilities</b>			
Short term borrowings	22	36,622	56,870
Trade payables		288,289	309,065
Other payables		117,895	167,781
Provisions for liabilities		124,751	126,130
Tax payable		1,254	5,873
		568,811	665,719
<b>Total Liabilities</b>		660,518	769,375
<b>Total Equity and Liabilities</b>		1,817,334	1,933,957
<b>Net assets per share attributable to equity holders of the parent (sen)</b>		96	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 JUNE 2016

(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	<-----Non-distributable-----> Distributable Retained Profits RM'000 (Note 23)	
<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	-	-	-	-	16,326	16,326
Dividend on ordinary shares	-	-	-	-	(24,092)	(24,092)
<b>At 30 June 2016</b>	<u>1,207,262</u>	<u>(1,904)</u>	<u>9,034</u>	<u>(73,902)</u>	<u>16,326</u>	<u>1,156,816</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 JUNE 2016

(The figures have not been audited)

	12 Months Ended 30/06/2016 RM'000	12 Months Ended 30/06/2015 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	27,366	73,029
Adjustments for non-cash and non-operating items	28,542	29,136
Operating profit before working capital changes	55,908	102,165
(Increase)/Decrease in land held for property development & property development costs	(13,367)	90,884
Decrease/(Increase) in inventories	13,194	(28,807)
Decrease/(Increase) in receivables	68,585	(54,953)
Decrease in payables	(72,076)	(54,251)
Cash generated from operations	52,244	55,038
Utilisation of provision of liabilities	(5,336)	(298)
Reversal of provision of liabilities	(4,497)	(181)
Interest paid	(6,062)	(10,083)
Interest received	3,689	3,073
Taxes paid	(27,349)	(28,225)
<b>Net cash generated from operations</b>	<b>12,689</b>	<b>19,324</b>
<b>Cash flows from investing activity</b>		
Proceed from disposal of property, plant and equipment	1	533
Purchase of property, plant & equipment	(2,356)	(7,408)
Proceed from disposal of investment properties	-	1,760
Withdrawal from/(Investment in) money market fund	12,845	(11,006)
<b>Net cash generated from/(used in) investing activity</b>	<b>10,490</b>	<b>(16,121)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(24,092)	(48,184)
Drawdown of borrowings net of repayments	(32,172)	(15,954)
<b>Net cash used in financing activities</b>	<b>(56,264)</b>	<b>(64,138)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(33,085)</b>	<b>(60,935)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>112,987</b>	<b>173,922</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>79,902</b>	<b>112,987</b>
<b>Cash and cash equivalents at end of financial year comprise the following:</b>		
Deposits with licensed banks	4,585	18,688
Cash and bank balances	75,317	94,299
	<b>79,902</b>	<b>112,987</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 2015.

# **M K LAND HOLDINGS BERHAD**

(INCORPORATED IN MALAYSIA) - 40970 H

## **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016**

(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 June 2016.

#### **8 Dividends**

The final dividend (single tier) of 2 sen for the financial year ended 30 June 2015 amounting RM24,091,800, was approved by the shareholders at the Annual General Meeting held on 26 November 2015 and was paid on 31 December 2015.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

### PART A - EXPLANATORY NOTES

#### 9 Segmental Information

	12 Months Ended 30/06/2016 RM'000	12 Months Ended 30/06/2015 RM'000
<b>Segment Revenue</b>		
Property development	281,191	451,312
Leisure	27,219	35,511
Investment	37,403	34,464
Education	1,948	1,493
	<hr/>	<hr/>
	347,761	522,780
Eliminations on consolidation	(37,362)	(34,464)
Total revenue	<hr/>	<hr/>
	310,399	488,316
<b>Segment Results</b>		
Property development	36,468	82,123
Leisure	(2,494)	(530)
Investment	22,632	20,569
Education	(993)	(2,367)
	<hr/>	<hr/>
	55,613	99,795
Eliminations on consolidation	(18,980)	(16,717)
Profit from operations	<hr/>	<hr/>
	36,633	83,078

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

#### 10 Profit Before Taxation

	3 Months Ended		12 Months Ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
The following items have been (credited)/charged in arriving at profit before tax:				
Gain on disposal of investment property	(1)	-	(1)	(85)
Net fair value adjustments on investment properties	1,175	(431)	1,175	(431)
Interest income	(1,172)	(151)	(3,689)	(3,073)
Rental income	(820)	(1,459)	(3,406)	(4,077)
Interest expense	2,462	2,502	9,267	10,049
Depreciation	3,299	2,921	10,185	8,031
Provision for and write off of receivables	-	8,411	-	8,411
Provision for and write off of inventories	2,791	15,888	2,791	15,888
Impairment of property, plant and equipment	-	6,970	-	6,970
Gain or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

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

# **M K LAND HOLDINGS BERHAD**

(INCORPORATED IN MALAYSIA) - 40970 H

## **NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016**

(The figures have not been audited)

### **PART A - EXPLANATORY NOTES**

#### **11 Carrying Amount of Revalued Assets**

The investment properties have been revalued at the end of the financial year ended 30 June 2016.

#### **12 Changes in the Composition of the Group**

There were no material changes in the composition of the Group during the current financial period.

#### **13 Subsequent events**

There were no material events subsequent to the end of the current financial period.

#### **14 Commitments**

There were no commitments at the end of the current financial period.

#### **15 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 RM44.25 million as at 30 June 2016.

##### **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's 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.

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.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

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

#### 15 Changes in Contingent Liabilities and Contingent Assets (Con't)

##### b) Gain on sale of investment properties (Con't)

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.

#### 16 Performance Analysis

	3 Months Ended		12 Months Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Property development	75,758	153,395	281,191	451,312
Leisure	4,212	5,597	27,219	35,511
Investment	4,850	8,741	37,403	34,464
Education	534	464	1,948	1,493
	<u>85,354</u>	<u>168,197</u>	<u>347,761</u>	<u>522,780</u>
Eliminations on consolidation	(4,840)	(8,741)	(37,362)	(34,464)
Total revenue	<u>80,514</u>	<u>159,456</u>	<u>310,399</u>	<u>488,316</u>
<b>Profit before taxation</b>				
Property development	7,075	24,849	29,398	74,271
Leisure	(2,180)	2,882	(2,498)	(534)
Investment	311	7,224	22,031	19,968
Education	(162)	(788)	(993)	(2,367)
	<u>5,044</u>	<u>34,167</u>	<u>47,938</u>	<u>91,338</u>
Elimination on consolidation	(66)	(18,109)	(20,572)	(18,309)
	<u>4,978</u>	<u>16,058</u>	<u>27,366</u>	<u>73,029</u>

The Group recorded revenue and profit before taxation of RM80.5 million and RM5.0 million respectively for the current quarter ended 30 June 2016.

Property development segment generated RM75.8 million, representing 94.1% of the total revenue for the current quarter. Revenue is mainly generated from construction progress for property development in Damansara Perdana and Meru, Perak.



# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

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

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

	3 Months Ended	
	30/06/2016 RM'000	31/03/2016 RM'000
<b>Profit before taxation</b>		
Property development	7,075	9,355
Leisure	(2,180)	(580)
Investment	311	396
Education	(162)	(250)
	<hr/>	<hr/>
	5,044	8,921
Eliminations on consolidation	(66)	(69)
	<hr/>	<hr/>
	4,978	8,852

The Group recorded profit before taxation of RM5.0 million for the current quarter as compared to a profit before taxation of RM8.9 million recorded in the preceding quarter.

The material changes are mainly from the property development and leisure. The profit before tax for the property development segment for the current quarter is lower than the preceding quarter mainly due to lower sales during the current quarter. The leisure division results for the quarter is weaker due to lower rooms occupancy and waterpark attendance. The improved results of the education segment for the current quarter was mainly due to higher students intakes and lower costs incurred.

#### 18 Commentary on Prospects

The current sentiment of the real estate market has continued to impact the property development industry.

The Group will remain cautious in the current operating environment and will continue with its strategies in the core property development segment for the financial year ending 30 June 2017.

The Group's strategically located projects in the Klang Valley and Meru, Perak are expected to be the key drivers for the Group.

#### 19 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.

#### 20 Taxation

	12 Months Ended	12 Months Ended
	30/06/2016 RM'000	30/06/2015 RM'000
Income tax expense :		
Charge for the period	16,154	29,019
Deferred tax	(5,114)	(9,953)
	<hr/>	<hr/>
	11,040	19,066

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 off set against taxable profits made by other subsidiaries.

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

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

#### 21 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 26 November 2015. 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.

#### 22 Borrowings and Debt Securities

	At 30/06/2016 RM'000	At 30/06/2015 RM'000
<b>Secured</b>		
<b>Short Term Borrowings :</b>		
Hire purchase payables	15	15
Short term portion of term loans	36,607	56,855
	<u>36,622</u>	<u>56,870</u>
<b>Long Term Borrowings :</b>		
Hire purchase payables	102	119
Term loans (long term portion)	7,647	19,554
	<u>7,749</u>	<u>19,673</u>
<b>Total Borrowings</b>	<u>44,371</u>	<u>76,543</u>

#### 23 Realised and Unrealised Profits/Losses

	At 30/06/2016 RM'000	At 30/06/2015 RM'000
Unrealised	157,758	155,951
Realised	1,001,746	1,009,579
	<u>1,159,504</u>	<u>1,165,530</u>
Elimination on consolidation	(1,143,178)	(1,141,438)
<b>Total</b>	<u>16,326</u>	<u>24,092</u>

# M K LAND HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA) - 40970 H

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 2016

(The figures have not been audited)

### 24 Changes in Material Litigation

As at 19 August 2016, there were no changes in material litigation since the last audited statement of financial position of 30 June 2015.

### 25 Earnings per share

#### a) Basic

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 30/06/2016	12 Months Ended 30/06/2015
Net profit for the period (RM'000)	16,326	53,963
Weighted average no. of ordinary shares in issue ('000)	1,204,590	1,204,590
Basic earnings per share (sen)	<u>1.36</u>	<u>4.48</u>

#### b) Diluted

The diluted earnings per share is the same as the basic earnings per share, as there are no potential dilutive shares outstanding at reporting date.

### 26 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 August 2016.