THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

All abbreviations contained herein are defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately. If you have sold or transferred all MKH Shares, you should hand this Abridged Prospectus, together with the NPA and the RSF (collectively, the "**Documents**") at once to the agent/broker through whom you have effected the sale/transfer for onward transmission to the purchaser/transferee. All enquiries concerning the Rights with Bonus Issue, which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The Documents are only despatched to our shareholders whose names appear in the Record of Depositors as at 5:00 p.m. on 3 May 2017 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5:00 p.m. on 3 May 2017 .The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights with Bonus Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights with Bonus Issue, the application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and Bonus Shares would result in the contravention of any laws of such countries or jurisdictions. Neither MKH, AmInvestment Bank, Kenanga IB nor any of their respective directors and officers or affiliates will accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights with Bonus Issue, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares and Bonus Shares made by any Entitled Shareholder and/or their renouncee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or their renouncee(s) and/or transferee(s) (if applicable) is a resident.

The approval from our shareholders for the Rights with Bonus Issue was obtained at our EGM held on 14 March 2017. The approval from Bursa Securities for the listing of and quotation for all the Rights Shares, Bonus Shares, Additional MKH Warrants and new MKH Shares to be issued upon the exercise of the Additional MKH Warrants on Bursa Securities was obtained vide its letter dated 26 January 2017. The listing of and quotation for the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights with Bonus Issue.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights with Bonus Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of the Documents.

Our Board has seen and approved all the documentation relating to this Rights with Bonus Issue including the Documents. They collectively and individually, accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in the Documents false or misleading.

AmInvestment Bank and Kenanga IB, being the Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters for the Rights with Bonus Issue, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights with Bonus Issue.

MKH

MKH BERHAD
(Company No. 50948-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 45,402,742 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF MKH BERHAD ("MKH SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.89 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TEN (10) EXISTING MKH SHARES HELD AS AT 5:00 P.M. ON 3 MAY 2017, TOGETHER WITH A BONUS ISSUE OF UP TO 90,805,484 NEW MKH SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED

Joint Principal Advisers, Joint Managing Underwriters and Joint Underwriters

AmInvestment Bank

AmInvestment Bank Berhad
(Company No. 23742-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

kenanga

Kenanga Investment Bank Berhad
Company No. 15678-H
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter

Affin Hwang Investment Bank Berhad
(Company No. 14389-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter

Hong Leong Investment Bank Berhad
(Company No. 10209-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter

RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Wednesday, 3 May 2017 at 5:00 p.m.
Last date and time for:		
Sale of the Provisional Allotments	:	Thursday, 11 May 2017 at 5:00 p.m.
Transfer of the Provisional Allotments	:	Tuesday, 16 May 2017 at 4:00 p.m.
Acceptance and payment for the Provisional Allotments	:	Friday, 19 May 2017 at 5:00 p.m.
Application and payment for the Excess Rights Shares	:	Friday, 19 May 2017 at 5:00 p.m.

This Abridged Prospectus is dated 3 May 2017

Company No. 50948-T

ALL ABBREVIATIONS AND DEFINED NAMES CONTAINED HEREIN ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS WITH BONUS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF THE RIGHTS SHARES AND BONUS SHARES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY THE RIGHTS SHARES AND BONUS SHARES IN ANY OTHER COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations apply throughout this Abridged Prospectus:

Abridged Prospectus	:	This Abridged Prospectus dated 3 May 2017
Act	:	The Companies Act, 2016
Additional MKH Warrants	:	Up to 7,446,858 additional MKH Warrants to be issued pursuant to the Adjustments
Adjustments	:	Adjustments to the exercise price and number of outstanding MKH Warrants held by each holder of the MKH Warrants pursuant to the provisions of the Deed Poll as a result of the Rights with Bonus Issue
AmInvestment Bank	:	AmInvestment Bank Berhad (23742-V)
Authorised Nominee	:	A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
BNM	:	Bank Negara Malaysia
Board or **Directors**	:	Board of Directors of MKH
Bonus Shares	:	Up to 90,805,484 new MKH Shares to be credited as fully paid-up pursuant to the Rights with Bonus Issue
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CCSR	:	Chen Choy & Sons Realty Sdn Bhd (26485-H)
CDS Account	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositors
Closing Date	:	19 May 2017 at 5:00 p.m., being the last date and time for the acceptance of and payment for the Provisional Allotments and the Excess Rights Shares
CMSA	:	Capital Markets and Services Act, 2007
Code	:	Malaysian Code on Take-Overs and Mergers, 2016
CPO	:	Crude palm oil
Deed Poll	:	The deed poll dated 23 November 2012 constituting the MKH Warrants
DIBS	:	Developer interest bearing schemes
Documents	:	Collectively, this Abridged Prospectus, together with the NPA and the RSF
EGM	:	Extraordinary general meeting

Electronic Application	:	Application for the Rights Shares and/or the Excess Rights Shares through the ATMs of the Participating Financial institutions
Entitled Shareholder(s)	:	Shareholders of MKH whose names appear on the Record of Depositors of our Company as at the Entitlement Date
Entitlement Date	:	3 May 2017 at 5:00 p.m., being the date on which the names of our shareholders must be appeared in our Record of Depositors in order to be entitled to the Rights with Bonus Issue
EPS	:	Earnings per share
Excess Application	:	Application(s) for Excess Rights Shares as set out in Section 10.7 of this Abridged Prospectus
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) by the Closing Date
FPE	:	Financial period ended
FSA	:	Financial Services Act, 2013
FYE	:	Financial year ended
GDV	:	Gross development value
Government	:	Government of Malaysia
GST	:	Goods and services tax
IDR	:	Indonesian Rupiah
Internet Application	:	Application for the Rights Shares and/or the Excess Rights Shares within Malaysia through an Internet Participating Financial institution
Internet Participating Financial institutions	:	Participating financial institutions for the Internet Applications as referred to in Section 10.3 of this Abridged Prospectus
Joint Principal Advisers or Joint Managing Underwriters	:	Collectively, AmInvestment Bank and Kenanga IB
Joint Underwriters	:	Collectively, AmInvestment Bank, Kenanga IB, Affin Hwang Investment Bank Berhad, Hong Leong Investment Bank Berhad and RHB Investment Bank Berhad
Kenanga IB	:	Kenanga Investment Bank Berhad (15678-H)
KTM	:	Keretapi Tanah Melayu Berhad (225943-T)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	4 April 2017, being the latest practicable date prior to the printing of this Abridged Prospectus

DEFINITIONS *(CONT'D)*

Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming all the outstanding 29,336,243 MKH Warrants are exercised prior to the Entitlement Date and all the Entitled Shareholders subscribe for their respective entitlements to the Rights Shares in full
Minimum Scenario	:	Assuming none of the outstanding 29,336,243 MKH Warrants is exercised prior to the Entitlement Date, only the Undertaking Shareholders subscribe for their respective entitlements to the Rights Shares in full and the unsubscribed portion of the Rights Shares is fully underwritten
MKH or **our Company**	:	MKH Berhad (50948-T)
MKH Group or **our Group**	:	Collectively, MKH and its subsidiaries
MKH Shares or **Shares**	:	Ordinary shares in the capital of our Company
MKH Warrants or **Warrants**	:	Outstanding 29,336,243 warrants 2012/2017 in MKH as at the LPD as constituted by the Deed Poll and expiring on 30 December 2017
MRT	:	Mass rapid transit
NA	:	Net assets
NPA	:	Notice of provisional allotment of Rights Shares pursuant to the Rights with Bonus Issue
NRS	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights with Bonus Issue through Bursa Depository's existing network facilities with the Authorised Nominees
Official List	:	The list specifying all securities listed on the Main Market of Bursa Securities
Participating Financial Institutions	:	Participating financial institutions for Electronic Applications as referred to in Section 10.4.2 of this Abridged Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
Price Fixing Date	:	17 April 2017, being the date on which the Rights Issue Price was determined and announced by our Board
Provisional Allotments	:	Rights Shares and Bonus Shares provisionally allotted to the Entitled Shareholders pursuant to the Rights with Bonus Issue
RAC	:	Railway Asset Corporation, a body corporate established under the Railways Act 1991 (Act 463)
Record of Depositors	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue Price	:	Issue price of RM1.89 for each Rights Share

DEFINITIONS *(CONT'D)*

Rights Shares	:	Up to 45,402,742 new MKH Shares to be issued pursuant to the Rights with Bonus Issue
Rights with Bonus Issue	:	Renounceable rights issue of up to 45,402,742 Rights Shares at an issue price of RM1.89 per Rights Share on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held as at 5:00 p.m. on 3 May 2017, together with a bonus issue of up to 90,805,484 Bonus Shares to be credited as fully paid-up on the basis of two (2) Bonus Shares for every one (1) Rights Share subscribed
RM and **sen**	:	Ringgit Malaysia and sen, respectively
RPGT	:	Real property gains tax
RSF	:	Rights subscription form to the Rights with Bonus Issue
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SSHB	:	Sim See Hua Brothers Sdn Bhd (122585-T)
SVSB	:	Suria Villa Sdn Bhd (1100726-T), a wholly-owned subsidiary of the Company
TEAP	:	Theoretical ex-all price
Undertakings	:	Irrevocable and unconditional written undertakings dated 4 January 2017 from the Undertaking Shareholders to subscribe their respective entitlements for the Rights Shares in full as at the Entitlement Date
Undertakings Shareholders	:	Collectively, CCSR, Lotus Way Sdn Bhd, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah, whom have provided the Undertakings
Underwriting	:	Underwriting arrangement entered into between our Company and the Joint Underwriters in relation to the Rights with Bonus Issue
Underwriting Agreement	:	Underwriting agreement dated 17 April 2017 entered into between our Company and the Joint Underwriters in relation to the Rights with Bonus Issue for the Underwriting of up to 24,70 million Rights Shares at an underwriting commission of 1.25% of the value of the underwritten shares at the Rights Issue Price
USD	:	United States Dollar
VWAMP	:	Volume weighted average market price
Warrant Holders	:	Holders of the MKH Warrants

DEFINITIONS *(CONT'D)*

All references to "**our Company**" or "**MKH**" in this Abridged Prospectus are to MKH Berhad, and references to "**our Group**" or "**MKH Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context requires otherwise, our Group.

All references to "**you**" and "**your**" in this Abridged Prospectus are to the Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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APPENDICES

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CORPORATE DIRECTORY

OUR DIRECTORS

Name	Address	Nationality	Profession
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong *(Executive Chairman)*	1, Lorong Bukit Indah 3 Taman Bukit Indah 43000 Kajang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Tan Sri Datuk Chen Lok Loi *(Managing Director)*	No. 155 Persiaran Impian Gemilang Saujana Impian 43000 Kajang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Datuk Chen Fook Wah *(Deputy Managing Director)*	No.1, Jalan 9/6 Taman Bukit Mewah, Fasa 9 43000 Kajang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Datuk Mohammad Bin Maidon *(Independent Non-Executive Director)*	No. 32A, Jalan Setia Nusantara U13/22Q Setia Eco Park Setia Alam 40170 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Mohammed Chudi Bin Haji Ghazali *(Senior Independent Non-Executive Director)*	No. 13, Taman Grand View Ampang Jaya 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Haji Mohamed Bin Ismail *(Independent Non-Executive Director)*	2226, Taman Rakyat Pasir Hor 15100 Kota Bharu Kelantan Darul Naim Malaysia	Malaysian	Company Director
Jeffrey Bin Bosra *(Independent Non-Executive Director)*	No. 28, Jalan Wangsa 11 Bukit Antarabangsa 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Chartered Accountant
Haji Hasan Aziz Bin Mohd Johan *(Independent Non-Executive Director)*	424, Lorong S2A-10/4 Green Street Homes Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus Malaysia	Malaysian	Company Director

CORPORATE DIRECTORY *(CONT'D)*

AUDIT COMMITTEE

Name	Designation	Directorship
Jeffrey Bin Bosra	Chairman	Independent Non-Executive Director
Mohammed Chudi Bin Haji Ghazali	Member	Senior Independent Non-Executive Director
Haji Mohamed Bin Ismail	Member	Independent Non-Executive Director

COMPANY SECRETARY : Tan Wan San (MIA 10195)

Suite 1, 5th Floor, Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
Malaysia

Tel. no.: +603 8737 8228
Fax no.: +603 8736 5436

REGISTERED OFFICE/ HEAD/ MANAGEMENT OFFICE : Suite 1, 5th Floor, Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
Malaysia

Tel. no.: +603 8737 8228
Fax no.: +603 8736 5436
Email: ir@mkhberhad.com
Website: www.mkhberhad.com

AUDITORS AND REPORTING ACCOUNTANTS : Deloitte PLT (AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Malaysia

Tel. no.: +603 7610 8888

SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Tel. no.: +603 2783 9299

CORPORATE DIRECTORY *(CONT'D)*

PRINCIPAL BANKERS	:	AmBank Islamic Berhad 22nd Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. no.: +603 2036 2633 Affin Bank Berhad 17th Floor, Menara Affin 80, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. no.: +603 2055 9000 Al Rajhi Banking & Investment Corporation (Malaysia) Berhad Ground Floor, East Block Wisma Selangor Dredging 142-B, Jalan Ampang 50450 Kuala Lumpur Malaysia Tel. no.: +603 2301 7000 Bank Muamalat Malaysia Berhad 20th Floor, Menara Bumiputra Jalan Melaka 50100 Kuala Lumpur Malaysia Tel. no.: +603 2615 7069 Hong Leong Bank Berhad Level 8, Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Malaysia Tel. no.: +603 2180 8888 Industrial and Commercial Bank of China (Malaysia) Berhad Level 35, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur Malaysia Tel. no.: +603 2301 3399

CORPORATE DIRECTORY *(CONT'D)*

National Bank of Abu Dhabi Malaysia Berhad
Level 28, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia

Tel. No.: +603 2330 3800

Maybank Islamic Berhad
Level 10, Tower A
Dataran Maybank
1, Jalan Maarof
59000 Kuala Lumpur
Malaysia

Tel. no.: +603 2297 2001

OCBC Al-Amin Bank Berhad
19th Floor, Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Tel. no.: +603 8314 9090

RHB Islamic Bank Berhad
Level 9, Tower One,
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

Tel. no.: +603 9287 8888

United Overseas Bank (Malaysia) Berhad
Level 11, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

Tel. no.: +603 2692 7722

SOLICITORS FOR THE RIGHTS WITH BONUS ISSUE : Wang Kuo Shing & Co
21-16, Level 21, Q Sentral
2A Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Tel. no.: +603 2726 9688

CORPORATE DIRECTORY *(CONT'D)*

JOINT PRINCIPAL ADVISERS AND JOINT MANAGING UNDERWRITERS FOR THE RIGHTS WITH BONUS ISSUE	:	AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. no.: +603 2036 2633 Kenanga Investment Bank Berhad 17thfloor, Kenanga Tower No, 237, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. no.: +603 2172 2888
JOINT UNDERWRITERS		AmInvestment Bank Berhad 22nd Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. no.: +603 2036 2633 Affin Hwang Investment Bank Berhad 27th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Tel. no.: +603 2142 3700 Hong Leong Investment Bank Berhad Level 23, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Malaysia Tel. no.: +603 2168 1168 Kenanga Investment Bank Berhad 17thfloor, Kenanga Tower No, 237, Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. no.: +603 2172 2888 RHB Investment Bank Berhad Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Malaysia Tel. no.: +603 9287 3888
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	Main Market of Bursa Securities

MKH BERHAD
(Company No. 50948-T)
(Incorporated in Malaysia)

Registered Office:

Suite 1, 5th Floor, Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
Malaysia

3 May 2017

Board of Directors

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong *(Executive Chairman)*
Tan Sri Datuk Chen Lok Loi *(Managing Director)*
Datuk Chen Fook Wah (*Deputy Managing Director)*
Datuk Mohammad Bin Maidon *(Independent Non-Executive Director)*
Mohammed Chudi Bin Haji Ghazali *(Senior Independent Non-Executive Director)*
Haji Mohamed Bin Ismail (*Independent Non-Executive Director)*
Jeffrey Bin Bosra (*Independent Non-Executive Director)*
Haji Hasan Aziz Bin Mohd Johan *(Independent Non-Executive Director)*

To: Our shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 45,402,742 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.89 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TEN (10) EXISTING MKH SHARES HELD AS AT 5:00 P.M. ON 3 MAY 2017, TOGETHER WITH A BONUS ISSUE OF UP TO 90,805,484 BONUS SHARES TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED

1. INTRODUCTION

On 6 December 2016, the Joint Principal Advisers, on behalf of our Board, announced that our Company proposed to undertake the Rights with Bonus Issue.

On 27 January 2017, the Joint Principal Advisers, on behalf of our Board, announced that Bursa Securities had vide its letter dated 26 January 2017 approved the following:-

(i) listing of and quotation for up to 136,208,226 new MKH Shares (comprising up to 45,402,742 Rights Shares and up to 90,805,484 Bonus Shares) to be issued pursuant to the Rights with Bonus Issue; and

(ii) listing of and quotation for the Additional MKH Warrants and the new MKH Shares to be issued pursuant to the exercise of the Additional MKH Warrants.

The approval from Bursa Securities is subject to,the following conditions:-

No.	Conditions	Status of compliance
(a)	MKH and its Joint Principal Advisers must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights with Bonus Issue;	To be complied with in the course of implementation of the Rights with Bonus Issue.
(b)	MKH and its Joint Principal Advisers to inform Bursa Securities upon the completion of the Rights with Bonus Issue;	To be complied with upon completion of the Rights with Bonus Issue.
(c)	To incorporate the comments made by Bursa Securities in the circular to shareholders;	Complied.
(d)	MKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights with Bonus Issue is completed;	To be complied with upon completion of the Rights with Bonus Issue.
(e)	MKH to remit the additional listing fee payable to Bursa Securities together with a copy of the details of the computation of the amount of listing fees payable (where applicable); and	Complied.
(f)	MKH to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in general meeting approving the Rights with Bonus Issue (where applicable).	Complied.

On 14 March 2017, we announced that our shareholders had, at our EGM held on the same day, approved the Rights with Bonus Issue. A certified true extract of the resolution passed at the aforesaid EGM is attached as **Appendix I** of this Abridged Prospectus.

On 17 April 2017, the Joint Principal Advisers, on behalf of our Board, announced the following:-

(i) the Rights Issue Price has been fixed at RM1.89 per Rights Share;

(ii) the Entitlement Date has been fixed as at the close of business at 5:00 p.m. on 3 May 2017 along with the other relevant dates pertaining to the Rights with Bonus Issue; and

(iii) we entered into the Underwriting Agreement with the Joint Underwriters to underwrite up to 24.70 million Rights Shares in aggregate, representing around 54.41% of the total issue size of the Rights with Bonus Issue (under the Maximum Scenario), at the Rights Issue Price.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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2. DETAILS OF THE RIGHTS WITH BONUS ISSUE

2.1 Details of the Rights with Bonus Issue

Subject to the terms and conditions of the Documents, we will provisionally allot up to 45,402,742 Rights Shares and up to 90,805,484 Bonus Shares to the Entitled Shareholders on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held on the Entitlement Date and two (2) Bonus Shares for every one (1) Rights Share subscribed.

The issue price for the Rights Shares of RM1.89 each is payable in full upon acceptance.

The maximum number of 45,402,742 Rights Shares and 90,805,484 Bonus Shares were arrived at based on the following:-

(i) total number of issued Shares of 424,691,181 MKH Shares, as at the LPD; and

(ii) assuming that all the outstanding 29,336,243 MKH Warrants as at the LPD are exercised into 29,336,243 new MKH Shares prior to the Entitlement Date.

The actual number of Rights Shares and Bonus Shares to be issued pursuant to the Rights with Bonus Issue will be determined based on our Company's total number of issued Shares as at the Entitlement Date.

In determining the Entitled Shareholders' entitlements to the Provisional Allotments, fractional entitlements, if any, will be dealt with in such manner as our Board may at its absolute discretion deem fit or expedient and in the best interest of our Company.

The Rights with Bonus Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. Only Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who successfully subscribe for the Rights Shares will be entitled to the Bonus Shares. The Entitled Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights with Bonus Issue will simultaneously relinquish their corresponding entitlements to the Bonus Shares. For clarity, Entitled Shareholders who accept only part of their entitlements to the Rights Shares will be entitled to the Bonus Shares in the proportion of their acceptance of their entitlements to the Rights Shares. The Rights Shares and Bonus Shares are not separately renounceable.

Any Rights Shares which are not validly taken up will be made available for excess applications by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s). It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner as set out in Section 10.7 of this Abridged Prospectus.

Any dealing in the securities of our Company will be subject to the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares and Bonus Shares will be credited directly into the respective CDS Accounts of the successful applicants. No physical share certificates will be issued but notices of allotment will be despatched to the successful applicants.

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2.2 Capitalisation of reserves for the Bonus Shares

The issuance of the Bonus Shares pursuant to the Rights with Bonus Issue will be wholly capitalised from the retained earnings of our Company at RM1.00[(1)] per Bonus Share. Details of the capitalisation for the issuance of the Bonus Shares based on our Company's latest audited financial statements for the FYE 30 September 2016 and unaudited financial statements for the FPE 31 December 2016 are illustrated below:-

Company level	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Audited retained earnings as at 30 September 2016	412,721	412,721
Less: Capitalisation for the Bonus Shares	(84,938)	(90,805)
Less: Estimated expenses for the Rights with Bonus Issue	(1,600)	(1,600)
After the Rights with Bonus Issue	**326,183**	**320,316**

Company level	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Unaudited retained earnings as at 31 December 2016	384,296	384,296
Less: Capitalisation for the Bonus Shares	(84,938)	(90,805)
Less: Estimated expenses for the Rights with Bonus Issue	(1,600)	(1,600)
After the Rights with Bonus Issue	**297,758**	**291,891**

Our Board confirms that the reserves available for the capitalisation for the Bonus Shares are adequate to cover the entire capitalisation for the Bonus Shares and, based on our Company's latest audited financial statements for the FYE 30 September 2016 and unaudited financial statements for the FPE 31 December 2016, such reserves are unimpaired by losses on a consolidated basis in compliance with paragraph 6.30(1) of the Listing Requirements.

Note:-

(1) Being the reference to the par value of MKH Shares immediately before the effective date of the Act pursuant to Section 618(7) of the Act.

2.3 Basis of determining the Rights Issue Price

Our Board had on 17 April 2017 fixed the Rights Issue Price at RM1.89 per Rights Share after taking into consideration the following:-

(i) the TEAP of MKH Shares of RM2.42, calculated based on the five (5)-day VWAMP of MKH Shares up to and including 14 April 2017 (being the last day of trading before the Price Fixing Date) of RM2.9551; and

(ii) the funding requirements of our Group as detailed in Section 4 of this Abridged Prospectus.

The Rights Issue Price of RM1.89 per Rights Share represents a discount of around RM0.53 or 21.90% to the TEAP of MKH Shares.

2.4 Ranking of the Rights Shares and Bonus Shares

The Rights Shares and Bonus Shares will, upon allotment and issuance, be of the same class and rank equally in all respects with each other and the then existing MKH Shares, save and except that the Rights Shares and Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to or on the date of allotment of the Rights Shares and Bonus Shares.

2.5 Details of other corporate exercises

Save for the Rights with Bonus Issue, there are no other corporate exercises which we have announced but yet to be completed as at the LPD.

3. SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

3.1 Shareholders' Undertakings

The Rights with Bonus Issue is intended to be undertaken on a full subscription basis. We have procured irrevocable and unconditional written undertakings from the Undertaking Shareholders to subscribe their respective entitlements for the Rights Shares in full as at the Entitlement Date.

As at the LPD, the Undertaking Shareholders collectively hold, directly and indirectly, 197.92 million MKH Shares, representing around 46.61% of our total number of issued Shares.

In the event that the Undertaking Shareholders subscribe for their Undertakings and no other Entitled Shareholder subscribes for their entitlements under the Rights with Bonus Issue, our public shareholding spread will not fall below the minimum shareholding spread requirement of 25.00% as required pursuant to Paragraph 8.02 (1) of the Listing Requirements.

As at the LPD, the public shareholding spread of our Company is approximately 43.64%. Under the Minimum Scenario, our public shareholding spread may increase to around 45.89%, which is in compliance with the public spread requirement mentioned in the above paragraph, as illustrated below:-

	Existing Shareholdings as at LPD ('000)	Rights Shares ('000)	Bonus Shares ('000)	Shareholdings after Rights with Bonus Issue under Minimum Scenario ('000)
Total number of MKH Shares	424,691	42,469	84,938	552,098
Less: Total number of MKH Shares held by the substantial shareholders of our Company and the directors of our Group	239,321	[(1)]19,792	39,584	298,697
Less: Shareholders holding less than 100 Shares	20	-	-	20
Public shareholding in MKH	**185,350**	**22,677**	**45,354**	**253,381**
Percentage of public spread shareholding (%)	43.64			45.89

Note:-

(1) Pursuant to the subscription by Undertaking Shareholders.

The details of the respective Undertaking Shareholders' entitlements to the Rights Shares pursuant to the Rights with Bonus Issue as at LPD are as follows:-

	Shareholdings as at LPD				Total		Rights Shares entitlement and Undertakings			
	Direct		Indirect				Minimum Scenario		Maximum Scenario	
Undertaking Shareholders	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%**	**No. of Shares ('000)**	**%[7]**	**No. of Rights Shares ('000)**	**%[8]**	**No. of Rights Shares ('000)**	**%[9]**
CCSR	84,453	19.89	89,266[1]	21.02	173,719	40.90	17,372	40.90	18,176[4]	40.03
Tan Sri Datuk Chen Lok Loi	7,565	1.78	3,757[2]	0.88	11,322	2.67	1,132	2.67	1,222[5]	2.69
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,072	0.25	7,250[3]	1.71	8,322	1.96	832	1.96	832	1.83
Lotus Way Sdn Bhd	3,933	0.93	-	-	3,933	0.93	393	0.93	393	0.87
Datuk Chen Fook Wah	626	0.15	-	-	626	0.15	63	0.15	75[6]	0.17
Total	**97,649**	**23.00**	**100,273**	**23.61**	**197,922**	**46.61**	**19,792**	**46.61**	**20,698**	**45.59**

Notes:-

(1) 89,265,962 MKH Shares held via CCSR's pledged securities accounts with Affin Hwang Nominees (Tempatan) Sdn Bhd, EB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd and Maybank Securities Nominees (Tempatan) Sdn Bhd as at the LPD.

(2) 3,756,640 MKH Shares held via Tan Sri Datuk Chen Lok Loi's pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd as at the LPD.

(3) 7,250,000 MKH Shares held via Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong's pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd as at the LPD.

(4) Assuming 8,043,282 MKH Warrants held by CCSR as at the LPD are exercised into MKH Shares prior to the Entitlement Date.

(5) Assuming 630,391 MKH Warrants held directly by Tan Sri Datuk Chen Lok Loi and 268,020 MKH Warrants held via his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd as at the LPD are exercised into MKH Shares prior to the Entitlement Date.

(6) Assuming 122,500 MKH Warrants held by Datuk Chen Fook Wah as at the LPD are exercised into MKH Shares prior to the Entitlement Date.

(7) Computed based on total number of issued Shares of 424,691,181 MKH Shares, as at LPD.

(8) Computed based on 42,469,118 Rights Shares, being the total number of Rights Shares to be issued under the Minimum Scenario.

(9) Computed based on 45,402,742 Rights Shares, being the total number of Rights Shares to be issued under the Maximum Scenario.

The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil their respective Undertakings. The Joint Principal Advisers have verified the sufficiency of financial resources of the Undertaking Shareholders for the purpose of subscribing to the Rights Shares pursuant to the Undertakings.

The MKH Warrants held by the Undertaking Shareholders in our Company as at the LPD are as follows:

	Direct		Indirect		Total	
Warrant holdings	**No. of Warrants ('000)**	**%**	**No. of Warrants ('000)**	**%**	**No. of Warrants ('000)**	**%**
CCSR	8,043	27.42	-	-	8,043	27.42
Tan Sri Datuk Chen Lok Loi	630	2.15	268[(1)]	0.91	898	3.06
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	-	-	-	-	-	-
Lotus Way Sdn Bhd	-	-	-	-	-	-
Datuk Chen Fook Wah	123	0.42	-	-	123	0.42

Note:-

(1) Including 268,020 MKH Warrants held via Tan Sri Datuk Chen Lok Loi's pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd as at the LPD.

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3.2 Underwriting arrangement

On 17 April 2017, our Company entered into the Underwriting Agreement with the Joint Underwriters to underwrite up to an aggregate 24.70 million Rights Shares, representing around 54.41% of the total Rights Shares under the Maximum Scenario, which is the portion of the total Rights Shares where no written undertaking from the other shareholders has been obtained.

The details of the Underwriting are as follows:-

Name	Role	No. of underwritten shares ('000)	% of total underwritten shares	Total value (RM'000)
AmInvestment Bank	Joint Managing Underwriter and Joint Underwriter	6,411	25.95	12,117
Kenanga IB	Joint Managing Underwriter and Joint Underwriter	6,398	25.90	12,092
RHB Investment Bank Berhad	Joint Underwriter	3,965	16.05	7,494
Hong Leong Investment Bank Berhad	Joint Underwriter	3,965	16.05	7,494
Affin Hwang Investment Bank Berhad	Joint Underwriter	3,965	16.05	7,494
Total		**24,704**	**100.00**	**46,691**

The managing underwriting commission is RM0.05 million and the underwriting commission of 1.25% of the value of the underwritten shares, which in aggregate is around RM0.58 million. The aforesaid underwriting commissions and all reasonable costs in relation to the Underwriting will be fully borne by our Company.

After taking into consideration the Undertakings and Underwriting, the subscription of the Rights Shares by the Undertaking Shareholders will not give rise to any mandatory general offer obligation pursuant to the Code following the subscription of their respective entitlements to the Rights Shares.

4. UTILISATION OF PROCEEDS

Based on the Rights Issue Price of RM1.89 per Rights Share, the total gross proceeds from the Rights with Bonus Issue are expected to be used in the following manner:-

	Notes	Minimum Scenario	Maximum Scenario	Expected time frame for the use of proceeds (from the date of listing of the Rights Shares)
		(RM'000)	(RM'000)	
Infrastructure and property development	(1)	37,190	37,190	Within 12 months
Payment of land owners' entitlements	(2)	20,000	20,000	Within 3 months
Construction of KTM Komuter station	(3)	21,400	21,400	Within 12 months
Working capital	(4)	77	5,621	Within 12 months
Estimated expenses for the Rights with Bonus Issue	(5)	1,600	1,600	Within 1 month
Total proceeds		**80,267**	**85,811**	

Notes:-

(1) Our Group intends to use up to RM37.19 million for our Group's infrastructure and property development in the following manner:-

Description	(RM'000)
(a) Infrastructure development	33,600
(b) Property development charges	3,590
Total	**37,190**

(a) We intend to use RM33.60 million for infrastructure development for the following joint venture project development:-

Description of the development	:	A mixed development known as "Kajang 2 Precinct 2" comprising terrace houses, affordable homes and mixed commercial development i.e. shop offices and serviced apartments on Lot 12684 and PT 9782, Mukim Semenyih, Daerah Hulu Langat, Selangor Darul Ehsan, measuring a total of 48.85 acres and the Government land measuring 5.59 acres
Landowners	:	see below
Developer	:	SVSB

Landowners	Title	Acres
Joint Power Development Sdn. Bhd.	Lot 12684	41.00
Segamurni Corporation Sdn. Bhd.	PT 9782	7.85
The Government	-	5.59
Total		***54.44**

Note:-
* The infrastructure development is constructed on the entire 54.44 acres

The details of the construction contract for the infrastructure development works of the aforementioned development awarded by SVSB is as set out below:-

Name of the main contractor	:	WD Infra Sdn Bhd
Contract sum	:	RM43.60 million
Contract date	:	13 July 2016
Contract period	:	58 weeks from 8 August 2016 to 18 September 2017 [(1)]
Contract description	:	To construct infrastructure development comprising earthworks, detention pond, retaining wall and other ancillary works (Package 1) for the aforesaid development

Note:-

(1) The completion date is expected to be delayed to 31 December 2017 due to delay in obtaining approval from Lembaga Urus Air Selangor for upgrading of existing river as well as relocation of existing Tenaga Nasional Berhad services along the main road. The delay of the completion of the infrastructure development has no material implication to the Group as the earthworks for Phase 1 of Kajang 2 Precinct 2 can be completed on time to meet the target launch date in the fourth quarter of FYE 30 September 2017. The remaining phases of Kajang 2 Precinct 2 will be launched after 31 December 2017.

As at the LPD, the total value of work done in respect of the said infrastructure development works is RM6.01 million of which our Group has settled RM5.63 million. The remaining RM0.38 million payable to the main contractor will be settled by our Group in due course via our Group's internally-generated funds. The current progress of the infrastructure development will be expedited upon obtaining the approval from Lembaga Urus Air Selangor and the completion of relocation of the Tenaga Nasional Berhad services which are expected to be in June 2017. The overall infrastructure development is expected to be completed by 31 December 2017.

The breakdown of the allocation of the proceeds from the Rights with Bonus Issue of RM33.60 million for the infrastructure development is as follows:-

		RM'000
(i)	Earthworks	5,760
(ii)	Detention pond	1,138
(iii)	Retaining wall	12,023
(iv)	Main drain	7,460
(iv)	Other ancillary works (eg. River crossing works, piling works, demolition works, temporary road and sewerage reticulation)	7,219
Total proceeds to be used for infrastructure development		33,600

The aforesaid allocation is based on the expected remaining contract sum payable to WD Infra Sdn Bhd after the completion of the Rights with Bonus Issue. The remaining RM3.99 million payable to WD Infra Sdn Bhd will be settled via our Group's internally-generated funds and/or bank borrowings.

(b) Our Group has to pay property development charges of RM15.40 million to Kuala Lumpur City Hall as part of the conditions for approval in respect of a property development project undertaken by our Group in Mont Kiara, Kuala Lumpur by way of instalments from February 2016 to November 2017. As at the LPD, our Group has settled around RM11.17 million of the development charges payable.

Our Group intends to use up to around RM3.59 million for part payment of the remaining development charges whilst the balance will be funded by our Group's internally-generated funds.

(2) Our Group intends to use RM20.00 million for the payment of the land owners' entitlements under the following joint venture agreements:-

(a) On 7 August 2015, SVSB entered into three (3) separate joint venture agreements with Sim See Hua Group of Companies (SSHB, Segamurni Corporation Sdn Bhd and Joint Power Development Sdn Bhd, respectively) to develop around 130.05 acres of lands in Semenyih ("**Lands 1**") (collectively "**JVA 1**").

As at LPD, the current stage of JVA 1 is as follows:-

(i) Ongoing infrastructure development on the aggregated 54.44 acres of land as disclosed in Section 4(1)(a) above; and

(ii) In the midst of obtaining planning approval from Jabatan Perancangan Bandar dan Desa Negeri Selangor for the balance land of 75.61 acres.

Under the terms of the JVA 1, SVSB will progressively pay Sim See Hua Group of Companies, being the land owners, advance payments of RM238.95 million in return for Sim See Hua Group of Companies providing and making available the Lands 1 to SVSB for the said development. The schedule of advance payments is as follows:-

Description	**Due date**	**(RM'000)**
First advance payment	7 August 2015	25,000
Second advance payment	6 August 2017	9,559
Third advance payment	6 August 2018	21,680
Fourth advance payment	6 August 2019	28,236
Fifth advance payment	6 August 2020	31,795
Sixth advance payment	6 August 2021	39,499
Seventh advance payment	6 August 2022	36,999
Eighth advance payment	6 August 2023	46,182
Total advance payment		**238,950**

Our Group intends to use around RM9.56 million for the payment of the second stage payment of the land owners' entitlement which will fall due in 6 August 2017 pursuant to the JVA 1.

(b) On 19 August 2016, SVSB entered into a joint venture agreement with SSHB to develop around 39.12 acres of land in Semenyih ("**Land 2**") ("**JVA 2**"). As at LPD, the current stage of JVA 2 is in the midst of obtaining planning approval from Jabatan Perancangan Bandar dan Desa Negeri Selangor.

Under the terms of the JVA 2, SVSB will progressively pay SSHB, being the land owner, advance payments of RM61.05 million in return for SSHB providing and making available the Land 2 to SVSB for the said development. The schedule of advance payments is as follows:-

Description	**Due date**	**(RM'000)**
First advance payment	19 August 2016	1
Second advance payment	18 August 2017	10,440
Third advance payment	18 August 2018	8,320
Fourth advance payment	18 August 2019	11,764
Fifth advance payment	18 August 2020	8,205
Sixth advance payment	18 August 2021	10,501
Seventh advance payment	18 August 2022	10,501
Eighth advance payment	18 August 2023	1,318
Total advance payment		**61,050**

Our Group intends to use around RM10.44 million for the payment of the second stage payment of the land owner's entitlement which will fall due in 18 August 2017 pursuant to the JVA 2.

The payments for the remaining of the land owners' entitlements pursuant to JVA 1 and JVA 2 will be funded via our Group's internally-generated funds and/or bank borrowings.

(3) Our Group had on 12 October 2012 entered into a Development cum Lease Agreement with RAC to construct a KTM Komuter station in Kajang, Selangor Darul Ehsan at a total construction cost of around RM27.90 million. The construction works have commenced in February 2016 and are expected to be completed by October 2017. As at the LPD, construction costs of RM3.26 million have been incurred.

Our Group intends to use RM21.40 million to fund part of the remaining construction cost for the KTM Komuter station while the balance RM3.24 million will be financed via our Group's internally-generated funds and/or bank borrowings.

(4) Under the Minimum Scenario and Maximum Scenario, our Group intends to use up to around RM0.08 million and RM5.62 million respectively for our Group's day-to-day business operations comprising payment for our Group's general and other operating expenses such as finance costs, quit rent, utilities and other administrative and office expenses in the following manner:-

Description	**Minimum Scenario (RM'000)**	**Maximum Scenario (RM'000)**
Finance costs	77	3,920
Quit rent	-	438
Utilities	-	315
Administrative and office expenses	-	948
Total	**77**	**5,621**

(5) The breakdown of the estimated expenses relating to the Rights with Bonus Issue is as follows:-

Description	(RM'000)
Professional fees	640
Management and underwriting fees	634
Fees to authorities	44
Printing, advertisement, EGM and other ancillary expenses	282
Total	**1,600**

Any balance not utilised shall be used for general working capital. If the estimated expenses for the Rights with Bonus Issue exceeds RM1.6 million, the difference shall be funded via internally generated funds.

For efficient use of funds, pending the due dates to settle the amount payable using the proceeds from Rights with Bonus Issue as stated in Note 1 and 2 above, our Company may use the allocated proceeds of RM57.19 million to repay our Group's short term bank borrowings in the interim period. Subsequently, towards closer to the relevant due dates for the purposes as stated in Note 1 and 2 above, we will draw down our short term bank borrowings facilities to settle the respective amount payable.

Assuming our Group uses the proceeds of RM57.19 million to repay our short term bank borrowings from the third week of June 2017 (the estimated maturity date of a number of our existing revolving credit facilities) and thereafter, progressively draws down our short term bank borrowings to fund the aforesaid infrastructure and property development and land owners' entitlements, the repayment may result in interest savings of around RM0.72 million for the period from the third week of June 2017 to end November 2017 (computed based on the average prevailing interest rate of our Group's revolving credit facilities of around 5.1% per annum as at the LPD).

Pending use of the proceeds in respect of Note 3 and 4 above, we will deposit the proceeds with financial institutions or place them in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital.

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5. RATIONALE FOR THE RIGHTS WITH BONUS ISSUE

The Rights with Bonus Issue is intended to raise proceeds to be used in the manner as set out in Section 4 of this Abridged Prospectus. After due consideration of the various options available as well as the capital structure of our Company, our Board is of the opinion that the Rights with Bonus Issue is the most appropriate means of raising funds for the following reasons:-

(i) the Rights with Bonus Issue involves the issuance of new MKH Shares without diluting the existing shareholders' percentage shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights with Bonus Issue;

(ii) the Rights with Bonus Issue provides the Entitled Shareholders with an opportunity to participate in an equity offering in our Company on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Shares; and

(iii) the Rights with Bonus Issue will strengthen our Group's financial position with enhanced shareholders' funds and reduced gearing level as compared to bank borrowings. The enhanced shareholders' funds are expected to facilitate the continuous long-term growth and expansion plans of our Group.

The Bonus Shares have been attached to the Rights Shares to provide the Entitled Shareholders with added incentive to subscribe for the Rights Shares.

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6. RISK FACTORS

You should carefully consider the following risk factors together with other information in this Abridged Prospectus before subscribing for the Rights Shares or investing in the Rights with Bonus Issue.

6.1 Risks relating to our Group and our industries

Our Group is principally engaged in property development in Malaysia and oil palm plantation in Indonesia. Risks relating to our Group and industries where our Group operates in are as follows:-

(i) Performance of the property market

Our financial performance is largely dependent on the performance of the property market in Malaysia. Any material developments affecting the property markets such as changes in demographic trends, employment and income level, economic uncertainties, changes in the Government policies, the deterioration in property demand and the property rental market may have an impact on our business operations and financial performance.

Furthermore, the performance of the property market is also affected by the regulatory environment. The Government has introduced several cooling measures to curb speculation in the property market in its effort to promote a more stable and sustainable property market.

In 2010, BNM had introduced a maximum loan-to-value ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

As announced in the Malaysian Budget 2014, effective 1 January 2014, the RPGT rates for the disposal of properties have been revised as follows:-

	RPGT		
Disposal period	**Companies**	**Individuals (citizens and permanent residents)**	**Individuals (non-citizens)**
Within 3 years	30%	30%	30%
In the 4th year	20%	20%	30%
In the 5th year	15%	15%	30%
In the 6th year and subsequent years	5%	0%	5%

The Government had also imposed different minimum threshold of purchase price on properties purchasable by foreigners in different states of Malaysia as part of the Government’s plans to restrict speculative activities in the property market.

In addition, banks can no longer provide financing for projects with DIBS, which is generally a form of promotional incentive offered to potential purchasers in a bid by property developers to attract property buyers. Under DIBS, interests on the loan undertaken by the buyers are borne by the property developers until the property has been constructed. Any further introduction of cooling measures by the Government or BNM to control price levels of the Malaysian property market may impact our property development business in Malaysia.

The above measures may affect the demand for properties which in turn may impact our property development business.Our Group seeks to minimise the abovementioned risk through, among others:

- careful selection of the type of property development projects to be undertaken by our Group;
- offering competitively priced properties; and
- continuous monitoring of developments in the Malaysian property market.

(ii) Scarcity of commercially viable land banks for development

We rely to a large extent on our existing land bank, as well as on our ability to identify and acquire suitable land bank with development potential to deliver sustainable growth and profitability. However, we also face competition from other property developers in identifying and acquiring strategically located land banks at commercially viable prices. The competition among industry players has to a certain extent, created scarcity in strategically located land. This may result in higher land acquisition cost, which may potentially affect our profitability and prospects.

While we may be able to continue to identify new land banks, we may need to do so at less than ideal commercially viable prices and terms. In the face of competition, it would also be more challenging to secure opportunities to jointly develop lands with land owners on commercially viable profit sharing terms and with good development potential to spur our growth.

Notwithstanding the risks, we will exercise our best efforts to replenish our existing land bank and secure joint venture development opportunities at commercially viable terms.

(iii) Dependence on contractors

We engage third party contractors to undertake construction, infrastructure and landscaping work for our property development projects. Generally, one main contractor is engaged to supervise the performance and progress of various sub-contractors for each development project. Hence, we are dependent on the main contractors which are subject to the inherent risk of construction defects, potential delay in completing the projects, shortage of labour and/or failure to obtain relevant permits. Any non-performance or unsatisfactory performance by the main contractors may disrupt the progress and/or quality of our property development projects which may have an adverse effect on our Group's business, results and performance.

We implement stringent selection criteria to ensure that only contractors with proven track record and adequate financial resources are engaged to undertake construction work in our Group's development projects. We are not dependent on any single contractor as we are able to select contractors from a pool of contractors who meet our Group's selection criteria. In addition, we also seek to mitigate such risks by closely monitoring the contractors' work progress in order to ensure the timely completion of the property development projects.

(iv) Construction costs overrun

Our property development business is subject to increases in construction costs due to reasons including possible fluctuations in commodity prices, shortage of construction materials such as cement and steel bars as well as shortage of labour. Any major and unexpected increase in construction material costs or labour costs may reduce our profit margin if we are unable to pass the increased costs to customers in the form of higher selling prices. Selling prices of properties are largely determined by product differentiation in terms of location, reputation, quality, design and conditions of the property market in Malaysia.

While reasonable care is taken to address the possibility of the increase in construction costs by setting contingency provisions in our project development budgeting, there is no assurance that unforeseeable significant increase in construction costs in our development projects will not have a material impact on our financial performance.

(v) Project completion risk

Timely completion and hand-over of our projects is critical in ensuring costs are contained and our Group's reputation is safeguarded. However, delays in completion could result from unforeseen circumstances such as natural disasters, shortage of construction materials, adverse weather conditions, major labour disputes, unfavourable credit terms, unsatisfactory performance of building contractors appointed for development and construction projects, delays in obtaining the necessary approvals from local authorities, major changes in government/local authorities' approval policies and/or other unforeseen circumstances.

If any of the abovementioned circumstances occur for a prolonged period, our Group may incur substantial additional costs such as liquidated and ascertained damages payable to purchasers, rectification costs to repair defects or higher material/labour costs and these may result in our financial performance being materially impacted.

We seek to mitigate these risks by carrying out tender processes to appoint main contractors with proven track record and adequate financial resources for construction works in our Group's development projects. Further, our Group works closely with all suppliers, contractors and relevant authorities. In addition, our Group will also seek to mitigate such risks by closely monitoring the contractors' work progress in order to ensure the timely completion of the property development projects.

(vi) Risk of property overhang and/or unsold properties

Property overhang is commonly caused by oversupply and/or low take-up rate of new property launches by property developers. Other factors contributing to property overhang may include economic downturn and unfavourable market conditions. Any prolonged rise in the property overhang situation would inevitably result in us potentially holding high number of unsold properties. Apart from the general property overhang situation, an increase in the number of unsold properties in the property market may also be due to other factors such as weak response to the launched properties, location of the development and changes in consumer preferences.

Our Group seeks to minimise the abovementioned risk through, among others:

- careful selection of the type of property development projects to be undertaken by our Group;
- offering competitively priced properties; and
- continuous monitoring of developments in the Malaysian property market.

Although our Group takes such measures into account in planning our new projects and managing ongoing projects, there can be no assurance that the risk of property overhang will not have a material impact on our financial performance.

(vii) Inherent business risk in the oil palm industry in Indonesia

Our Group is subject to risks inherent to the oil palm plantation industry. These include,changes in global, regional and Indonesia's economy, changes in the Indonesian import policies on fertiliser, plant and equipment or export duty on palm oil products, outbreak of pests and crop diseases, changes in technology, increase in production, labour and storage costs and changes in business and credit conditions in Indonesia.

In order to minimise the risks inherent in the oil palm industry, we have in place a professional management team who are experienced in oil palm plantations to manage our plantation operation in Indonesia. In addition, we are keeping abreast with current developments in the oil palm industry in Indonesia.

(viii) Commodity price risk

The prices of palm oil products fluctuate over time according to demand and supply conditions in the global edible oils and fats market. The prices are highly susceptible to external market forces and changes in global demand and supply of other edible oils which would correspondingly affect the prices of palm oil products and such factors are beyond our Group's control.

Any fluctuation in the prices of CPO and other palm oil products will accordingly affect the profitability of our Group. Nonetheless, our Group seeks to mitigate any adverse effect caused by the fluctuation in CPO prices through adopting a more prudent management approach to enhance the cost and production efficiencies, optimise returns and improve the yield of our Group's plantation estates.

(ix) Competition risks

Our Group faces competition risks in our property development business and plantation business as set out below:-

(a) Property development business

Our Group experiences competition from other property developers in Malaysia. Competitive pressures may arise in terms of acquisition of strategically located land bank (as discussed in item (ii) above), supply of raw materials and labour, pricing of the property as well as the sale and marketing of the property. Future success will depend significantly on the ability of our Group to respond to the ever changing economic conditions and market demands, the launch of the property development projects of our Group and marketing strategies that will be able to fulfil the needs and requirements of the target markets of our Group. We expect to remain competitive despite the increased competition due to our established brand name, track record and promotional campaigns. Our Group will continue to take measures to mitigate competition risks such as conducting market intelligence surveys to understand home buyers' needs, monitoring and adjusting development products and implementing innovative marketing strategies in response to changing economic conditions and market demands.

While we seek to remain competitive in terms of pricing, design, quality and strategic marketing, there is no assurance that such measures can effectively mitigate the potential adverse effects of competition on our future financial performance and position.

(b) Plantation business

In addition, our Group faces competition from CPO producers in Indonesia in terms of logistics, cost efficiency in production of CPO and CPO yield, potential new entrants to the oil palm industry as well as other substitute products such as edible oils from soy bean, sunflower seeds and rapeseeds oils. Any change in customers' preference towards the substitute oils and fats will have an impact on the demand and prices for palm oil products.

Nevertheless, our Group will continue to take steps to mitigate the abovementioned competition risk such as conducting market intelligence surveys, establishing a broader customer base for the sale of our CPO and palm kernel, and monitoring and adjusting marketing strategies in response to the changing economic conditions and market demand. Our professional management team will continue to use their experience and expertise to cultivate good relationships with both our suppliers and customers with the aim of ensuring continued supplies of raw materials and steady sales.

Furthermore, we will take steps to maintain the competitiveness of our Indonesian palm oil plantation operations, including emphasizing on increasing the CPO extraction rate while keeping our production cost low.

(x) Foreign currency exchange risk

At present, our Group has established business presence primarily in Malaysia and Indonesia. The cash flows of our Group's foreign operations are affected by revenues, operating costs, capital expenditures and financing denominated in foreign currencies, namely, USD and IDR. Consequently, our Group's financial performance and position are exposed to fluctuations in the foreign currency exchange rates of the abovementioned foreign currencies. Our Group is also exposed to foreign currency exchange risk as we may provide additional capital/funds to our foreign subsidiaries and/or repatriate our profits from them, if such need arises. Any severe or wide fluctuation in these foreign currencies may materially and adversely affect the business, financial conditions, results of operations and cash flow of our Group if such fluctuations are not effectively managed.

We seek to mitigate this risk by matching the payments for foreign currency payables against receivables and/or financing with bank borrowings denominated in the same foreign currency. We may also use derivative instruments to hedge the risk of adverse fluctuations in the foreign currency exchange rates. Nonetheless, we may not be able to fully hedge any fluctuation in the foreign currency exchange rates.

(xi) Losses in excess of insurance coverage

We maintain comprehensive property and liability insurance policies with adequate coverage and sum insured on standard terms in the property industry. Market forces beyond our control may nonetheless limit the scope of insurance coverage that we can obtain and our ability to obtain coverage at reasonable rates. Certain types of losses, generally of a catastrophic nature, such as natural disasters, terrorist acts, epidemic or outbreak or any losses arising therefrom, may be uninsurable. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment. Accordingly, we could lose some or all of the capital we have invested in the project, as well as the anticipated future revenue from the project, and we would remain obligated for guarantees, debt, or other financial obligations related to the project.

Moreover, our insurance policies and terms of coverage are subject to renewals and negotiations and there is no assurance as to the nature and extent of coverage that will be available on reasonable terms acceptable to us in the future. Any material increase in insurance rates or decrease in available coverage in the future may adversely affect our business, financial condition and result of operations.

(xii) Exposure to retention and succession risk of our Group's key personnel

As in any other business, we believe that our Group's continued success depends, to a certain extent, on the abilities and ongoing efforts of our Group's key personnel (including our existing directors and senior management who are instrumental in our Group's growth and expansion). The future success of our Group also depends on our ability to attract and retain qualified and skilled personnel. Loss of any key personnel without a suitable and timely replacement, or our Group's inability to continue to attract and retain qualified and skilled personnel, may affect our Group's ability to compete effectively in the industries in which our Group operates.

Every effort will be made to ensure smooth transition in the management if our Group loses any of its key personnel to reduce the adverse impact on our Group. Appropriate measures are and will be taken, including providing training programmes and offering attractive incentives such as performance bonuses and attractive remuneration packages to key personnel as well as retirement gratuity to certain executive directors in order to retain our Group's key personnel.

(xiii) Dependence on approvals/licenses from authorities

The ability of our Group to continue with our business and operations is highly reliant on our ability to obtain approvals and renewals of major licenses, such as development orders, building plans approvals, developer licenses, advertising permits, location permits, plantation business license, license to build and environmental license issued by the respective local authorities. The revocation of these approvals or licenses would adversely affect the ability of our Group to generate future revenue stream and profits which will in turn impact the financial position of our Group.

However, our Group has obtained the necessary licenses to carry out our property development and plantation business and has not experienced nor do we anticipate any major difficulty in obtaining renewals of the aforementioned licenses.

(xiv) Compulsory land acquisition by the Government

There is an inherent risk that our Group's development or project lands may be compulsorily acquired by the Government for public use or due to public interest.

If all or any portion of our development or project lands are compulsorily acquired by the Government at any point in time, the amount of compensation paid to our Group may be less than the market value of the lands and/or the purchase consideration that we have paid in acquiring such lands. Accordingly, our Group's business, financial condition, results of operations and prospects could be adversely affected.

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(xv) Political, economic, market and regulatory risks

Like all other business entities, our business operations are subject to the jurisdiction of various governmental agencies and/or ministries. Any adverse developments in political, economic, regulatory and social conditions in Malaysia and Indonesia where our Group operates could materially affect the financial and business prospects of our Group. Such uncertainties that could unfavourably affect our Group include changes in political leadership, war, economic downturn, changes in monetary and fiscal policy, changes in foreign currency regulations or introduction of new rules or regulations, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

While we strive to continue to take precautionary measures such as implementing prudent business, financial and risk management policies, much of the above changes are beyond our Group's control and there can be no assurance that any adverse developments will not materially affect the operational conditions and performance of our Group.

6.2 Risks relating to the Rights with Bonus Issue

(i) Market risk

The market price of MKH Shares as traded on Bursa Securities may experience fluctuations. Various factors could influence the fluctuations of market price of MKH Shares, which include, the prevailing market sentiments, the liquidity of MKH Shares, the volatility of equity markets, interest rate movements, the outlook of the industries in which our Group operates in as well as the corporate developments and future financial performance of our Group. In view of this, there can be no assurance that MKH Shares will trade at or above the Rights Issue Price or the TEAP of MKH Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

(ii) Delay in or abortion of the Rights with Bonus Issue

The Rights with Bonus Issue may be aborted or delayed if any material adverse change of events/circumstances, which is beyond the control of our Company and the Joint Principal Advisers, arises prior to the completion of the Rights with Bonus Issue.

Pursuant to Section 243 of the CMSA, if the Rights with Bonus Issue is aborted, our Company will undertake the necessary procedures to ensure the refund of monies is made in full without interest, in respect of the accepted application for the subscription of the Rights Shares including the Excess Rights Shares within fourteen (14) days after our Company is required to do so. If such monies are not refunded within fourteen (14) days after our Company becomes liable, our Company will repay such monies with interest at the rate of ten percent (10%) per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

In the event that the Rights Shares and Bonus Shares have been allotted to you and/or your renouncee(s) and/or transferee(s) (if applicable) and the Rights with Bonus Issue is subsequently cancelled/terminated, a return of the monies to the holders of the Rights Shares and Bonus Shares can only be fulfilled by way of cancellation of our share capital as provided under the Act. Such cancellation may be carried out with the approval of our shareholders by way of special resolution in a general meeting and confirmation by the High Court of Malaya or supported by a solvency statement made by all directors of our Company. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

(iii) Potential dilution

Entitled Shareholders who do not or are unable to subscribe for their entitlement pursuant to the Rights with Bonus Issue will have their proportionate percentage of shareholdings and voting interests in our Company reduced in the enlarged issued share capital of our Company. Consequently, their proportionate entitlement to any future distribution, rights and/or, allotment that our Company may make after completion of the Rights with Bonus Issue will correspondingly be diluted.

6.3 Forward looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumption made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

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7. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy grew 4.5% during the fourth quarter of 2016 (Q3 2016: 4.3%) supported by domestic activities and favourable net exports. On the supply side, all sectors except agriculture recorded positive growth. The services and manufacturing sectors, with a share of 77.6% continued to lead the growth. For 2016, the Malaysian economy registered a growth rate of 4.2% (2015: 5%).

Private sector demand remained strong, sustaining a growth of 6% in the fourth quarter of 2016 (Q3 2016: 6%) underpinned by resilient private consumption and investment activities. Meanwhile, domestic demand grew moderately by 3.3% (Q3 2016: 4.6%) following lower public sector expenditure. Public sector demand declined 2.6% during the quarter (Q3 2016: -0.2%), reflecting the Government's prudent spending efforts.

Private consumption grew steadily by 6.2% (Q3 2016: 6.4%) supported by stable labour market conditions and wage growth. The continued expansion in consumer spending was reflected in major consumption indicators such as food sales, which rose 11.2%, motorcycle sales (8.5%) and credit cards spending (2.5%). Similarly, private investment increased further by 4.9% (Q3 2016: 4.7%) underpinned by capital spending in the manufacturing and construction sectors. Major investment indicators showed strong growth including imports of capital (6.5%) and intermediate goods (3.8%). Public consumption contracted 4.2% (Q3 2016: 2.2%) during the quarter following lower expenditure on supplies and services. Meanwhile, public investment recorded a smaller decrease of 0.3% (Q3 2016: -3.8%) as capital spending of public corporations improved further.

The Malaysian economy is expected to grow between 4% – 5% in 2017, led mainly by domestic economic activities. Despite better global growth prospects, external challenges are expected to prevail. Hence, growth momentum will be contributed by domestic demand, particularly private consumption following stable labour market and wage growth. Despite increasing commodity prices, inflation is expected to remain manageable. On the supply side, growth will be driven by the expansion in all sectors particularly the services and manufacturing sectors.

(Source: Quarterly Update on the Malaysian Economy – Fourth Quarter 2016, Ministry of Finance Malaysia)

7.2 Overview and outlook of the property industry in Malaysia

Value-added of the construction sector recorded a strong growth of 8.4% during the first half of 2016 (January – June 2015: 7.6%). The acceleration of civil engineering works and sustained expansion in residential activities outweighed the tapering growth in the non-residential subsector. Overall, these three property subsectors contributed the highest share (more than 80%) of all construction activities. Total value of construction works completed during the first half of 2016 expanded 11.4% to RM62 billion with 11,881 projects (January – June 2015: 11.6%; RM56 billion; 12,158 projects). The civil engineering subsector contributed 33.2% to the total value of construction works, followed by non-residential (32.1%), residential (29.8%) and specialised construction activities (4.9%) subsectors. The private sector continued to dominate construction activity with a share of 66.3% in the first half of 2016. For the year, the construction sector is expected to expand 8.7% (2015: 8.2%).

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The residential subsector grew 10.4% supported by steady growth in incoming supply at 13.1% to 816,174 units (January – June 2015: 13.5%; 10.3%; 721,730 units). Klang Valley, accounting for 26.2%, continued to contribute the most of the incoming supply mainly due to increasing affordable housing schemes (January – June 2015: 25.6%). The average all-house price increased to RM326,241 in the second quarter of 2016 relative to RM309,705 for the corresponding period in 2015, with detached houses recording the highest increase at 6.5%, followed by high rise units (6%) and terrace houses (5.7%). The Purpose-Built Office segment improved with the incoming supply rebounding 28.4% to 2 million square metres, while planned supply increased sharply by 56% to 1 million square metres (January – June 2015: -15.9%; 1.6 million square metres; 36.6%; 0.7 million square metres). Demand for commercial buildings remained favourable with the average occupancy rate of retail space at 82.2% and office (83.5%), reflecting sustained demand for commercial space in prime areas.

The construction sector is projected to grow 8.3% (2016: 8.7%) mainly supported by the commencement of large infrastructure projects such as Mass Rapid Transit Sungai Buloh – Serdang Putrajaya Line, Pan Borneo Highway, Sungai Besi – Ulu Klang Elevated Expressway and Damansara – Shah Alam Elevated Expressway. The upgrading road works from Klang Container Terminal – North Port and the construction of infrastructure in Malaysia Vision Valley are expected to further support the sector. The residential subsector is projected to expand driven by affordable housing programmes, particularly 1Malaysia Civil Servants Housing. Meanwhile, the non-residential subsector is expected to benefit from the mixed commercial development mainly in the Klang Valley, Johor and Pahang.

(Source: Economic Report 2016/2017, Ministry of Finance Malaysia)

7.3 Overview and outlook of the oil palm industry in Indonesia

The El Nino weather phenomenon that led to dry conditions throughout 2015 and 2016 has ended. Indonesian weather agency, BMKG reports that most production areas have received rain levels characteristic of "normal" conditions since October 2016. BMKG further reports that the probability of normal conditions is expected to remain high through August 2017. They expect that the probability of El Nino conditions will rise later in 2017, but that an El Nino event is less likely than continued normal conditions. Long term analysis for 2017 (August and beyond) thus indicates continued normal conditions with a possibility of a weak El Nino.

Based on normal weather conditions and expected plantation recovery, Jakarta post of the United States Department of Agriculture ("**Post**") expects that 2017/18 production should increase to 36.5 million metric tons. This estimate includes the assumption that yields will grow as young and replanted plantations approach peak productivity. Post's 2016/17 production estimate is revised to 34 million tons. This revision is based on industry reports that the 2016 drought's effects will persist through September 2017, increasing gradually, until full production is reached in October 2017. Industry sources in Northern Sumatera also report exceptionally high production in December 2016. They note that this anomaly is not indicative of a longer trend. Specifically, plantation managers explain that during the drought period, oil palms in the region continued to produce fresh fruit bunches which did not ripen and remained unharvested. Following three months of rain, the necessary conditions for fresh fruit bunch ripening occurred, resulting in a short term production spike.

(Source: Oilseeds and Products Annual Report 2017, U.S.Department of Agriculture)

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7.4 Prospects of our Group

Our Group recorded revenue and PBT of RM1,265.87 million and RM304.67 million respectively for the FYE 30 September 2016 mainly contributed by the property development and construction division and the plantation division. The property development and construction division and the plantation division contributed 65% and 21% to our Group's PBT for the FYE 30 September 2016, while the remaining 14% of the Group's PBT for the FYE 30 September 2016 is derived from other divisions of the Group such as hotel and property management, trading and manufacturing.

Prospects of our property development business

Our Group plans to launch the following property projects:-

Name	GDV	Target Timeline
TR Residence at Jalan Tun Razak	RM359 million	Third quarter of FYE 30 September 2017
Phase 4 and Phase 1 of Hillpark @ Shah Alam North	RM373 million	Third quarter of FYE 30 September 2017
Phase 1 of Kajang 2, Precinct 2	RM137 million	Fourth quarter of FYE 30 September 2017
Saville @ Mont' Kiara	RM412 million	First quarter of FYE 30 September 2018

The majority of our Group's property development comprises affordable properties. Our Group is committed in ensuring delivery of quality products and has adopted the Quality Assessment System in Construction by the Construction Industry Development Board Malaysia for its projects. Our Group's construction division has also obtained the International Organization for Standardization (ISO) 9001:2000. Our Group has also entered into joint venture with PanaHome Malaysia Sdn Bhd (a subsidiary of Panasonic Group of Japan) using Japanese precast wall panelling construction technology and air filtration system in delivering innovative eco homes and sustainable living. We will continue to leverage on the demand for affordable residential units and selected exclusive lifestyle themed residential development at prime locations to ensure sustained growth in sales and earnings. The completion of MRT Line 1 by second half of 2017 that will link the Kajang/Semenyih growth corridor to Damansara and Sungai Buloh augurs well for our Group as many of our developments are near or integrated with the MRT station.

Furthermore, our Group monitors the fluctuation of building material prices regularly and highlights to our subcontractors on any possible increase in the material prices. This will enable the subcontractors to pre-order the building materials based on current pricing to mitigate the expected increase in the price of the building materials in the near future.

Prospects of our plantation business

Our Group's 18,000 hectares of oil palm plantation with a 90 tons per hour CPO mill is another key growth factor for our Group with most of its palm trees reaching its prime age in year 2017 and 2018. Our plantation division is self-sustaining and contributing positively to our Group's earnings and profitability. We foresees our Group's annual CPO yield to grow from an average of 25 tons per hectare in FYE 2016 to 28 tons per hectare in FYE 30 September 2017 due to favourable age profile of the palm trees. Our plantation division provide favourable recurring earnings for our Group, thus complementing contribution from our property development and construction business.

The earnings of our Group's plantation division will also be affected by the fluctuations in CPO price. With CPO prices averaging RM2,785 per metric ton for the month of March 2017 and the expected volatility in the CPO price, our Group will continue to emphasise on improving the productivity and yields of our Group's palm oil production by increasing the oil extraction rate while keeping our production cost low to capitalise on the favourable CPO price.

Our Board, after having considered all the relevant aspects, including the abovementioned prospects as well as the industry's outlook and prospects, is of the opinion that the Rights with Bonus Issue is expected to contribute positively to the future earnings of our Group and enhance shareholders' value in the medium to long term upon utilisation of the proceeds raised as detailed in Section 4 of this Abridged Prospectus.

8. EFFECTS OF THE RIGHTS WITH BONUS ISSUE

8.1 Issued share capital

The pro forma effects of the Rights with Bonus Issue on the issued share capital of MKH are set out below:-

	Minimum Scenario		**Maximum Scenario**	
	No. of MKH Shares	**Amount**	**No. of MKH Shares**	**Amount**
	('000)	**(RM'000)**	**('000)**	**(RM'000)**
Issued share capital as at the LPD	424,691	429,847	424,691	429,847
To be issued pursuant to the full exercise of MKH Warrants	-	-	29,336	62,233
Enlarged issued share capital as at Entitlement Date	**424,691**	**429,847**	**454,027**	**492,080**
To be issued pursuant to the Rights with Bonus Issue	127,407[(1)]	165,205[(3)]	136,208[(2)]	176,616[(3)]
Enlarged issued share capital after the Rights with Bonus Issue	**552,098**	**595,052**	**590,235**	**668,696**

Notes:-

(1) Comprising 42,469,118 Rights Shares and 84,938,236 Bonus Shares.

(2) Comprising 45,402,742 Rights Shares and 90,805,484 Bonus Shares.

(3) Rights Shares are issued at an issue price of RM1.89 each and Bonus Shares are issued at RM1.00 each by way of capitalisation from retained earnings of our Company.

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8.2 NA per Share and gearing

Based on the audited consolidated statement of financial position of our Group as at 30 September 2016 and on the assumption that the Rights with Bonus Issue had been effected on that date, the pro forma effects of the Rights with Bonus Issue on the NA per MKH Share and gearing of our Group are as follows:-

Minimum Scenario

		(I)	**(II)**
	Audited as at 30 September 2016 (RM'000)	**Subsequent events[(1)] (RM'000)**	**After (I) and the Rights with Bonus Issue[(2)] (RM'000)**
Share capital	419,444	429,847	595,052
Share premium	57	785	785
Warrant reserve	8,001	6,787	6,787
Translation reserve	(561)	(561)	(561)
Revaluation reserve	23,533	23,533	23,533
Retained earnings	825,811	825,811	739,273[(3)]
Equity attributable to owners of our Company	**1,276,285**	**1,286,202**	**1,364,869**
No. of MKH Shares in issue ('000)	419,444	424,691	552,098
NA per MKH Share[(4)] (RM)	3.04	3.03	2.47
Total borrowings (RM'000)	838,763	838,763	838,763
Gearing[(5)] (times)	0.66	0.65	0.61

Notes:-

(1) Issuance of new MKH Shares pursuant to the exercise of 5,247,197 MKH Warrants into 5,247,197 MKH Shares between 1 October 2016 and the LPD.

(2) Assuming that 42,469,118 Rights Shares are issued at an issue price of RM1.89 each and 84,938,236 Bonus Shares are issued at RM1.00 each by way of capitalisation from the retained earnings of the Company.

(3) After capitalisation for the Bonus Shares amounting to RM84,938,236 and deducting the estimated expenses in relation to the Rights with Bonus Issue of around RM1,600,000.

(4) NA per MKH Share is computed based on equity attributable to owners of our Company divided by number of MKH Shares in issue.

(5) Gearing is computed based on total borrowings divided by equity attributable to owners of our Company.

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Maximum Scenario

	Audited as at 30 September 2016 (RM'000)	(I) Subsequent events[(1)] (RM'000)	(II) After (I) and assuming full exercise of MKH Warrants (RM'000)	(III) After (II) and the Rights with Bonus Issue[(2)] (RM'000)
Share capital	419,444	429,847	492,080	668,696
Share premium	57	785	785	785
Warrant reserve	8,001	6,787	-	-
Translation reserve	(561)	(561)	(561)	(561)
Revaluation reserve	23,533	23,533	23,533	23,533
Retained earnings	825,811	825,811	825,811	733,406[(3)]
Equity attributable to owners of our Company	**1,276,285**	**1,286,202**	**1,341,648**	**1,425,859**
No. of MKH Shares in issue ('000)	419,444	424,691	454,027	590,235
NA per MKH Share[(4)] (RM)	3.04	3.03	2.95	2.42
Total borrowings (RM'000)	838,763	838,763	838,763	838,763
Gearing[(5)] (times)	0.66	0.65	0.63	0.59

Notes:-

(1) Issuance of new MKH Shares pursuant to the exercise of 5,247,197 MKH Warrants into 5,247,197 MKH Shares between 1 October 2016 and the LPD.

(2) Assuming that 45,402,742 Rights Shares are issued at an issue price of RM1.89 each and 90,805,484 Bonus Shares are issued at RM1.00 each by way of capitalisation from the retained earnings of the Company.

(3) After capitalisation for the Bonus Shares amounting to RM90,805,484 and deducting the estimated expenses in relation to the Rights with Bonus Issue of around RM1,600,000.

(4) NA per MKH Share is computed based on equity attributable to owners of our Company divided by number of MKH Shares in issue.

(5) Gearing is computed based on total borrowings divided by equity attributable to owners of our Company.

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8.3 Earnings and EPS

The Rights with Bonus Issue will result in an immediate dilution in MKH's EPS as a result of the increase in the number of MKH Shares in issue upon completion of the Rights with Bonus Issue. Nevertheless, the Rights with Bonus Issue is expected to contribute positively to the earnings of our Group upon utilisation of the proceeds raised as detailed in Section 4 of this Abridged Prospectus.

The impact of the Rights with Bonus Issue on the earnings and EPS of our Group is dependent on, amongst others, the actual number of Rights Shares and Bonus Shares to be issued and the potential benefits to be derived from the utilisation of proceeds raised from the Rights with Bonus Issue.

For illustration purposes, based on the audited consolidated financial statements of our Group as at 30 September 2016 and assuming the Rights with Bonus Issue is completed on 1 October 2015, being the commencement for the FYE 30 September 2016, the pro forma effects of the Rights with Bonus Issue on the EPS of our Group are as follows:-

Minimum Scenario

		(I)	**(II)**
	Audited as at 30 September 2016	**Subsequent events(1)**	**After (I) and the Rights with Bonus Issue**
	(RM'000)	**(RM'000)**	**(RM'000)**
Profit attributable to owners of our Company	205,041	205,041	205,041
Number of MKH Shares in issue ('000)	419,444	424,691	552,098
No. of MKH Warrants in issue ('000)	34,583	29,336	29,336
Basic EPS (sen)	48.89(2)	48.28(4)	37.14(4)
Diluted EPS (sen)	45.16(3)	45.16(3)	35.26(3)

Notes:-

(1) Issuance of new MKH Shares pursuant to the exercise of 5,247,197 MKH Warrants into 5,247,197 MKH Shares between 1 October 2016 and the LPD.

(2) Calculated based on the profit attributable to owners of our Company for the FYE 30 September 2016 divided by the weighted average number of MKH Shares in issue for the FYE 30 September 2016.

(3) Calculated based on the profit attributable to owners of our Company for the FYE 30 September 2016 divided by the total number of MKH Shares in issue, adjusted for the exercise of MKH Warrants.

(4) Calculated based on profit attributable to owners for the FYE 30 September 2016 divided by total number of MKH Shares in issue.

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Maximum Scenario

		(I)	(II)	(III)
	Audited as at 30 September 2016	**Subsequent events[(1)]**	**After (I) and assuming full exercise of MKH Warrants**	**After (II) and the Rights with Bonus Issue**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Profit attributable to owners of our Company	205,041	205,041	205,041	205,041
Number of MKH Shares in issue ('000)	419,444	424,691	454,027	590,235
No. of MKH Warrants in issue ('000)	34,583	29,336	-	-
Basic EPS (sen)	48.89[(2)]	48.28[(4)]	45.16[(4)]	34.74[(4)]
Diluted EPS (sen)	45.16[(3)]	45.16[(3)]	45.16[(5)]	34.74[(5)]

Notes:-

(1) Issuance of new MKH Shares pursuant to the exercise of 5,247,197 MKH Warrants into 5,247,197 MKH Shares between 1 October 2016 and the LPD.

(2) Calculated based on the profit attributable to owners of our Company for the FYE 30 September 2016 divided by the weighted average number of MKH Shares in issue for the FYE 30 September 2016.

(3) Calculated based on the profit attributable to owners of our Company for the FYE 30 September 2016 divided by the total number of MKH Shares in issue, adjusted for the exercise of MKH Warrants.

(4) Calculated based on profit attributable to owners of our Company for the FYE 30 September 2016 divided by total number of MKH Shares in issue.

(5) Calculated based on profit attributable to owners of our Company for the FYE 30 September 2016 divided by total number of MKH Shares in issue as there is no other potential dilutive effect on MKH Shares after the full exercise of the MKH Warrants.

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9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights with Bonus Issue, banking facilities available to our Group and the funds to be internally generated from our operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the total outstanding borrowings of our Group is around RM934.03 million (all of which are interest bearing), the details of which are set out below:-

	Borrowings Amount in foreign currency ('000)	Borrowings in RM (RM'000)	Total Amount in RM (RM'000)
Short term borrowings			
Term loans	USD 6,800	72,289	102,416[1]
Revolving credits	-	213,650	213,650
Bank overdrafts	-	16,636	16,636
Finance lease liabilities	-	822	822
Total short term borrowings		**303,397**	**333,524**
Long term borrowings			
Term loans	USD 51,700	157,462	386,519[1]
Revolving credits	USD 12,614	157,104	212,990[1]
Finance lease liabilities	-	1,564	1,564
Total long term borrowings		**316,130**	**601,073**
Total Borrowings			**934,597**

Note:-

(1) Based on the exchange rate of USD 1: RM4.4305 as at the LPD.

Our Group does not have any non-interest bearing borrowings from local financial institutions and foreign financial institutions.

Our Group has not defaulted on payments of either interest or principal sums in respect of any borrowing for the FYE 30 September 2016 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities which may, upon becoming enforceable, have a material adverse effect on our Group's financial results or financial position:-

(1) Corporate guarantees given by our Company to financial institutions and creditors for banking and credit facilities utilised by its subsidiaries amounting to RM902.62 million; and

(2) On 18 April 2016, PT Maju Kalimantan Hadapan, a subsidiary of our Company, received a tax assessment letter from the Indonesia's Director General of Tax for the year of assessment 2012, to restrict the claims on net unrealised foreign exchange losses. The details are as follow:-

	IDR' million	RM' million[(1)]
Net unrealised foreign exchange losses claimed by PT Maju Kalimantan Hadapan	97,700	31.17
Less : Net unrealised foreign exchange losses allowed by Indonesia's Director General of Tax	(12,639)	(4.03)
Net unrealised foreign exchange losses disallowed by Indonesia's Director General of Tax	85,061	27.14
Potential tax payable due to over-recognition of deferred tax assets based on applicable corporate income tax of 25%	**21,265**	**6.78**

Note:-

(1) Based on the exchange rate of IDR 1 : RM0.000319 as at 30 September 2016.

On 29 June 2016, PT Maju Kalimantan Hadapan filed an objection letter in reply to above tax assessment letter and as of the date of the financial statements, PT Maju Kalimantan Hadapan is still awaiting for the decision of Indonesia's Director General of Tax on the above tax assessment.

Based on consultation with the local tax experts, the directors of PT Maju Kalimantan Hadapan are of the opinion that PT Maju Kalimantan Hadapan has a valid defense against Indonesia's Director General of Tax's assessment. Accordingly, PT Maju Kalimantan Hadapan has not made any adjustment in respect of the tax assessment in the financial statements of our Group and our Company.

9.4 Material commitments

As at the LPD, our Board is not aware of any material commitment incurred or known to be incurred by our Group which may, upon becoming enforceable, have a material impact on the financial results or financial position of our Group.

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10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS, APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES AS WELL AS APPLICATION AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL AND/OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF CAREFULLY. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

10.1 General

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. You and/or your renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Shares with Bonus Shares.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares and Bonus Shares, which you are entitled to subscribe for in full or in part in accordance with the terms and conditions of the Rights with Bonus Issue. You (other than an Authorised Nominee who has subscribed for NRS) will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Provisional Allotments allotted to you, as well as to apply for the Excess Rights Shares, if you choose to do so.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 10.4.4 and 10.7.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for Excess Rights Shares, if you choose to do so.

10.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Allotments (whether in full or in part) is at **5:00 p.m. on 19 May 2017**.

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10.3 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess Rights Shares, if you choose to do so, using either of the following methods:-

Method of application	Category of Entitled Shareholders
RSF[(1)]	All Entitled Shareholders
Electronic Application[(2)] or Internet Application[(3)]	All Entitled Shareholders
NRS	Authorised Nominees who have subscribed for NRS

Notes:-

(1) A copy of the RSF is enclosed together with this Abridged Prospectus. The RSF is also available on the Bursa Securities' website (www.bursamalaysia.com).

(2) The following surcharge per Electronic Application will be charged by respective Participating Financial Institutions:-

- Affin Bank Berhad – RM4.24 (inclusive of 6% GST); and
- Public Bank Berhad – RM4.24 (inclusive of 6% GST).

(3) The following processing fee per Internet Application will be charged by respective Internet Participating Financial Institutions:-

- Affin Bank Berhad (www.affinbank.com.my) – RM4.24 (inclusive of 6% GST); and
- Public Bank Berhad (www.pbebank.com) – RM4.24 (inclusive of 6% GST).

10.4 Procedures for acceptance and payment

10.4.1 By way of RSF

ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS MUST BE MADE IN ACCORDANCE WITH THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED STRICTLY IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES AND/OR PAYMENTS WHICH DO NOT CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. OUR SHARE REGISTRAR WILL NOT CONTACT YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) FOR ACCEPTANCES WHICH DO NOT STRICTLY CONFORM WITH THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF OR WHICH ARE ILLEGIBLE.

If you wish to accept the Provisional Allotments, either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed RSF together with the relevant payment must be and despatched **BY ORDINARY POST, COURIER** or **DELIVERED BY HAND** (at your own risk) to our Share Registrar at the following address and have arrived by the Closing Date:-

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

or

Tricor Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Jalan Kerinchi
59200 Kuala Lumpur

Tel. no.: +603 2783 9299
Fax no.: +603 2783 9222

Only one (1) RSF can be used for acceptance of Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for separate CDS Accounts. The Rights Shares with Bonus Shares subscribed by you in accordance with the procedures set out in the RSF will be credited into the respective CDS Account where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You should take note that a trading board lot for the Rights Shares and Bonus Shares will comprise of one hundred (100) Shares each. Successful applicants of the Rights Shares will be given Bonus Shares on the basis of two (2) Bonus Shares for every one (1) Rights Share successfully subscribed for. You are always entitled to accept part of your entitlement to the Provisional Allotments, PROVIDED ALWAYS that the minimum number of Rights Shares that may be accepted is one (1) Rights Share. However, two (2) Bonus Shares will be issued for every one (1) Rights Share subscribed for.

If acceptance and payment for the Provisional Allotments (whether in full or in part) are not received by our Share Registrar by **5:00 p.m. on 19 May 2017**, being the last time and date for acceptance and payment, you will be deemed to have declined the Provisional Allotments made to you and it will be cancelled. Such Rights Shares with Bonus Shares not taken up will be allotted to the applicants applying for Excess Rights Shares in the manner as set out in Section 10.7 of this Abridged Prospectus.

If you lose, misplace or for any other reasons require another copy of this Abridged Prospectus and/or the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at www.bursamalaysia.com, our Share Registrar at the address stated above or at our Registered Office.

Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable for the Provisional Allotments accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and made payable to "**MKH RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, address, contact number and CDS account of the applicant in block letters to be received by our Share Registrar.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS WITH BONUS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH BONUS SHARES, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE WILL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

Notification on the outcome of your application for the Provisional Allotments will be despatched to you by ordinary post to the address as shown in Bursa Depository's record at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the Closing Date.

10.4.2 By way of Electronic Application

Only Entitled Shareholders who are individuals may apply for the Rights Shares by way of Electronic Application.

If you wish to accept the Provisional Allotments, either in full or in part, by way of Electronic Application, please follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Applications and the procedures set out at the Automated Teller Machine ("**ATM**") of the Participating Financial Institutions before making an Electronic Application.

(i) Participating Financial Institutions

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:

(a) Affin Bank Berhad; and
(b) Public Bank Berhad

(ii) Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia

The procedures for Electronic Application at the ATM of the Participating Financial Institutions are set out on the ATM screen of the relevant Participating Financial Institutions. For illustrative purposes, the procedures for Electronic Applications at ATMs are set out below. The steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application.

(a) You must have an account with a Participating Financial Institution and an ATM card issued by the Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights Shares with Bonus Shares at an ATM belonging to other Participating Financial Institutions;

(b) You are advised to read and understand this Abridged Prospectus before making the application; and

(c) You may apply for the Rights Shares with Bonus Shares via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are set out in the terms and conditions for Electronic Applications in Section 10.4.2(iii) below. You should follow the instructions on the ATM screen and, when required to do so, you should:

   (i) Enter personal identification number ("**PIN**");
   (ii) Select MKH Rights Shares Account;
   (iii) Enter your CDS Account number;
   (iv) Enter the number of Rights Shares applied for and/or the RM amount to be debited from the account;
   (v) Enter your current contact number (for example your mobile phone number); and
   (vi) Confirm several mandatory statements.

Upon completion of the Electronic Application transaction, you will receive a computer generated transaction slip ("**Transaction Record**") confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or our Share Registrar. The Transaction Record is for your record only and is not required to be submitted with your application.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION MAY BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

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(iii) Terms and conditions for Electronic Applications

The Electronic Application will be made on, and subject to, the term of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

(i) you are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:

(a) you have attained eighteen (18) years of age as at the last day for application and payment;

(b) you have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the application; and

(c) you hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, the respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself, and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any persons as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you will have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosures as described above;

(ii) you confirm that you are not applying for the Rights Shares as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner;

(iii) you must have sufficient funds in your account with the relevant Participating Financial institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application which does not strictly conform to the instructions set out on the screen of the ATM, through which the Electronic Application is being made, may be rejected;

(iv) you agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by action of pressing the pre-designated keys or buttons on the ATM) of the number of Rights Shares applied for will signify, and will be treated as, your acceptance of the number of Rights Shares that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the relevant Participating Financial Institutions;

(v) by making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the Rights Shares allotted to you into your CDS Account;

(vi) you acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions and irrevocably agree that if:

(a) our Company, Bursa Depository or our Share Registrar does not receive your Electronic Application; or

(b) data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, Bursa Depository or our Share Registrar,

you will be deemed not to have made an Electronic Application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial Institutions for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares;

(vii) all of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application must be true and correct, and our Company, Bursa Depository, our Share Registrar and the relevant Participating Financial Institutions are entitled to rely on the accuracy thereof;

(viii) you will ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application may be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your address last maintained with Bursa Depository;

(ix) by making and completing an Electronic Application, you agree that:

(a) in consideration of our Company agreeing to allow and accept your application for the Rights Shares via the Electronic Application facility established by the relevant Participating Financial institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;

(b) our Company, Bursa Depository, our Share Registrar or the relevant Participating Financial institutions will not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the Rights Shares for which your Electronic Application has been successfully completed is only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and

(d) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities will be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia;

(x) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and

(xi) notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:

(a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or

(b) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day of application and payment for the Rights Shares.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

10.4.3 By way of Internet Application

All Entitled Shareholders may apply for the Rights Shares by way of Internet Application. If you wish to accept the Provisional Allotments, either in full or in part, by way of Internet Application, please follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Applications and the procedures set out on the internet financial services website of the relevant Internet Participating Financial Institutions before making an Internet Application.

(i) Internet Participating Financial Institutions

Internet Applications may be made through the internet financial services facilities of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at www.affinbank.com.my; and
- Public Bank Berhad at www.pbebank.com.

(ii) Steps for Internet Applications through an Internet Participating Financial Institution

Before making an application by way of Internet Application, you must have all of the following:

(a) an existing account with access to internet financial services with Affin Bank Berhad at www.affinbank.com.my or Public Bank Berhad at www.pbebank.com. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and

(b) a CDS Account registered in your name.

You are advised to read and understand this Abridged Prospectus **BEFORE** making your application.

While our Company will attempt to provide you with assistance in your application for the Rights Shares through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of the Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only:

(i) connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;

(ii) log in to the internet financial services facility by entering your user identification and PIN/password;

(iii) navigate to the section of the website on applications in respect of the Rights Shares;

(iv) select the counter in respect of the Rights Shares to launch the terms and conditions of the Internet Application;

(v) select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;

(vi) at the next screen, complete the online application form;

(vii) check that the information contained in your online application form, such as the share counter (in this case, **MKH RIGHTS SHARES ACCOUNT**), your NRIC number, your current contact number (for example your mobile phone number), your CDS Account number, number of Rights Shares applied for, the amount of payment of application monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;

(viii) as soon as the transaction is completed, a message from the relevant Internet Participating Financial Institution with details of your application will appear on the screen of the website; and

(ix) you are advised to print out the confirmation screen in respect of your Internet Application ("**Confirmation Screen**") for your own reference and record.

(iii) Terms and conditions for Internet Applications

The Internet Application will be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institutions and those appearing herein:

(i) after selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:

(a) you have attained eighteen (18) years of age as at the last day for application and payment;

(b) you have, prior to making the Internet Application, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood;

(c) you agree to all the terms and conditions for Internet Applications as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;

(d) you authorise the relevant Internet Participating Financial Institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in Section 10.3 (Note 3) of this Abridged Prospectus) from your bank account with the said Internet Participating Financial Institution; and

(e) you hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the FSA and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, the Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, or information pertaining to yourself, the Internet Application made by you, your account with the relevant Internet Participating Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund;

(ii) you confirm that you are not applying for the Rights Shares as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus;

(iii) you agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Confirmation Screen. Your confirmation of the number of Rights Shares applied for will signify, and will be treated as, your acceptance of the number of Rights Shares that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the relevant Internet Participating Financial Institutions;

(iv) by making and completing your Internet Application, you, if successful, request and authorise our Company to credit the Rights Shares allotted to you into your CDS Account;

(v) you acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, Bursa Depository, the Share Registrar or the relevant Internet Participating Financial Institution and irrevocably agree that if:

(a) our Company, Bursa Depository or the Share Registrar does not receive your Internet Application; or

(b) data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, Bursa Depository or our Share Registrar,

you will be deemed not to have made an Internet Application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant Internet Participating Financial Institution for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares;

(vi) all of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application must be true and correct, and our Company, Bursa Depository, the Share Registrar and the relevant Internet Participating Financial Institution are entitled to rely on the accuracy thereof;

(vii) you will ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application may be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your address last maintained with Bursa Depository;

(viii) by making and completing an Internet Application, you agree that:

(a) in consideration of our Company agreeing to allow and accept your application for the Rights Shares via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;

(b) our Company, Bursa Depository, the Share Registrar and the relevant Internet Participating Financial Institutions will not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and

(d) you agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities will be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(ix) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions;

(x) notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:-

(a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or

(b) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day of application and payment for the Rights Shares.

The refund will be credited directly into your bank account from which your Internet Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.3(iii) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account, from which your Internet Application was made, is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk;

(xi) a surcharge is imposed on each Internet Application which will be charged by the respective Internet Participating Financial Institutions as mentioned in Section 10.3 of this Abridged Prospectus; and

(xii) you authorise the relevant Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights with Bonus Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the relevant Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with Rights with Bonus Issue. Further, the relevant Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the relevant Internet Participating Financial Institution in connection with the use of their Internet Application services.

10.4.4 By way of NRS

We have appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) Steps for applications via NRS

(a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.

(b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.

(c) A notification of the delivery of the Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.

(d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.

(e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights with Bonus Issue.

(f) To apply for the Rights Shares with Bonus Shares, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.

(g) Once completed, you will need to submit the Rights Share Subscription File to Bursa Depository at any time daily before 5:00 p.m., but in any event no later than the last day and time for acceptance and payment.

(h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:

(i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and

(ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.

(i) With regards to payment for the Rights Shares with Bonus Shares which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank:	**AMBANK (M) BERHAD**
Account Name:	**MKH RIGHTS SHARES ACCOUNT**
Bank Account No.:	**8881018729126**

prior to submitting the Rights Shares Subscription File to Bursa Depository.

(j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.

(k) You will be notified on the outcome of your application for the Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.

(i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 10.5.4(ii)(a) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

(l) Upon crediting of the Rights Shares with Bonus Shares allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.

(m) You should note that all applications made for the Rights Shares with Bonus Shares submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and conditions for applications via NRS

The application via NRS will be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:

(a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the FSA and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.

(b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Bonus Shares applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application will signify, and will be treated as, your acceptance of the number of Rights Shares with Bonus Shares that may be allotted to you.

(c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares with Bonus Shares allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.

(d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:

(i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or

(ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository, you willl be deemed not to have made your application and you may not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares with Bonus Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Bonus Shares.

(e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:

(i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Bonus Shares via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;

(ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar will not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

(iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares with Bonus Shares issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Bonus Shares; and

(iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities will be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

10.5 Procedures for sale and transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities which will be traded on Bursa Securities commencing from 4 May 2017 to 5:00 p.m. on 11 May 2017, you may sell all or part of your entitlement to the Rights Shares with Bonus Shares during such period. You may transfer all or part of your entitlement to the Rights Shares with Bonus Shares from 4 May 2017 to 4:00 p.m. on 16 May 2017.

As an Entitled Shareholder, should you wish to sell or transfer all or part of your entitlement to one (1) or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. You may sell such entitlement on Bursa Securities or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale and transfer of the Provisional Allotments.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO ANY STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE ARE SUFFICIENT PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF. Please refer to Section 10.4 of this Abridged Prospectus for the method of acceptance and application.

10.6 Procedures for acceptance by renouncee(s) and/or transferee(s)

Renouncee(s) or transferee(s) who wish to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website, our Share Registrar or our Registered Office.

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the above-stated address.

As a renouncee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Allotments are the same as that applicable to the Entitled Shareholders as set out in Sections 10.3 and 10.4 of this Abridged Prospectus.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

10.7 Procedures for application for Excess Rights Shares

10.7.1 By way of RSF

If you are an Entitled Shareholder and/or a renouncee/transferee, you may apply for the Excess Rights Shares in addition to your Provisional Allotments. If you wish to do so, please complete Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** made in RM for the **FULL** and **EXACT** amount payable in respect of the Excess Rights Shares applied for) using the envelope provided. Each completed RSF together with the relevant payment must be despatched **BY ORDINARY POST**, **COURIER** or **DELIVERED BY HAND** (at your own risk) to our Share Registrar at the address as set out in Section 10.4.1 of this Abridged Prospectus, so as to arrive by the Closing Date.

Payment for the Excess Rights Shares applied should be made in the same manner described in Section 10.4.1 of this Abridged Prospectus except that the **Banker's Draft** or **Cashier's Order** or **Money Order** or **Postal Order** drawn on a bank or post office in Malaysia be made payable to "**MKH EXCESS RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, address, contact number and CDS Account number to be received by our Share Registrar by the Closing Date. The payment must be made for the **FULL** and **EXACT** amount payable for the Excess Rights Shares applied for. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other modes of payment not prescribed herein are unacceptable. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the following priority:-

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for; and

(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares applied for.

In the event of any Excess Rights Shares balance after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for under Part I(B) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

PROOF OF TIME OF POSTAGE WILL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

APPLICATIONS MAY NOT BE DEEMED TO HAVE BEEN ACCEPTED SOLELY BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the address as shown in Bursa Depository's records at your own risk within the timelines as follows:

(i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or

(ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

10.7.2 By way of Electronic Application

If you are an Entitled Shareholder and/or a renouncee/transferee who is an individual, you may apply for the Excess Rights Shares via Electronic Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 10.4.2 of this Abridged Prospectus save and except that you should proceed with the option for Excess Application and the amount payable to be directed to "**MKH EXCESS RIGHTS SHARES ACCOUNT**" for the Excess Rights Shares applied.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the priority set out in Section 10.7.1 of this Abridged Prospectus.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in Section 10.7.1 of this Abridged Prospectus is achieved.

The Electronic Application for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in Section 10.4.2 of this Abridged Prospectus, as well as the terms and conditions as stated below:-

(i) you agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Transaction Record or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys or buttons on the ATM) of the number of Excess Rights Shares applied for will signify, and will be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you;

(ii) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and

(iii) notification on the outcome of your Excess Application will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:-

    (a) successful application — a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or

    (b) unsuccessful/partially successful application - the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day of application and payment for the Excess Rights Shares.

    The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.2(ii) of this Abridged Prospectus and the required consent in making your Electronic Application.

    If the crediting of the refund into your bank account, from which your Electronic Application was made, is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

10.7.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renouncee/transferee, you may apply for the Excess Rights Shares via Internet Application in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 10.4.3 of this Abridged Prospectus save and except that you should proceed with the option for Excess Application and the amount payable to be directed to "**MKH EXCESS RIGHTS SHARES ACCOUNT**" for the Excess Rights Shares applied.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the priority set out in Section 10.7.1 of this Abridged Prospectus.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares applied for in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in Section 10.7.1 of this Abridged Prospectus is achieved.

The Internet Application for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in Section 10.4.3 of this Abridged Prospectus, as well as the terms and conditions as stated below:-

(i) you agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Confirmation Screen or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights Shares applied for will signify, and will be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you;

(ii) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and

(iii) notification on the outcome of your Excess Application will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:-

    (a) successful application — a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or

    (b) unsuccessful/partially successful application — the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day of application and payment for the Excess Rights Shares.

    The refund will be credited directly into your bank account from which your Internet Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.3(iii) of this Abridged Prospectus and the required consent in making your Internet Application.

    If the crediting of the refund into your bank account, from which your Internet Application was made, is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk.

10.7.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renouncee and/or a transferee, you may apply for the Excess Rights Shares via NRS in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 10.4.4 of this Abridged Prospectus save and except that the amount payable to be directed to "**MKH EXCESS RIGHTS SHARES ACCOUNT**" for the Excess Rights Shares applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares Subscription File. The details of the account are as follows:-

Bank: **AMBANK (M) BERHAD**
Account Name: **MKH EXCESS RIGHTS SHARES ACCOUNT**
Bank Account No.: **8881018728893**

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner to the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the priority set out in Section 10.7.1 of this Abridged Prospectus.

The application via NRS for Excess Rights Shares will be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS, Bursa Depository's User Guide for NRS and the same terms and conditions appearing Section 10.4.4 of this Abridged Prospectus as well as the terms and conditions as stated below:-

(i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application will signify, and will be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you;

(ii) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and

(iii) notification on the outcome of your application for the Excess Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.

    (a) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or

    (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

    The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 10.4.4(ii)(a) of this Abridged Prospectus and the required consent in making the application via NRS.

    If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

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10.8 Form of issuance

Bursa Securities has already prescribed the MKH Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and Bonus Shares are prescribed securities and as such, the SICDA Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository will apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share certificate will be issued to you under the Rights with Bonus Issue. Instead, the Rights Shares and Bonus Shares will be credited directly into your CDS Accounts.

Any person who intends to subscribe for the Rights Shares with Bonus Shares as a renouncee(s) and/or transferee(s) by purchasing the provisional allotment of Rights Shares and Bonus Shares from an Entitled Shareholder will have his Rights Shares and Bonus Shares credited directly as prescribed securities into his CDS Account.

The Excess Rights Shares, if allotted to the successful applicant who applies for Excess Rights Shares, will be credited directly as prescribed securities into his CDS Account.

10.9 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any jurisdiction other than Malaysia. The Rights with Bonus Issue to which the Documents relate is only available to Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights with Bonus Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights with Bonus Issue only to the extent that it would be lawful to do so.

The Joint Principal Advisers, our Company and the Directors and officers (collectively, the “**Parties**”) would not, in connection with the Rights with Bonus Issue, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject. The Parties do not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or will become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, the Documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we will be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. The foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights with Bonus Issue. Such foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights with Bonus Issue.

By signing any of the forms in the Documents, the foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) the Parties that:

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights with Bonus Issue, be in breach of the laws of any jurisdiction to which those foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;

(ii) foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) are aware that the Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Bonus Shares; and

(vi) foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Bonus Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Bonus Shares.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares with Bonus Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Bonus Shares as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by the other Entitled Shareholders. You and/or your renouncee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renouncee(s)'s and/or transferee(s)'s entitlement under the Rights with Bonus Issue or to any net proceeds thereof.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Bonus Shares pursuant to the Rights with Bonus Issue is governed by the terms and conditions as set out in the Documents.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of our Board
MKH BERHAD

TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG
Executive Chairman

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS WITH BONUS ISSUE PASSED AT OUR EGM HELD ON 14 MARCH 2017

CERTIFIED TRUE COPY

MKH BERHAD
(Company No: 50948-T)
(Incorporated in Malaysia)

TAN WAN SAN
(MIA 10195)
Company Secretary

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON TUESDAY, 14 MARCH 2017

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 45,402,742 NEW ORDINARY SHARES IN THE CAPITAL OF MKH BERHAD ("MKH SHARES") AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER ("RIGHTS SHARES"), TOGETHER WITH A BONUS ISSUE OF UP TO 90,805,484 NEW MKH SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TEN (10) EXISTING MKH SHARES HELD AND TWO (2) BONUS SHARES FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS WITH BONUS ISSUE")

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Ordinary Resolution was voted via poll and the results were summarised as follows:-

Ordinary Resolution	Vote in favour		Vote against		Results
	No. of votes	%	No. of votes	%	
Proposed Rights With Bonus Issue	225,337,141	100.000	0	0.000	Carried

As 100% of the votes were cast in favour of the Proposed Rights With Bonus Issue, the Ordinary Resolution was carried as follows:-

RESOLVED:-

"**THAT**, subject to the approvals of all relevant authorities and/or parties (if required) being obtained, the Board of Directors of MKH Berhad, ("**MKH**" or the "**Company**") ("**Board**") be and is hereby authorised to:-

(i) provisionally allot and issue by way of a renounceable rights issue of up to 45,402,742 Rights Shares together with up to 90,805,484 Bonus Shares on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held and two (2) Bonus Shares for every one (1) Rights Share subscribed by the shareholders of MKH whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholders**") and/or their renouncee(s);

(ii) determine the final issue price of the Rights Shares after taking into consideration the following:-

(a) the theoretical ex-all price of MKH Shares based on the five (5) day-volume weighted average market price of MKH Shares immediately preceding the price-fixing date;

(b) the then prevailing market conditions and market price of MKH Share; and

(c) the funding requirement of MKH.

CERTIFIED TRUE COPY

TAN WAN SAN
(MIA 10195)
Company Secretary

MKH Berhad (50948-T)
▪ Certified Extract of the Minutes of the Extraordinary General Meeting held on 14 March 2017 (Cont'd)

(iii) allot and issue up to 7,446,858 additional warrants 2012/2017 in MKH ("**MKH Warrants**") to be issued pursuant to the adjustments in accordance with the provisions of the deed poll dated 23 November 2012 ("**Deed Poll**") as a result of the Proposed Rights with Bonus Issue ("**Additional MKH Warrants**") to the holders of the MKH Warrants as at the Entitlement Date; and

(iv) allot and issue up to 7,446,858 new MKH Shares arising from the exercise of the Additional MKH Warrants by the holders of the MKH Warrants in accordance with the provisions of the Deed Poll during the tenure of the MKH Warrants.

THAT the Board be and is hereby authorised to deal with all or any fractional entitlements of the Rights Shares and Bonus Shares under the Proposed Rights with Bonus Issue, in such manner as the Board shall in its absolute discretion deems fit and in the best interests of the Company.

THAT any Rights Shares which are not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renouncee(s) and the Board be and is hereby authorised to allocate such excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board at its absolute discretion.

THAT the proceeds from the Proposed Rights with Bonus Issue be utilised in the manner as set out in Section 4 of the circular to the shareholders dated 24 February 2017, and the Board be and is hereby authorised with full power to vary the manner and/or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/or in the best interest of the Company, subject to the approval of the relevant authorities, where required.

THAT the Rights Shares and Bonus Shares shall, upon allotment and issuance, be of the same class and rank *pari passu* in all respects with each other and the then existing MKH Shares, save and except that the Rights Shares and Bonus Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of allotment of the Rights Shares and Bonus Shares.

AND THAT the Board be and is hereby authorised to do all acts, things and to execute, sign and deliver or caused to be delivered for and on behalf of the Company, all such documents (including, without limitation, the affixing of the Company's common seal in accordance with the Articles of Association of the Company, where necessary) as it may consider necessary and/or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Rights with Bonus Issue with full power to assent to any terms, conditions, modifications, variations and/or amendments in any manner as the Board may deem necessary and/or expedient in the best interest of the Company or as may be required or imposed by any relevant authority."

Authenticated by

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong Executive Chairman	Tan Wan San (MIA 10195) Company Secretary

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 27 September 1979 under the name of Srijang Bena Sdn Bhd. Our Company changed its name to Srijang Holdings Sdn Bhd and subsequently to Metro Kajang Holdings Sdn Bhd. On 12 July 1994, our Company was converted to a public limited company known as Metro Kajang Holdings Berhad which was subsequently listed on the Main Board (now known as Main Market) of the Bursa Securities on 18 October 1995. On 1 April 2011, our Company changed its name from Metro Kajang Holdings Berhad to MKH Berhad.

Our Company is principally involved in investment holding and providing building and other management services while the principal activities of our subsidiaries are property development, oil palm plantation, operating a recreational club, building and civil works, contracting and project management services, money lending, management, secretarial services and insurance agency, trading of building materials and household related products and hotel business.

Further details on the principal activities of our subsidiaries and associated companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

2.1 Issued share capital

The issued Shares in our Company as at the LPD are as follows:-

	No. of Shares ('000)	Total (RM'000)
Issued Shares	424,691	429,847

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2.2 Changes in issued share capital

The changes in our issued share capital for the past three (3) years up to the LPD are as follows:-

Date of allotment	No. of Shares allotted	Description	Cumulative issued share capital
			(RM)
19 March 2014	2,272	Cash (from exercise of MKH Warrants)	349,256,133
26 March 2014	984	Cash (from exercise of MKH Warrants)	349,257,117
28 March 2014	825	Cash (from exercise of MKH Warrants)	349,257,942
7 April 2014	98	Cash (from exercise of MKH Warrants)	349,258,040
22 April 2014	85,037	Cash (from exercise of MKH Warrants)	349,343,077
29 April 2014	220	Cash (from exercise of MKH Warrants)	349,343,297
8 May 2014	151,488	Cash (from exercise of MKH Warrants)	349,494,785
19 May 2014	69,898,293	Other than cash (from bonus issue of MKH Shares)	419,393,078
6 August 2014	427	Cash (from exercise of MKH Warrants)	419,393,505
8 August 2014	102	Cash (from exercise of MKH Warrants)	419,393,607
20 October 2014	304	Cash (from exercise of MKH Warrants)	419,393,911
23 October 2014	1,200	Cash (from exercise of MKH Warrants)	419,395,111
27 October 2014	1,486	Cash (from exercise of MKH Warrants)	419,396,597
4 December 2014	10,000	Cash (from exercise of MKH Warrants)	419,406,597
18 December 2014	27	Cash (from exercise of MKH Warrants)	419,406,624
9 March 2015	660	Cash (from exercise of MKH Warrants)	419,407,284
2 November 2015	18,000	Cash (from exercise of MKH Warrants)	419,425,284
3 May 2016	80	Cash (from exercise of MKH Warrants)	419,425,364
1 August 2016	13,620	Cash (from exercise of MKH Warrants)	419,438,984
6 September 2016	5,000	Cash (from exercise of MKH Warrants)	419,443,984

Date of allotment	No. of Shares allotted	Description	Cumulative issued share capital
			(RM)
9 December 2016	25,000	Cash (from exercise of MKH Warrants)	419,468,984
28 December 2016	103,297	Cash (from exercise of MKH Warrants)	419,572,281
5 January 2017	390,000	Cash (from exercise of MKH Warrants)	419,962,281
12 January 2017	101,704	Cash (from exercise of MKH Warrants)	420,063,985
18 January 2017	2,221	Cash (from exercise of MKH Warrants)	420,066,206
25 January 2017	27,112	Cash (from exercise of MKH Warrants)	420,093,318
15 February 2017	20,000	Cash (from exercise of MKH Warrants)	420,135,745(1)
21 February 2017	2,027	Cash (from exercise of MKH Warrants)	420,140,045(1)
24 February 2017	523,920	Cash (from exercise of MKH Warrants)	421,251,457(1)
2 March 2017	286,400	Cash (from exercise of MKH Warrants)	421,859,009(1)
8 March 2017	10,569	Cash (from exercise of MKH Warrants)	421,881,429(1)
15 March 2017	500,345	Cash (from exercise of MKH Warrants)	422,942,831(1)
20 March 2017	2,904	Cash (from exercise of MKH Warrants)	422,948,992(1)
23 March 2017	537,447	Cash (from exercise of MKH Warrants)	424,089,099(1)
28 March 2017	1,309,727	Cash (from exercise of MKH Warrants)	426,867,476(1)
31 March 2017	1,404,524	Cash (from exercise of MKH Warrants)	429,846,949(1)

Note:-

(1) Adjustment made which includes the fair value adjustment arising from MKH Warrants exercise pursuant to the migration to no par value regime according to the Act. Under the Act, par or nominal value is no longer applicable with effect from 31 January 2017.

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3. SUBSTANTIAL SHAREHOLDERS

The pro forma effects of the Rights with Bonus Issue on the substantial shareholders' shareholdings as at the LPD are as follows:-

Minimum Scenario

	As at the LPD				After the Rights with Bonus Issue			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Shares ('000)**	**%[(1)]**	**No. of Shares ('000)**	**%[(1)]**	**No. of Shares ('000)**	**%[(2)]**	**No. of Shares ('000)**	**%[(2)]**
CCSR	84,453	19.89	89,266[(3)]	21.02	109,789	19.89	116,046[(3)]	21.02
Public Bank Group Officers' Retirement Benefits Fund	41,040	9.66	-	-	41,040	7.43	-	-
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,072	0.25	184,902[(4)]	43.54	1,394	0.25	240,373[(4)]	43.54
Tan Sri Datuk Chen Lok Loi	7,565	1.78	177,476[(5)]	41.79	9,834	1.78	230,719[(5)]	41.79
Datuk Chen Fook Wah	626	0.15	173,719[(6)]	40.90	814	0.15	225,835[(6)]	40.90

Notes:-

(1) Calculated based on the issued share capital of the Company as at the LPD.

(2) Calculated based on the enlarged issued share capital of the Company after the Rights with Bonus Issue.

(3) Deemed interested via its shareholdings in its pledged securities accounts with Affin Hwang Nominees (Tempatan) Sdn Bhd, EB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd and Maybank Securities Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(4) Deemed interested via his shareholdings in CCSR, Lotus Way Sdn Bhd and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(5) Deemed interested via his shareholdings in CCSR and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(6) Deemed interested via his shareholding in CCSR pursuant to Section 8 of the Act.

Maximum Scenario

					(I)				(II)			
	As at the LPD				Assume full exercise of MKH Warrants				After (I) and the Rights with Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of Shares ('000)**	**%(1)**	**No. of Shares ('000)**	**%(1)**	**No. of Shares ('000)**	**%(2)**	**No. of Shares ('000)**	**%(2)**	**No. of Shares ('000)**	**%(3)**	**No. of Shares ('000)**	**%(3)**
CCSR	84,453	19.89	89,266(4)	21.02	92,497(8)	20.37	89,266(4)	19.66	120,246	20.37	116,046(4)	19.66
Public Bank Group Officers' Retirement Benefits Fund	41,040	9.66	-	-	41,040	9.04	-	-	53,352	9.04	-	-
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,072	0.25	184,902(5)	43.54	1,072	0.24	192,945(5)	42.50	1,394	0.24	250,829(5)	42.50
Tan Sri Datuk Chen Lok Loi	7,565	1.78	177,476(6)	41.79	8,195(9)	1.80	185,787(6)	40.92	10,654	1.80	241,524(6)	40.92
Datuk Chen Fook Wah	626	0.15	173,719(7)	40.90	749(10)	0.16	181,763(7)	40.03	973	0.16	236,291(7)	40.03

Notes:-

(1) Calculated based on the issued share capital of the Company as at the LPD.

(2) Calculated based on the enlarged issued share capital of the Company assuming that the outstanding 29,336,243 MKH Warrants are fully exercised.

(3) Calculated based on the enlarged issued share capital of the Company after the Rights with Bonus Issue.

(4) Deemed interested via its shareholdings in its pledged securities accounts with Affin Hwang Nominees (Tempatan) Sdn Bhd, EB Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd, AllianceGroup Nominees (Tempatan) Sdn Bhd, UOBM Nominees (Tempatan) Sdn Bhd and Maybank Securities Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(5) Deemed interested via his shareholdings in CCSR, Lotus Way Sdn Bhd and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(6) Deemed interested via his shareholdings in CCSR and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(7) Deemed interested via his shareholding in CCSR pursuant to Section 8 of the Act.

(8) CCSR holds 8,043,282 MKH Warrants as at the LPD.

(9) Tan Sri Datuk Chen Lok Loi holds 630,391 MKH Warrants directly and 268,020 MKH Warrants via his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd as at the LPD.

(10) Datuk Chen Fook Wah holds 122,500 MKH Warrants as at the LPD.

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4. BOARD OF DIRECTORS OF OUR COMPANY

4.1 Details of our Directors

Name	Age	Address	Nationality	Profession
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong *(Executive Chairman)*	73	1, Lorong Bukit Indah 3 Taman Bukit Indah 43000 Kajang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Tan Sri Datuk Chen Lok Loi *(Managing Director)*	64	No. 155 Persiaran Impian Gemilang Saujana Impian 43000 Kajang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Datuk Chen Fook Wah *(Deputy Managing Director)*	60	No. 1, Jalan 9/6 Taman Bukit Mewah, Fasa 9 43000 Kajang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Datuk Mohammad Bin Maidon *(Independent Non-Executive Director)*	75	No. 32A, Jalan Setia Nusantara U13/22Q Setia Eco Park Setia Alam 40170 Shah Alam Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Mohammed Chudi Bin Haji Ghazali *(Senior Independent Non-Executive Director)*	73	No. 13, Taman Grand View Ampang Jaya 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Company Director
Haji Mohamed Bin Ismail *(Independent Non-Executive Director)*	76	2226, Taman Rakyat Pasir Hor 15100 Kota Bharu Kelantan Darul Naim Malaysia	Malaysian	Company Director
Jeffrey Bin Bosra *(Independent Non-Executive Director)*	48	No. 28, Jalan Wangsa 11 Bukit Antarabangsa 68000 Ampang Selangor Darul Ehsan Malaysia	Malaysian	Chartered Accountant

Haji Hasan Aziz Bin Mohd Johan *(Independent Non-Executive Director)*	76	424, Lorong S2A-10/4 Green Street Homes Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus Malaysia	Malaysian	Company Director

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4.2 Directors' shareholdings

The pro forma effects of the Rights with Bonus Issue on the shareholdings of our Directors as at the LPD are as follows:-

Minimum Scenario

	As at the LPD				After the Rights with Bonus Issue			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares ('000)	%[(1)]	No. of Shares ('000)	%[(1)]	No. of Shares ('000)	%[(2)]	No. of Shares ('000)	%[(2)]
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,072	0.25	184,902[(3)]	43.54	1,394	0.25	240,373[(3)]	43.54
Tan Sri Datuk Chen Lok Loi	7,565	1.78	177,476[(4)]	41.79	9,834	1.78	230,719[(4)]	41.79
Datuk Chen Fook Wah	626	0.15	173,719[(5)]	40.90	814	0.15	225,835[(5)]	40.90
Datuk Mohammad Bin Maidon	-	-	-	-	-	-	-	-
Mohammed Chudi Bin Haji Ghazali	52	0.01	-	-	52	0.01	-	-
Haji Mohamed Bin Ismail	5	Neg	-	-	5	Neg	-	-
Jeffrey Bin Bosra	-	-	-	-	-	-	-	-
Haji Hasan Aziz Bin Mohd Johan	-	-	-	-	-	-	-	-

Notes:-

Neg Negligible.

(1) Calculated based on the issued share capital of the Company as at the LPD.

(2) Calculated based on the enlarged issued share capital of the Company after the Rights with Bonus Issue.

(3) Deemed interested via his shareholdings in CCSR, Lotus Way Sdn Bhd and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(4) Deemed interested via his shareholdings in CCSR and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(5) Deemed interested via his shareholding in CCSR pursuant to Section 8 of the Act.

Maximum Scenario

					(I)				(II)			
	As at the LPD				Assume full exercise of MKH Warrants				After (I) and the Rights with Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares ('000)	%(1)	No. of Shares ('000)	%(1)	No. of Shares ('000)	%(2)	No. of Shares ('000)	%(2)	No. of Shares ('000)	%(3)	No. of Shares ('000)	%(3)
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1,072	0.25	184,902(4)	43.54	1,072	0.24	192,945(4)	42.50	1,394	0.24	250,829(4)	42.50
Tan Sri Datuk Chen Lok Loi	7,565	1.78	177,476(5)	41.79	8,195(7)	1.80	185,787(5)	40.92	10,654	1.80	241,524(5)	40.92
Datuk Chen Fook Wah	626	0.15	173,719(6)	40.90	749(8)	0.16	181,763(6)	40.03	973	0.16	236,291(6)	40.03
Datuk Mohammad Bin Maidon	-	-	-	-	-	-	-	-	-	-	-	-
Mohammed Chudi Bin Haji Ghazali	52	0.01	-	-	52	0.01	-	-	67	0.01	-	-
Haji Mohamed Bin Ismail	5	Neg	-	-	5	Neg	-	-	7	Neg	-	-
Jeffrey Bin Bosra	-	-	-	-	-	-	-	-	-	-	-	-
Haji Hasan Aziz Bin Mohd Johan	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

Neg Negligible.

(1) Calculated based on the issued share capital of the Company as at the LPD.

(2) Calculated based on the enlarged issued share capital of the Company assuming that the outstanding 29,336,243 MKH Warrants are fully exercised.

(3) Calculated based on the enlarged issued share capital of the Company after the Rights with Bonus Issue.

APPENDIX II – INFORMATION ON OUR COMPANY *(CONT'D)*

(4) Deemed interested via his shareholdings in CCSR, Lotus Way Sdn Bhd and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(5) Deemed interested via his shareholdings in CCSR and his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd pursuant to Section 8 of the Act.

(6) Deemed interested via his shareholding in CCSR pursuant to Section 8 of the Act.

(7) Tan Sri Datuk Chen Lok Loi holds 630,391 MKH Warrants directly and 268,020 MKH Warrants via his pledged securities account with AllianceGroup Nominees (Tempatan) Sdn Bhd as at the LPD.

(8) Datuk Chen Fook Wah holds 122,500 MKH Warrants as at the LPD.

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5. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries of our Company as at the LPD are as follows:-

Company	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
			%	
Achieve Acres Sdn. Bhd.	12 June 2013 / Malaysia	RM250,000	85	Property development
Alif Mesra Sdn. Bhd.	3 October 2013 / Malaysia	RM16,000,000	65	Property development
Aliran Perkasa Sdn. Bhd.	3 March 1992 / Malaysia	RM5,250,000	100	Property development
Amona Metro Development Sdn. Bhd.	12 November 2007 / Malaysia	RM2,000,000	60	Property development
Budi Bidara Sdn. Bhd.	2 December 1993 / Malaysia	RM1,000,000	100	Property development
Dapat Jaya Builder Sdn. Bhd.	29 October 1983 / Malaysia	RM1,150,000	100	Building and civil works contracting and project management services
Danau Saujana Sdn. Bhd.	30 June 2014 / Malaysia	RM1,000	51	Property development
Detik Merdu Sdn. Bhd.	10 August 2004 / Malaysia	RM578,000	100	Investment holding
Everland Asia Development Sdn. Bhd.	21 November 2003 / Malaysia	RM1,000,000	100	Property development
Gabung Wajib Sdn. Bhd.	19 July 1995 / Malaysia	RM10,500,000	100	Property development
Gerak Teguh Sdn. Bhd.	9 November 1989 / Malaysia	RM1,000,000	100	Property development
GK Resort Berhad	24 October 1983 / Malaysia	RM5,000,000	100	Investment holding
Global Landscape Creation Sdn. Bhd.	5 June 2015 / Malaysia	RM1,000	51	Dormant
Hillpark Resources Sdn. Bhd.	26 September 2001 / Malaysia	RM1,200,000	100	Property development
Hiliran Juara Sdn. Bhd.	22 November 1995 / Malaysia	RM375,000	100	Property development
Intelek Kekal (M) Sdn. Bhd.	6 April 1995 / Malaysia	RM750,000	100	Management services

Company	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
			%	
Intelek Murni (M) Berhad	5 August 1995 / Malaysia	RM1,118,000	100	Operating a recreational club
Intra Tegas (M) Sdn. Bhd.	20 November 1996 / Malaysia	RM1,000,000	100	Property development
Kajang Resources Corporation Sdn. Bhd.	7 January 1984 / Malaysia	RM6,250,000	100	Property development
Kumpulan Indah Bersatu Sdn. Bhd.	10 November 1983 / Malaysia	RM300,000	100	Property development
Laju Jaya Sdn. Bhd.	11 January 1984 / Malaysia	RM4,500,000	100	Property investment, hotel and restaurant business
Maha Usaha Sdn. Bhd.	21 August 1985 / Malaysia	RM1,000,000	100	Property investment and management
Metro Kajang Construction Sdn. Bhd.	12 January 1984 / Malaysia	RM10,100,000	100	Building and civil works contracting, project and building management services
Metro Kajang (Oversea) Sdn. Bhd.	22 July 1993 / Malaysia	RM202,900,000	100	Investment holding and treasury management services
MKH Building Materials Sdn. Bhd.	11 January 1983 / Malaysia	RM50,000	100	Trading of building materials and household related products
MKH Credit Corporation Sdn. Bhd.	25 January 1985 / Malaysia	RM6,030,000	100	Money lending
MKH Food Sdn. Bhd.	8 October 1991 / Malaysia	RM50,000	100	Dormant
MKH Management Sdn. Bhd.	23 August 1984 / Malaysia	RM100,000	100	Management, secretarial services and insurance agency

Company	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
			%	
Metro K.L. City Sdn. Bhd.	2 May 1996 / Malaysia	RM250,000	100	Property investment and property development
Metro Nusantara Sdn. Bhd.	16 January 1992 / Malaysia	RM145,000	100	Dormant
Metro Emart Sdn. Bhd.	2 June 2016 / Malaysia	RM100,000	100	E-commerce
Metro Tiara (M) Sdn. Bhd.	22 August 1996 / Malaysia	RM1,273,700	100	Property management and property investment
Metro Kajang Development Sdn. Bhd.	19 July 2005 / Malaysia	RM100,000	100	Ceased operation
MKH Land (Aust) Pty Ltd	4 October 2016 / Australia	AUD100	100	Acquiring development land
MKH Plantation Sdn. Bhd.	15 June 2006 / Malaysia	RM206,700	100	Investment holding
MKH Resources Sdn. Bhd.	1 October 1991 / Malaysia	RM100,000	100	Management services
Palga Sdn. Bhd.	26 August 1982 / Malaysia	RM100,000	100	Investment holding
Pelangi Binaraya Sdn. Bhd.	14 May 2014 / Malaysia	RM2	100	Property development
Pelangi Seri Alam Development Sdn. Bhd.	12 September 2005 / Malaysia	RM1,150,000	100	Building and civil works contracting, project and building management services
Pelangi Semenyih Sdn. Bhd.	3 March 1997 / Malaysia	RM5,180,000	100	Property development
Perkasa Bernas (M) Sdn. Bhd.	6 July 1995 / Malaysia	RM7,050,000	100	Property development
Petik Mekar Sdn. Bhd.	26 September 2011 / Malaysia	RM20,000,000	100	Property development
PNSB-GK Resort Sdn. Bhd.	11 June 2008 / Malaysia	RM250,000	70	Property development
PT Maju Kalimantan Hadapan	25 October 2005 / Republic of Indonesia	IDR27,190,000,000	95	Oil palm plantation

Company	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
			%	
PT Nusantara Makmur Jaya	17 December 2010 / Republic of Indonesia	IDR3,576,000,000/ USD400,000	100	Dormant
PT Sawit Prima Sakti	30 March 2005 / Republic of Indonesia	IDR9,300,000,000	75	Oil palm plantation
Serba Sentosa Sdn. Bhd.	28 November 1989 / Malaysia	RM5,000,000	100	Property development
Serentak Maju Corporation Sdn. Bhd.	8 June 1989 / Malaysia	RM500,000	100	Property development
Srijang Indah Sdn. Bhd.	20 February 1981 / Malaysia	RM30,580,000	100	Property investment and management and investment holding
Srijang Kemajuan Sdn. Bhd.	21 February 1980 / Malaysia	RM15,350,006	99.99	Property development and property investment
Stand Allied Corporation Sdn. Bhd.	28 November 1989 / Malaysia	RM500,000	100	Property development
Sumber Lengkap Sdn. Bhd.	10 January 1987, Malaysia	RM271,000	100	Property development
Suria Villa Sdn. Bhd.	8 July 2014 / Malaysia	RM250,000	100	Property development
Temara Pekeliling Sdn. Bhd.	26 June 1989 / Malaysia	RM1,000,000	50.4	Property development and property management
Vast Furniture Manufacturing (Kunshan) Co. Ltd.	13 January 1999 / The People's Republic of China	USD1,200,000	100	Furniture manufacturing
Vista Haruman Development Sdn. Bhd.	1 April 2013 / Malaysia	RM1,000,000	55	Property development

The associated companies of our Company as at the LPD are as follows:-

Company	Date / Place of incorporation	Issued share capital	Effective equity interest	Principal activities
			%	
Rimbunan Melati Sdn. Bhd.	13 June 1994 / Malaysia	RM5,000,000	45	Property development
Rafflesia School (Kajang) Sdn. Bhd.	29 August 2011 / Malaysia	RM10,000,000	20	Education centre and tenant of the MKH group's investment property
PanaHome MKH Malaysia Sdn. Bhd.	17 December 2015 / Malaysia	RM5,000,000	49	Design and construction of residential and commercial properties using construction technology from Japan (general construction)

6. PROFIT AND DIVIDEND RECORDS

Our profit and dividend records based on our audited consolidated financial statements for the past three (3) financial years up to FYE 30 September 2016 as well as our unaudited consolidated interim financial statements for the three (3)-month FPE 31 December 2016 are as follows:-

	Audited FYE 30 September			Unaudited FPE 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Revenue	806,522	1,041,898	1,265,872	266,365	261,025
Cost of sales	(525,592)	(717,133)	(842,604)	(178,545)	(164,689)
Gross profit	280,930	324,765	423,268	87,820	96,336
Other income	40,211	24,756	83,031	45,980	3,860
Administrative expenses	(72,206)	(77,502)	(83,457)	(16,008)	(17,726)
Selling and marketing expenses	(25,458)	(39,968)	(46,578)	(7,747)	(7,378)
Other expenses	(25,705)	(44,995)	(18,585)	(10,299)	(6,737)
Operating profit	197,772	187,056	357,679	99,746	68,355
Share of results of associates	2,784	68	(818)	173	(1,266)
Finance costs	(37,996)	(49,810)	(52,192)	(9,657)	(9,843)
PBT	162,560	137,314	304,669	90,262	57,246
Income tax expense	(42,938)	(40,684)	(90,491)	(23,241)	(15,770)
PAT	119,622	96,630	214,178	67,021	41,476

	Audited FYE 30 September			Unaudited FPE 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Profit attributable to:					
Owners of the parent	104,684	86,961	205,041	61,570	40,789
Non-controlling interests	14,938	9,670	9,137	5,451	687
	119,622	96,630	214,178	67,021	41,476
Earnings before interest, tax, depreciation and amortisation	220,800	213,733	390,482	108,309	76,480
Weighted average number of MKH Shares in issue ('000)	419,253	419,405	419,427	419,424	419,544
Basic EPS (sen)	24.97	20.73	48.89	14.68	9.72
Diluted EPS (sen)	24.13	20.27	47.93	14.62	9.66
Gross dividend per Share (sen)	8.00	7.00	7.00	-	-
Gross profit margin	**34.8%**	**31.2%**	**33.4%**	**33.0%**	**36.9%**
PAT margin	**14.8%**	**9.3%**	**16.9%**	**25.2%**	**15.9%**

Commentary on Financial Performance

(i) FYE 30 September 2014

For the FYE 30 September 2014, our Group's revenue improved by around 17.2% to RM806.52 million as compared to RM688.22 million in the FYE 30 September 2013. The improvement in revenue was supported by increased revenue from the sales of CPO and palm kernel as well as higher property sales recorded by our Group.

Our Group's gross profit margin decreased from 36.1% to 34.8% in the FYE 30 September 2014 mainly due to profit recognition and contribution from newly launched Hillpark Shah Alam phase 2 Pines, Pelangi Heights and MKH Avenue were still at preliminary stage of development as compared to ongoing projects namely, Hillpark Home 2, Saville @ Melawati and Pelangi Semenyih 2 had reached advance stage of development in FYE 30 September 2013. The lower gross profit margin from our property development was mitigated by higher gross profit margin from the increase in CPO sales volume and average CPO selling price from 49,200 metric tons and RM1,910 per metric ton respectively in FYE 30 September 2013 to 68,800 metric tons and RM2,210 per metric ton respectively in FYE 30 September 2014.

Our Group's PBT improved by around 20.9% to RM162.56 million as compared to RM134.45 million in the FYE 30 September 2013. The increased in PBT was mainly attributable to lower unrealised foreign currency exchange losses by RM32.72 million and higher gain in fair value from investment properties in FYE 30 September 2014 by RM18.39 million.

(ii) FYE 30 September 2015

For the FYE 30 September 2015, our Group's revenue improved by around 29.2% to RM1,041.90 million as compared to RM806.52 million in the FYE 30 September 2014. The increase in revenue was contributed by increased revenue from the sale of CPO and palm kernel as well as higher recognition of property development revenue from one of our ongoing projects known as Hillpark Shah Alam.

Our Group's gross profit margin decreased from 34.8% to 31.2% in the FYE 30 September 2015 mainly due to weaker average CPO selling price of around RM2,010 per metric ton as compared to FYE 30 September 2014 of around RM2,210 per metric ton despite the increase in CPO sales volume from 68,800 metric tons to 96,100 metric tons and higher schedule maintenance costs incurred on the CPO mill. The lower gross profit margin recorded by our plantation was mitigated by the increase in gross profit margin from our Hillpark Shah Alam project.

Despite higher revenue recorded in the FYE 30 September 2015, our Group's PBT contracted by around 15.5% to RM137.31 million as compared to RM162.56 million in the FYE 30 September 2014. The decrease in our Group's PBT was mainly attributable to the decline in gross profit as stated above, higher unrealised foreign currency exchange losses by RM18.45 million, increase in finance costs due to higher interest expenses incurred by our plantation division following the increase in matured palm trees and lower gain in fair value from investment properties.

(iii) FYE 30 September 2016

For the FYE 30 September 2016, our Group's revenue improved by around 21.5% to RM1,265.87 million as compared to RM1,041.90 million in the FYE 30 September 2015. The improvement in revenue was supported by our Group's on-going property development projects namely, Hillpark Shah Alam and Kajang East but offset by a decrease in revenue from our plantation division due to lower CPO sales volume in the FYE 30 September 2016 of 87,200 metric tons as compared to 96,100 metric tons in the preceding financial year.

Our Group's gross profit margin increased from 31.2% to 33.4% in the FYE 30 September 2016 primarily due to lower average cost of production of CPO and palm kernel as a result of effective cost control measures taken by our plantation division and coupled with higher gross profit margin achieved from our Kajang East project.
.
Our Group's PBT improved significantly by around 121.9% to RM304.67 million as compared to RM137.31 million in the FYE 30 September 2015. The increased in PBT was mainly attributable to the improvement in gross profit as stated above, inclusion of one-off net government facilitation fund of RM11.7 million, unrealised foreign currency exchange gains of RM39.5 million as compared to unrealised foreign currency exchange losses of RM36.7 million in FYE 30 September 2015.

(iv) FPE 31 December 2016

For the FPE 31 December 2016, our Group's revenue declined marginally by around 2.0% to RM261.03 million as compared to RM266.37 million in the FPE 31 December 2015 mainly due to lower recognition of property development revenue following the handing over of vacant possession for MKH Boulevard to our customers and completion of profit recognition on the sales of Pelangi Semenyih (a built-then-sell development) in FPE December 2015. The decline in property development revenue was mitigated by higher plantation revenue as a result of:-

- higher CPO sales volume recorded of 24,900 metric tons in FPE 31 December 2016 compared to 17,000 metric tons in FPE 31 December 2015; and
- higher average CPO selling price of around RM2,530 per metric ton for the FPE 31 December 2016 compared to around RM1,700 per metric ton for the FPE 31 December 2015.

Our Group's gross profit margin increased from 33.0% to 36.9% in the FPE 31 December 2016 primarily due to improvement in the gross profit margin from our plantation as a result of higher average CPO selling price recorded for the FPE 31 December 2016 compared to FPE 31 December 2015 as mentioned above.

Our Group's PBT contracted by around 36.6% to RM57.25 million as compared to RM90.26 million in the FPE 31 December 2015. The decreased in PBT was mainly due to unrealised foreign currency exchange losses of RM4.2 million as a result of weakening of IDR against USD in the FPE 31 December 2016 as compared to unrealised foreign currency exchange gain of RM23.0 million due to strengthening of IDR against USD in the FPE 31 December 2015 from our plantation division's borrowings and the absence of the one-off net government facilitation fund of RM11.7 million registered in the FPE 31 December 2015.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of MKH Shares as traded on the Main Market of Bursa Securities for the past twelve (12) months from April 2016 to March 2017 are as follows:-

	Highest (RM)	Lowest (RM)
2016		
April	2.81	2.52
May	2.57	2.34
June	2.66	2.48
July	2.71	2.42
August	2.98	2.61
September	3.00	2.66
October	2.94	2.77
November	2.97	2.67
December	2.98	2.82
2017		
January	2.99	2.86
February	3.20	2.92
March	3.17	2.91

	RM
The last transacted market price of MKH Shares on 5 December 2016 (being the last Market Day prior to the announcement of the Rights with Bonus Issue)	2.87
The last transacted market price of MKH Shares on the LPD	3.02
The last transacted market price of MKH Shares on 27 April 2017 (being the last transacted market price on the day prior to the ex-date on for the Rights with Bonus Issue)	2.95

(Source: Bloomberg Finance L.P.)

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Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

P.O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel: +60 3 7610 8888
Fax: +60 3 7726 8986
myaaa@deloitte.com
www.deloitte.com/my

**INDEPENDENT ASSURANCE REPORT
ON THE COMPILATON OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF MKH BERHAD ("MKH" OR "THE COMPANY")**

Report on the Compilation of Pro Forma Consolidated Financial Information

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of MKH and its subsidiary companies (collectively defined as "the Group") as at 30 September 2016 and its related notes prepared by the Board of Directors of MKH.

The pro forma consolidated financial information consists of the pro forma consolidated statements of financial position of the Group and its related notes as at 30 September 2016, as set out in the accompanying attachment and stamped by us for the purposes of identification, have been prepared for inclusion in the Abridged Prospectus in connection with the Group's renounceable rights issue of up to 45,402,742 new ordinary shares in MKH ("MKH Shares") at an issue price of RM1.89 each ("Right Shares") together with a bonus issue of up to 90,805,484 new MKH Shares ("Bonus Shares") to be credited as fully paid-up, on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held on 3 May 2017 ("Entitlement Date") and two (2) Bonus Shares for every one (1) Rights Share subscribed ("Rights with Bonus Issue").

The applicable criteria on the basis of which the Board of Directors of MKH have compiled the pro forma consolidated financial information are described in Note 1 and Note 2 of the pro forma consolidated financial information.

The pro forma consolidated financial information has been compiled by the Board of Directors of MKH to illustrate the impact of the event or transaction set out in Note 2 on the Group's consolidated financial information as at 30 September 2016.

As part of this process, information about the Group's consolidated financial information has been extracted by the Board of Directors of MKH from the Group's consolidated financial statements for the year ended 30 September 2016, on which an audit report has been published.

Deloitte.

Directors' Responsibilities

The Board of Directors of MKH are responsible for preparing the pro forma consolidated financial information on the basis of applicable criteria.

Our Responsibilities

Our responsibility is to express an opinion about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of MKH on the basis set out in the notes thereon.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board as adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of MKH has compiled, in all material respects, the pro forma consolidated financial information on the basis set out in the notes thereon.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of the pro forma consolidated financial information included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of MKH in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

Deloitte.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated financial information has been properly compiled, in all material respects, on the basis of applicable criteria.

Other Matter

This report is issued solely for the purpose of inclusion in the Abridged Prospectus of MKH in connection with the abovementioned Rights with Bonus Issue. As such, this letter is not to be used, circulated, quoted or otherwise referred to, for any other purposes nor is it to be filed with, reproduced, copied, disclosed or referred, in whole or in part, in any other document.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEO SWEE CHUA
Partner – 2846/01/18(J)
Chartered Accountant

17 April 2017

APPENDIX I

MKH BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Minimum Scenario

	Note	Audited as at 30 September (RM'000)	After subsequent events (RM'000)	Pro forma I After the Rights with Bonus Issue (RM'000)
ASSETS				
Non-current assets				
Property, plant and equipment		217,164	217,164	217,164
Intangible assets		14,636	14,636	14,636
Biological assets		324,119	324,119	324,119
Prepaid lease payments		27,964	27,964	27,964
Investment properties		308,457	308,457	308,457
Investment in associates		14,136	14,136	14,136
Land held for property development		1,062,539	1,062,539	1,062,539
Deferred tax assets		29,358	29,358	29,358
Receivables, deposits and prepayments		13,198	13,198	13,198
Total non-current assets		**2,011,571**	**2,011,571**	**2,011,571**
Current assets				
Property development costs		384,999	384,999	384,999
Inventories		94,111	94,111	94,111
Accrued billings in respect of property development		216,392	216,392	216,392
Receivables, deposits and prepayments		226,135	226,135	226,135
Current tax assets		7,639	7,639	7,639
Cash, bank balances, term deposits and fixed income funds	3	305,087	315,004	393,671
		1,234,363	1,244,280	1,322,947
Non-current assets classified as held for sale		7,482	7,482	7,482
Total current assets		**1,241,845**	**1,251,762**	**1,330,429**
Total assets		**3,253,416**	**3,263,333**	**3,342,000**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	4	419,444	429,847	595,052
Share premium	5	57	785	785
Translation reserve		(561)	(561)	(561)
Revaluation reserve		23,533	23,533	23,533
Warrant reserve	6	8,001	6,787	6,787
Retained earnings	7	825,811	825,811	739,273
Equity attributable to owners of the Company		1,276,285	1,286,202	1,364,869
Non-controlling interests		34,371	34,371	34,371
Total equity		**1,310,656**	**1,320,573**	**1,399,240**

(Forward)

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Stamped for the purpose of Identification only with our letter / report dated
17 APR 2017
Deloitte PLT
(LLP0010145-LCA)
Kuala Lumpur.

APPENDIX I

Minimum Scenario (Continued)

	Note	30 September 2016 (RM'000)	After subsequent events (RM'000)	Pro forma I After the Rights with Bonus Issue (RM'000)
Non-current liabilities				
Deferred tax liabilities		64,545	64,545	64,545
Provisions		10,352	10,352	10,352
Payables and accruals		451,619	451,619	451,619
Loans and borrowings		557,349	557,349	557,349
Total non-current liabilities		**1,083,865**	**1,083,865**	**1,083,865**
Current liabilities				
Provisions		19,596	19,596	19,596
Progress billings in respect of property development		6,539	6,539	6,539
Payables and accruals		526,289	526,289	526,289
Loans and borrowings		281,414	281,414	281,414
Current tax liabilities		25,057	25,057	25,057
Total current liabilities		**858,895**	**858,895**	**858,895**
Total liabilities		**1,942,760**	**1,942,760**	**1,942,760**
Total equity and liabilities		**3,253,416**	**3,263,333**	**3,342,000**
No. of MKH Shares in issue		419,443,984	424,691,181	552,098,535
Net assets per MKH Share (Equity attributable to owners of the Company/Number of MKH Shares in issue) (RM)		3.04	3.03	2.47
Total loans and borrowings (RM'000)		838,763	838,763	838,763
Gearing (Total loans and borrowings/equity attributable to owners of the Company) (times)		0.66	0.65	0.61

APPENDIX I

Maximum Scenario

	Note	Audited as at 30 September 2016 (RM'000)	After subsequent events (RM'000)	Pro forma I Assuming full exercise of the onstanding MKH Warrants (RM'000)	Pro forma II After the Rights with Bonus Issue (RM'000)
ASSETS					
Non-current assets					
Property, plant and equipment		217,164	217,164	217,164	217,164
Goodwill		14,636	14,636	14,636	14,636
Biological assets		324,119	324,119	324,119	324,119
Prepaid lease payments		27,964	27,964	27,964	27,964
Investment properties		308,457	308,457	308,457	308,457
Investment in associates		14,136	14,136	14,136	14,136
Land held for property development		1,062,539	1,062,539	1,062,539	1,062,539
Deferred tax assets		29,358	29,358	29,358	29,358
Receivables, deposits and prepayments		13,198	13,198	13,198	13,198
Total non-current assets		**2,011,571**	**2,011,571**	**2,011,571**	**2,011,571**
Current assets					
Property development costs		384,999	384,999	384,999	384,999
Inventories		94,111	94,111	94,111	94,111
Accrued billings in respect of property development		216,392	216,392	216,392	216,392
Receivables, deposits and prepayments		226,135	226,135	226,135	226,135
Current tax assets		7,639	7,639	7,639	7,639
Cash, bank balances, term deposits and fixed income funds	3	305,087	315,004	370,450	454,661
		1,234,363	1,244,280	1,299,726	1,383,937
Non-current assets classified as held for sale		7,482	7,482	7,482	7,482
Total current assets		**1,241,845**	**1,251,762**	**1,307,208**	**1,391,419**
Total assets		**3,253,416**	**3,263,333**	**3,318,779**	**3,402,990**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	4	419,444	429,847	492,080	668,696
Share premium	5	57	785	785	785
Translation reserve		(561)	(561)	(561)	(561)
Revaluation reserve		23,533	23,533	23,533	23,533
Warrant reserve	6	8,001	6,787	-	-
Retained earnings	7	825,811	825,811	825,811	733,406
Equity attributable to owners of the Company		1,276,285	1,286,202	1,341,648	1,425,859
Non-controlling interests		34,371	34,371	34,371	34,371
Total equity		**1,310,656**	**1,320,573**	**1,376,019**	**1,460,230**

(Forward)

APPENDIX I

Maximum Scenario (Continued)

	Note	Audited as at 30 September 2016 (RM'000)	After subsequent events (RM'000)	Assuming full exercise of the oustanding MKH Warrants (RM'000)	After the Rights with Bonus Issue (RM'000)
Non-current liabilities					
Deferred tax liabilities		64,545	64,545	64,545	64,545
Provisions		10,352	10,352	10,352	10,352
Payables and accruals		451,619	451,619	451,619	451,619
Loans and borrowings		557,349	557,349	557,349	557,349
Total non-current liabilities		**1,083,865**	**1,083,865**	**1,083,865**	**1,083,865**
Current liabilities					
Provisions		19,596	19,596	19,596	19,596
Progress billings in respect of property development		6,539	6,539	6,539	6,539
Payables and accruals		526,289	526,289	526,289	526,289
Loans and borrowings		281,414	281,414	281,414	281,414
Current tax liabilities		25,057	25,057	25,057	25,057
Total current liabilities		**858,895**	**858,895**	**858,895**	**858,895**
Total liabilities		**1,942,760**	**1,942,760**	**1,942,760**	**1,942,760**
Total equity and liabilities		**3,253,416**	**3,263,333**	**3,318,779**	**3,402,990**
No. of MKH Shares in issue		419,443,984	424,691,181	454,027,424	590,235,650
Net assets per MKH Share (Equity attributable to owners of the Company/Number of MKH Shares in issue) (RM)		3.04	3.03	2.95	2.42
Total loans and borrowings (RM'000)		838,763	838,763	838,763	838,763
Gearing (Total loans and borrowings/equity attributable to owners of the Company) (times)		0.66	0.65	0.63	0.59

APPENDIX I

MKH BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

I. BASIS OF PREPARATION

The pro forma consolidated statements of financial position have been prepared based on the audited financial statements of MKH Berhad ("MKH" or "the Company") and its subsidiary companies ("the Group") for the financial year ended 30 September 2016 in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of the Group.

The pro forma consolidated statements of financial position of the Group have been prepared for illustrative purpose only, to show the effects on the audited consolidated statement of financial position of the Group as at 30 September 2016, had the adjustments described in Note 2 been effected on that date, and should be read in conjunction with the notes thereto.

2. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

The pro forma consolidated statements of financial position have been prepared assuming the following events were effected on 30 September 2016:-

Subsequent events

The pro forma consolidated statements of financial position have incorporated the issuance of 5,247,197 new ordinary shares in MKH ("MKH Shares") arising from the exercise of 5,247,197 warrants 2012/2017 in MKH ("MKH Warrants") at an exercise price of RM1.89 each, subsequent to 30 September 2016 up to and including 4 April 2017, being the latest practicable date ("LPD").

Rights with Bonus Issue

The renounceable rights issue of up to 45,402,742 new MKH Shares ("Rights Shares") at an issue price of RM1.89 each, together with a bonus issue of up to 90,805,484 new MKH Shares ("Bonus Shares") to be credited as fully paid-up at RM1.00 each, on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held on Entitlement Date and two (2) Bonus Shares for every one (1) Rights Share subscribed ("Rights with Bonus Issue") to be undertaken by the Group are presented in two (2) scenarios as follows:-

Minimum Scenario :	Assuming none of the outstanding 29,336,243 MKH Warrants is exercised and only the undertaking shareholders subscribe for their respective entitlements to the Rights Shares in full and the unsubscribed portion of the Right Shares is fully underwritten.
Maximum Scenario:	Assuming all the outstanding 29,336,243 MKH Warrants are exercised and all the Entitled Shareholders subscribe for their respective entitlements to the Rights Shares in full.

APPENDIX I

The issuance of the Bonus Shares shall be wholly capitalised from the retained earnings of the Company at RM1.00 each as determined by the Board of Directors of MKH in accordance with Section 618(7) of the Companies Act, 2016.

The gross proceeds to be raised from the Rights with Bonus Issue will be utilised as follows:-

	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)
Infrastructure and property development	37,190	37,190
Payment of land owners' entitlements	20,000	20,000
Construction of KTM Komuter station	21,400	21,400
Working capital	77	5,621
Estimated expenses for the Rights with Bonus Issue	1,600	1,600
Total gross proceeds to be raised	80,267	85,811

Minimum Scenario

Pro forma I – Rights with Bonus Issue

Pro forma I incorporates the effects of the rights issue of 42,469,118 Rights Shares at an issue price of RM1.89 each, together with 84,938,236 Bonus Shares on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held on the Entitlement Date and two (2) Bonus Shares for every one (1) Rights Share subscribed assuming that none of the outstanding 29,336,243 MKH Warrants is exercised and only the undertaking shareholders subscribe for their respective entitlements to the Rights Shares in full and the unsubscribed portion of the Rights Shares is fully underwritten.

The gross proceeds to be raised from the Rights with Bonus Issue of RM80,266,633 will be utilised as described above.

Maximum Scenario

Pro forma I – Assuming full exercise of the outstanding MKH Warrants

Pro forma I incorporates the effects of full exercise of 29,336,243 outstanding MKH Warrants into new MKH Shares at the exercise price of RM1.89 each.

Pro forma II – Rights with Bonus Issue

Pro forma II incorporates the effects of Pro forma I and the effects of the rights issue of 45,402,742 Rights Shares at an issue price of RM1.89 each, together with 90,805,484 Bonus Shares on the basis of one (1) Rights Share for every ten (10) existing MKH Shares held on the Entitlement Date and two (2) Bonus Shares for every one (1) Rights Share subscribed assuming all the entitled shareholders subscribe for their respective entitlements to the Rights Shares in full.

APPENDIX I

The gross proceeds to be raised from the Rights with Bonus Issue of RM85,811,182 will be utilised as described above.

3. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS

	Minimum Scenario (RM'000)
Audited as at 30 September 2016	305,087
649,334 MKH Warrants exercised up to 30 January 2017	1,227
4,597,863 MKH Warrants exercised from 31 January 2017 to LPD	8,690
After subsequent events	315,004
Proceeds from the Rights with Bonus Issue	80,267
Estimated expenses for the Rights with Bonus Issue	(1,600)
As per Pro forma I	393,671

	Maximum Scenario (RM'000)
Audited as at 30 September 2016	305,087
649,334 MKH Warrants exercised up to 30 January 2017	1,227
4,597,863 MKH Warrants exercised from 31 January 2017 to LPD	8,690
After subsequent events	315,004
Assuming full exercise of the outstanding MKH Warrants	55,446
As per Pro forma I	370,450
Proceeds from the Rights with Bonus Issue	85,811
Estimated expenses for the Rights with Bonus Issue	(1,600)
As per Pro forma II	454,661

4. SHARE CAPITAL

	Minimum Scenario (RM'000)
Audited as at 30 September 2016	419,444
649,334 MKH Warrants exercised up to 30 January 2017	649
4,597,863 MKH Warrants exercised from 31 January 2017 to LPD	9,754
After subsequent events	429,847
Rights with Bonus Issue	165,205
As per Pro forma I	595,052

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17 APR 2017
Deloitte PLT
(LLP0010145-LCA)
Kuala Lumpur.

APPENDIX I

	Maximum Scenario (RM'000)
Audited as at 30 September 2016	419,444
649,334 MKH Warrants exercised up to 30 January 2017	649
4,597,863 MKH Warrants exercised from 31 January 2017 to LPD	9,754
After subsequent events	429,847
Assuming full exercise of the outstanding MKH Warrants	62,233
As per Pro forma I	492,080
Rights with Bonus Issue	176,616
As per Pro forma II	668,696

5. SHARE PREMIUM

	Minimum Scenario (RM'000)
Audited as at 30 September 2016	57
649,334 MKH Warrants exercised up to 30 January 2017	728
After subsequent events and as per Pro forma I	785

	Maximum Scenario (RM'000)
Audited as at 30 September 2016	57
649,334 MKH Warrants exercised up to 30 January 2017	728
After subsequent events and as per Pro forma I and II	785

APPENDIX I

6. WARRANTS RESERVE

	Minimum Scenario (RM'000)
Audited as at 30 September 2016	8,001
649,334 MKH Warrants exercised up to 30 January 2017	(150)
4,597,863 MKH Warrants exercised from 31 January 2017 to LPD	(1,064)
After subsequent events; and as per Pro forma I	6,787

	Maximum Scenario (RM'000)
Audited as at 30 September 2016	8,001
649,334 MKH Warrants exercised up to 30 January 2017	(150)
4,597,863 MKH Warrants exercised from 31 January 2017 to LPD	(1,064)
After subsequent events	6,787
Assuming full exercise of the outstanding MKH Warrants	(6,787)
As per Pro forma I and II	-

7. RETAINED EARNINGS

	Minimum Scenario (RM'000)
Audited as at 30 September 2016; and after subsequent events	825,811
Rights with Bonus Issue	(84,938)
Estimated expenses for the Rights with Bonus Issue	(1,600)
As per Pro forma I	739,273

	Maximum Scenario (RM'000)
Audited as at 30 September 2016; after subsequent events; and Pro forma I	825,811
Rights with Bonus Issue	(90,805)
Estimated expenses for the Rights with Bonus Issue	(1,600)
As per Pro forma II	733,406

Stamped for the purpose of identification only with our letter / report dated 17 APR 2017 Deloitte PLT (LLP0010145-LCA) Kuala Lumpur.

CERTIFIED TRUE COPY
Deloitte
TEO SWEE CHUA
Partner

MKH BERHAD
(Company No. 50948 - T)
(Incorporated in Malaysia)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016
(In Ringgit Malaysia)

MKH BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

CONTENTS	**PAGE(S)**

MKH BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and providing management services.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit for the financial year	214,178,039	66,963,643
Profit attributable to:		
Owners of the parent	205,041,491	66,963,643
Non-controlling interest	9,136,548	-
	214,178,039	66,963,643

DIVIDEND

Since the end of the previous financial year, a first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2015 amounting to RM29,359,770 was declared on 27 November 2015 and paid on 31 December 2015 as reported in the directors' report of that year.

A first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,361,079 was declared on 25 November 2016 and to be paid on 30 December 2016. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2017.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2016.

ISSUES OF SHARES

During the financial year, the issued and paid-up share capital of the Company was increased from RM419,407,284 to RM419,443,984 by way of exercise of 36,700 warrants for 36,700 new ordinary shares of RM1 each at an exercise price of RM1.89 per share.

The new ordinary shares issued rank *pari passu* in all respects with the existing shares of the Company.

Other than as stated above, there were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

WARRANTS

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share of RM1 each at the exercise price during the exercise period;

(ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

(iii) the warrants may be exercised at any time for a period of five years from 31 December 2012 to 30 December 2017 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and become void.

The exercise price was adjusted to RM1.89 per share pursuant to the bonus issue on 20 May 2014.

The movement in the Company's warrants to subscribe for new ordinary shares of RM1 each during the financial year is as follows:

	Number of warrants		
	At 1 October 2015	**Exercised**	**At 30 September 2016**
Number of warrants	34,620,140	(36,700)	34,583,440

DIRECTORS

The names of the directors of the Company in office since the date of the last report and on the date of this report are as follows:

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong
Tan Sri Datuk Chen Lok Loi
Datuk Chen Fook Wah
Datuk Mohammad bin Maidon
Mohammed Chudi bin Haji Ghazali
Mohamed bin Ismail
Jeffrey bin Bosra
Hasan Aziz bin Mohd Johan

DIRECTORS' INTERESTS

The holdings and deemed holdings in the ordinary shares and warrants of the Company and of its related corporations of those who were directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

(a) **Shareholdings in the Company**

	Number of ordinary shares of RM1 each			
	At 1 October 2015	**Bought**	**Sold**	**At 30 September 2016**
Direct interest:				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	3,555,910	-	(1,800,000)	1,755,910
Tan Sri Datuk Chen Lok Loi	7,564,704	-	-	7,564,704
Datuk Chen Fook Wah	626,300	-	-	626,300
Mohammed Chudi bin Haji Ghazali	50,294	-	-	50,294
Jeffrey Bin Bosra	12,000	-	(12,000)	-

		Number of ordinary shares of RM1 each			
		At 1 October 2015	**Bought**	**Sold**	**At 30 September 2016**
Deemed interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	^	181,502,150	1,900,000	-	183,402,150
Tan Sri Datuk Chen Lok Loi	#	176,905,242	-	-	176,905,242
Datuk Chen Fook Wah	*	173,719,402	-	-	173,719,402

(b) **Warrant holdings in the Company**

		Number of warrants			
		At 1 October 2015	**Bought**	**Sold**	**At 30 September 2016**
Direct interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong		635,491	-	-	635,491
Tan Sri Datuk Chen Lok Loi		630,391	-	-	630,391
Datuk Chen Fook Wah		116,000	-	-	116,000
Mohammed Chudi bin Haji Ghazali		1,524	-	-	1,524
Deemed interest:					
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	^	15,333,926	-	(7,000,000)	8,333,926
Tan Sri Datuk Chen Lok Loi	#	15,281,302	-	(7,000,000)	8,281,302
Datuk Chen Fook Wah	*	15,043,282	-	(7,000,000)	8,043,282

^ Deemed interest through shares held in Chen Choy & Sons Realty Sdn. Bhd. ("CCSR"), Lotus Way Sdn. Bhd. and a nominee company.

Deemed interest through shares held in CCSR and a nominee company.

* Deemed interest through shares held in CCSR.

(c) **Shareholdings in subsidiary**
- Srijang Kemajuan Sdn. Bhd.

	Number of ordinary shares of RM1 each			
	At 1 October 2015	**Bought**	**Sold**	**At 30 September 2016**
Direct interest:				
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	1	-	-	1

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any benefits which may be deemed to have arisen from transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as disclosed above.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of significant events during the financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

Details of significant events subsequent to the financial year end are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Deloitte, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 December 2016

TAN SRI DATUK CHEN LOK LOI

DATUK CHEN FOOK WAH

MKH BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah, being two of the directors of the Company, do hereby state that in the opinion of the directors, the accompanying financial statements as set out on pages 13 to 162, are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 163, which is not part of the financial statements, is prepared in all material respects, in accordance with the Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 December 2016.

TAN SRI DATUK CHEN LOK LOI

DATUK CHEN FOOK WAH

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Kok Siew Yin, being the person primarily responsible for the financial management of **MKH BERHAD**, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements as set out on pages 13 to 162 and the supplementary information set out on page 163, in my opinion, are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at
Kajang in the State of Selangor
on 29 December 2016

KOK SIEW YIN

Before me

PESURUHJAYA SUMPAH
No: B 487
Nama: KHAIRINA AZURA BINTI JAMIAN
MALAYSIA

11 & 13, TINGKAT ~~SATU~~,
..N SUL~~AIMAN~~,
~~..0 KAJANG~~,
..LANGOR DARUL EHSAN.

NO. 11 & 13, TINGKAT SATU,
JALAN SULAIMAN,
43000 KAJANG,
SELANGOR DARUL EHSAN.

Deloitte.

Deloitte (AF 0080)
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

P.O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel: +60 3 7610 8888
Fax: +60 3 7726 8986
myaaa@deloitte.com
www.deloitte.com/my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MKH BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **MKH BERHAD**, which comprise the statements of financial position as at 30 September 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 162.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

(Forward)

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the Act;

(b) we have considered the accounts and the auditors' reports of all the subsidiaries, of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and

(d) the audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 163 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements", as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

(Forward)

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants

TEO SWEE CHUA
Partner - 2846/01/18 (J)
Chartered Accountant

29 December 2016

MKH BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	4	1,265,872,402	1,041,897,762	65,644,900	32,636,400
Cost of sales	5	(842,603,901)	(717,133,042)	-	-
Gross profit		423,268,501	324,764,720	65,644,900	32,636,400
Other income		83,031,454	24,755,555	11,326,287	8,836,020
Sales and marketing expenses		(46,577,813)	(39,967,606)	-	-
Administrative expenses		(83,456,683)	(77,501,758)	(3,008,316)	(1,855,491)
Other expenses		(18,585,261)	(44,994,880)	(490,664)	(879,846)
Profit from operations		357,680,198	187,056,031	73,472,207	38,737,083
Finance costs		(52,192,866)	(49,810,395)	(3,268,766)	(2,323,634)
Share of results of associates		(818,527)	68,368	-	-
Profit before tax	6	304,668,805	137,314,004	70,203,441	36,413,449
Tax expense	8	(90,490,766)	(40,683,531)	(3,239,798)	(2,054,760)
Profit for the financial year		214,178,039	96,630,473	66,963,643	34,358,689

(Forward)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement (losses)/gains on defined benefit plans		(1,028,501)	1,994,516	-	-
Income tax relating to components of other comprehensive income	8	(356,408)	-	-	-
		(1,384,909)	1,994,516	-	-
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(2,844,144)	3,255,187	-	-
Revaluation surplus of land and buildings		-	14,534,222	-	702,402
Income tax relating to components of other comprehensive income	8	-	(2,861,250)	-	(67,870)
		(2,844,144)	14,928,159	-	634,532
Total comprehensive income for the financial year		209,948,986	113,553,148	66,963,643	34,993,221
Profit attributable to:					
Owners of the parent		205,041,491	86,960,858	66,963,643	34,358,689
Non-controlling interests		9,136,548	9,669,615	-	-
		214,178,039	96,630,473	66,963,643	34,358,689

(Forward)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Total comprehensive income attributable to:					
Owners of the parent		200,919,291	103,673,471	66,963,643	34,993,221
Non-controlling interests		9,029,695	9,879,677	-	-
		209,948,986	113,553,148	66,963,643	34,993,221
Basic earnings per share (sen)	9	48.89	20.73		
Diluted earnings per share (sen)	9	47.93	20.27		

The accompanying notes form an integral part of the financial statements.

MKH BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	217,163,540	210,989,544	1,237,992	1,257,750
Intangible assets	11	14,636,406	5,354,813	-	-
Biological assets	12	324,118,736	247,069,607	-	-
Prepaid lease payments	13	27,963,813	27,913,330	-	-
Investment properties	14	308,457,000	308,457,000	-	-
Investment in subsidiaries	15	-	-	681,544,194	681,131,186
Investment in associates	16	14,135,951	12,504,478	-	-
Land held for property development	17	1,062,539,538	553,239,150	-	-
Deferred tax assets	18	29,357,648	34,736,511	-	675,830
Receivables, deposits and prepayments	19	13,198,421	2,624,200	209,936,101	175,104,193
Total Non-Current Assets		2,011,571,053	1,402,888,633	892,718,287	858,168,959
Current Assets					
Property development costs	20	384,998,809	437,954,871	-	-
Inventories	21	94,110,942	68,668,144	-	-
Accrued billings in respect of property development		216,392,318	181,014,152	-	-
Receivables, deposits and prepayments	19	226,134,675	235,711,356	3,028,784	2,646,477
Current tax assets		7,638,942	3,310,542	-	-
Cash, bank balances, term deposits and fixed income funds	22	305,087,150	269,074,344	267,497	405,509
		1,234,362,836	1,195,733,409	3,296,281	3,051,986
Non-current assets classified as held for sale	23	7,481,690	-	-	-
Total Current Assets		1,241,844,526	1,195,733,409	3,296,281	3,051,986
Total Assets		3,253,415,579	2,598,622,042	896,014,568	861,220,945

(Forward)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	24	419,443,984	419,407,284	419,443,984	419,407,284
Reserves	25	856,841,092	685,245,748	421,425,677	383,789,141
Equity attributable to owners of the parent		1,276,285,076	1,104,653,032	840,869,661	803,196,425
Non-controlling interests	15	34,370,762	21,879,267	-	-
Total Equity		1,310,655,838	1,126,532,299	840,869,661	803,196,425
Non-Current Liabilities					
Deferred tax liabilities	18	64,545,058	47,355,540	62,926	-
Provisions	26	10,352,428	6,310,729	-	-
Payables and accruals	27	451,619,197	136,507,117	-	-
Loans and borrowings	28	557,348,619	514,446,635	-	-
Total Non-Current Liabilities		1,083,865,302	704,620,021	62,926	-
Current Liabilities					
Provisions	26	19,595,520	19,595,520	-	3,074,400
Progress billings in respect of property development		6,538,514	65,235,312	-	-
Payables and accruals	27	526,288,941	377,372,239	715,364	778,864
Loans and borrowings	28	281,414,175	286,938,069	53,700,721	53,460,660
Current tax liabilities		25,057,289	18,328,582	665,896	710,596
Total Current Liabilities		858,894,439	767,469,722	55,081,981	58,024,520
Total Liabilities		1,942,759,741	1,472,089,743	55,144,907	58,024,520
Total Equity and Liabilities		3,253,415,579	2,598,622,042	896,014,568	861,220,945
Net assets per share (RM)	9	3.04	2.63		

The accompanying notes form an integral part of the financial statements.

MKH BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	Note		← Non-distributable			→	Distributable			
		Share capital RM	Share premium RM	Warrant reserve RM	Translation reserve RM	Revaluation reserve RM	Retained earnings RM	Attributable to owners of the parent RM	Non - controlling interests RM	Total equity RM
At 1 October 2015		419,407,284	15,929	8,009,022	2,239,435	23,533,537	651,447,825	1,104,653,032	21,879,267	1,126,532,299
Comprehensive income										
Profit for the financial year		-	-	-	-	-	205,041,491	205,041,491	9,136,548	214,178,039
Other comprehensive income										
Foreign currency translation differences		-	-	-	(2,800,309)	-	-	(2,800,309)	(43,835)	(2,844,144)
Remeasurement gains on defined benefit plans - net of tax		-	-	-	-	-	(1,321,891)	(1,321,891)	(63,018)	(1,384,909)
Total comprehensive income		-	-	-	(2,800,309)	-	203,719,600	200,919,291	9,029,695	209,948,986

(Forward)

			← Non-distributable →				Distributable			
	Note	Share capital RM	Share premium RM	Warrant reserve RM	Translation reserve RM	Revaluation reserve RM	Retained earnings RM	Attributable to owners of the parent RM	Non - controlling interests RM	Total equity RM
Transactions with owners										
Issuance of shares pursuant to warrants		36,700	41,152	(8,489)	-	-	-	69,363	-	69,363
Issuance of shares by subsidiaries to non-controlling shareholder		-	-	-	-	-	-	-	481,990	481,990
Non-controlling interests in respect of subsidiaries acquired		-	-	-	-	-	-	-	6,982,970	6,982,970
Changes of ownership interest in a subsidiary		-	-	-	-	-	3,160	3,160	(3,160)	-
Dividend paid to non-controlling shareholder		-	-	-	-	-	-	-	(4,000,000)	(4,000,000)
Dividend	29	-	-	-	-	-	(29,359,770)	(29,359,770)	-	(29,359,770)
Total transactions with owners		36,700	41,152	(8,489)	-	-	(29,356,610)	(29,287,247)	3,461,800	(25,825,447)
At 30 September 2016		419,443,984	57,081	8,000,533	(560,874)	23,533,537	825,810,815	1,276,285,076	34,370,762	1,310,655,838

(Forward)

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 SEPTEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON *(CONT'D)*

	Note	Share capital RM	← Share premium RM	Non-distributable Warrant reserve RM	Translation reserve RM	Revaluation reserve RM →	Distributable Retained earnings RM	Attributable to owners of the parent RM	Non - controlling interests RM	Total equity RM
At 1 October 2014		419,393,607	593	8,012,186	(1,145,422)	12,100,372	596,144,104	1,034,505,440	23,162,090	1,057,667,530
Comprehensive income										
Profit for the financial year		-	-	-	-	-	86,960,858	86,960,858	9,669,615	96,630,473
Other comprehensive income										
Foreign currency translation differences		-	-	-	3,384,857	-	-	3,384,857	(129,670)	3,255,187
Revaluation surplus of land and buildings		-	-	-	-	11,433,165	-	11,433,165	239,807	11,672,972
Remeasurement gains on defined benefit plans		-	-	-	-	-	1,894,591	1,894,591	99,925	1,994,516
Total comprehensive income		-	-	-	3,384,857	11,433,165	88,855,449	103,673,471	9,879,677	113,553,148
Transactions with owners										
Issuance of shares pursuant to warrants		13,677	15,336	(3,164)	-	-	-	25,849	-	25,849
Issuance of shares by subsidiaries to non-controlling shareholder		-	-	-	-	-	-	-	37,500	37,500
Dividend paid to non-controlling shareholder		-	-	-	-	-	-	-	(11,200,000)	(11,200,000)
Dividend	29	-	-	-	-	-	(33,551,728)	(33,551,728)	-	(33,551,728)
Total transactions with owners		13,677	15,336	(3,164)	-	-	(33,551,728)	(33,525,879)	(11,162,500)	(44,688,379)
At 30 September 2015		419,407,284	15,929	8,009,022	2,239,435	23,533,537	651,447,825	1,104,653,032	21,879,267	1,126,532,299

MKH BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

			← Non-distributable		→	Distributable	
	Note	Share capital RM	Share premium RM	Warrant reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 October 2015		419,407,284	15,929	8,009,022	646,907	375,117,283	803,196,425
Comprehensive income							
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	-	66,963,643	66,963,643
Transactions with owners							
Issuance of shares pursuant to warrants		36,700	41,152	(8,489)	-	-	69,363
Dividend	29	-	-	-	-	(29,359,770)	(29,359,770)
Total transactions with owners		36,700	41,152	(8,489)	-	(29,359,770)	(29,290,407)
At 30 September 2016		419,443,984	57,081	8,000,533	646,907	412,721,156	840,869,661

(Forward)

	Note		← Non-distributable →			Distributable	
		Share capital RM	Share premium RM	Warrant reserve RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
At 1 October 2014		419,393,607	593	8,012,186	12,375	374,310,322	801,729,083
Comprehensive income							
Profit for the financial year		-	-	-	-	34,358,689	34,358,689
Revaluation surplus of land and buildings		-	-	-	634,532	-	634,532
Total comprehensive income		-	-	-	634,532	34,358,689	34,993,221
Transactions with owners							
Issuance of shares pursuant to warrants		13,677	15,336	(3,164)	-	-	25,849
Dividend	29	-	-	-	-	(33,551,728)	(33,551,728)
Total transactions with owners		13,677	15,336	(3,164)	-	(33,551,728)	(33,525,879)
At 30 September 2015		419,407,284	15,929	8,009,022	646,907	375,117,283	803,196,425

The accompanying notes form an integral part of the financial statements.

MKH BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES				
Profit before tax	304,668,805	137,314,004	70,203,441	36,413,449
Adjustments for:				
Amortisation of biological assets	13,999,299	12,112,748	-	-
Amortisation of prepaid lease payments	823,208	799,816	-	-
Bad debts written off	42,031	104,612	-	-
Biological assets written off	1,574,617	-	-	-
Depreciation of property, plant and equipment	18,797,489	13,696,181	19,757	17,245
Deposits written off	1,514,040	225,600	-	-
Dividend income	-	-	(65,644,900)	(32,636,400)
Impairment loss on:				
Trade receivables	108,808	97,158	-	-
Other receivables	190,992	339,200	-	-
Interest expense	52,192,866	49,810,395	3,268,766	2,323,634
Unrealised (gains)/losses on foreign exchange - net	(39,506,643)	36,686,405	-	-
Property, plant and equipment written off	34,788	139,439	1	-
Land held for property development written off	184,174	-	-	-
Provision for post-employment benefit obligations	2,357,525	3,067,640	-	-
Changes in fair value of investment properties	-	(10,241,084)	-	-
Gain on disposal of land held for property development	-	(600,714)	-	-
Gain arising from derivative financial assets	(42,350)	-	-	-
Gain on bargain purchase on acquisition of subsidiaries	(5,085,683)	-	-	-

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	(122,609)	(256,774)	-	-
Interest income	(5,810,309)	(4,827,583)	(11,317,860)	(8,669,898)
Reversal of impairment loss on:				
Loan and finance lease receivables	(909)	(962)	-	-
Trade receivables	(59,461)	(104,832)	-	-
Other receivables	(63,621)	(138,727)	(8,025)	(5,600)
Share of results of associates	818,527	(68,368)	-	-
Operating Profit/(Loss) Before Changes in Working Capital	346,615,584	238,154,154	(3,478,820)	(2,557,570)
Change in property development costs	62,052,397	(47,760,704)	-	-
Change in inventories	36,779,727	29,668,284	-	-
Change in accrued billings in respect of property development	(94,074,964)	(20,660,778)	-	-
Change in receivables, deposits and prepayments	(32,808,637)	(79,300,222)	(374,282)	(919,941)
Change in payables and accruals	15,721,903	136,681,765	(63,500)	439,435
Cash Generated From/(Used In) Operations	334,286,010	256,782,499	(3,916,602)	(3,038,076)
Interest received	5,804,605	4,682,650	11,317,860	8,669,898
Interest paid	(43,277,139)	(39,472,798)	(3,268,766)	(2,323,634)
Tax paid	(78,888,280)	(49,490,683)	(2,545,742)	(1,752,226)
Tax refunded	2,203,282	2,222,564	-	-
Retirement benefit obligations paid	(223,580)	(309,090)	-	-
Net Cash From Operating Activities	219,904,898	174,415,142	1,586,750	1,555,962

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Acquisition of subsidiaries, net of cash acquired (Note 30)	(4,127,965)	-	(2)	(2)
Advances to subsidiaries	-	-	(37,906,308)	(49,275,653)
Subscription of shares in an associate	(2,450,000)	-	-	-
Acquisition of property, plant and equipment	(15,839,235)	(17,913,216)	-	-
Additions to biological assets	(3,911,074)	(5,277,963)	-	-
Additions to intangible assets	(4,847,540)	-	-	-
Additions to land held for property development	(83,828,383)	(145,643,483)	-	-
Subscription of additional shares in a subsidiary	-	-	(413,008)	(462,496)
Disposal of subsidiary, net of cash disposed	-	-	2	-
Dividends received from subsidiaries	-	-	65,644,900	32,636,400
Withdrawal /(Placement) of deposits with licensed banks	4,461,295	(6,612,678)	-	-
Proceeds from disposal of land held for property development	-	604,746	-	-
Proceeds from disposal of property, plant and equipment	130,010	740,647	-	-
Net Cash (Used In)/From Investing Activities	(110,412,892)	(174,101,947)	27,325,584	(17,101,751)

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Drawdown of revolving credits	63,531,030	145,614,561	32,350,000	47,000,000
Drawdown of term loans	85,803,377	49,817,181	-	-
Repayments of bridging loan	-	(9,212,563)	-	-
Repayments of revolving credits	(61,364,560)	(25,100,000)	(33,000,000)	(2,000,000)
Repayments of term loans	(121,315,466)	(72,164,139)	-	-
Payments of finance lease	(1,624,377)	(1,733,938)	-	-
Proceeds from issuance of shares	69,363	25,849	69,363	25,849
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	481,990	37,500	-	-
Dividend paid to non-controlling shareholders	(4,000,000)	(11,200,000)	-	-
Dividend paid	(29,359,770)	(33,551,728)	(29,359,770)	(33,551,728)
Net Cash (Used In)/From Financing Activities	(67,778,413)	42,532,723	(29,940,407)	11,474,121
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	41,713,593	42,845,918	(1,028,073)	(4,071,668)
Effect of exchange rate fluctuations	(693,375)	7,709,043	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	226,159,633	175,604,672	(3,055,151)	1,016,517
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	267,179,851	226,159,633	(4,083,224)	(3,055,151)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Deposits with licensed banks	22	16,239,439	37,366,668	-	-
Cash and bank balances	22	105,127,118	87,689,366	267,497	405,509
Cash held under housing development accounts	22	161,725,882	137,306,320	-	-
Fixed income funds:				-	
Redeemable at call	22	15,389,739	6,711,990	-	-
Redeemable upon 1 day notice	22	2,331,389	-	-	-
Redeemable upon 5 days notice	22	4,273,583	-	-	-
		305,087,150	269,074,344	267,497	405,509
Bank overdrafts	28	(15,999,969)	(16,546,086)	(4,350,721)	(3,460,660)
		289,087,181	252,528,258	(4,083,224)	(3,055,151)
Less: Non short-term and highly liquid fixed deposits		(5,175,335)	(16,687,195)	-	-
Less: Deposits and bank balances pledged for credit facilities		(16,731,995)	(9,681,430)	-	-
		267,179,851	226,159,633	(4,083,224)	(3,055,151)

Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group	
	2016	2015
	RM	RM
Finance lease arrangement	403,000	2,018,000
Cash payments	15,839,235	17,913,216
	16,242,235	19,931,216

The accompanying notes form an integral part of the financial statements.

MKH BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and providing management services.

The principal activities of the subsidiaries are stated in Note 15.

There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The principal place of business of the Company is located at 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue in accordance with a Board of Directors' resolution dated 29 December 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 3.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgements in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

(i) Standards and amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[3]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[3]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[3]
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)[3]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[3]
FRS 14	Regulatory Deferral Accounts[1]
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010) and Transition Disclosures[3]
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception[1]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to FRS 101	Disclosure Initiative[1]
Amendments to FRS 107	Disclosure Initiative[2]
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to FRS 127	Equity Method in Separate Financial Statements[1]

Annual Improvements to FRSs 2012 - 2014 cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[4] Effective date deferred to a date to be determined and announced, with earlier applications still permitted.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group and the Company in the period of initial application.

(ii) **Malaysian Financial Reporting Standards**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate,* including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*, the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework is now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 September 2019, being the first set of financial statements prepared in accordance with new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

(b) **Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(c) **Significant accounting estimates and judgements**

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are described in the following paragraphs:

(i) Revenue and cost of sales recognition (Notes 4 and 5) - the Group recognises property development revenue and the related cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(loss) recognised.

(ii) Tax expense (Note 8) - significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the tax expense. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

(iii) Valuation of land and buildings (Note 10) – the valuation of land and buildings performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and when necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the valuation of the Group's and of the Company's land and buildings.

(iv) Depreciation of property, plant and equipment and amortisation of biological assets (Notes 10 and 12) - the cost of property, plant and equipment and biological assets is depreciated or amortised on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 50 years and biological assets to be 20 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation or amortisation charges.

(v) Impairment of goodwill (Note 11) - significant judgement is used in the estimation of the present value of future cash flows generated by the cash-generating units which involve uncertainties and are based on assumptions used and judgement made regarding estimates of future cash flows and discount rate.

(vi) Fair value of investment properties (Note 14) - the measurement of the fair value for investment properties performed by management is based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value. The management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the Group's investment properties.

(vii) Deferred tax assets (Note 18) - deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the Group to the extent that is probable that taxable profits will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the Group.

(viii) Impairment loss on receivables (Note 19) - the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(ix) Inventories (Note 21) - the saleability of inventories are reviewed by management on a periodic basis. This review involves comparison of the carrying value of the inventory items with the respective net realisable value. The purpose is to ascertain whether a write down to net realisable value is required to be made.

(x) Provision of post-employment benefit obligations (Note 26) - the provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, this estimated provision amount is subject to significant uncertainty.

(xi) Revenue and cost recognition for intangible asset model (Note 11) - a subsidiary, which adopts the intangible asset model has recognised a construction margin of 7% in the construction of commuter station. Income and expenses associated with the said construction are recognised based on percentage of completion method. The estimated margin is based on relative comparison with general industry trend although actual margins may differ due to location, materials and other pricing considerations.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group, unless otherwise stated.

(a) **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(b) **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 139 or FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete at the reporting date in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

(c) **Investment in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associate are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate that are not related to the Group.

(d) **Foreign currency**

(i) **Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the Group entities' functional currency (foreign currencies) are recorded in the Group entities' functional currency at the exchange rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) **Operations denominated in functional currencies other than Ringgit Malaysia**

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

(i) assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) all resulting exchange differences are taken to other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

Upon disposal of a foreign subsidiary, the cumulative amount of translation differences accumulated in equity at the date of disposal of the subsidiary is reclassified to the consolidated profit or loss.

(e) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) **Development properties**

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

Revenue from the sale of completed development properties and land held for development are measured at fair value of the consideration received or receivable net of trade discounts and rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of properties can be estimated reliably, and there is no continuing management involvement with the properties.

(ii) **Investment properties**

Revenue from sale of investment properties is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of investment properties can be estimated reliably, and there is no continuing management involvement with the properties.

(iii) **Construction contract**

Revenue from rendering of services relating to construction contracts is accounted for under the percentage of completion method.

(iv) **Sale of goods**

Revenue from sale of goods, crude palm oil and palm kernel is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods and customer acceptance, if any, when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(v) **Services**

Revenue from services is recognised as and when services are rendered.

(vi) **Entrance and subscription fees**

Entrance and subscription fees received from club members are recognised on an accrual basis. When members account become inactive, subscription fee is suspended until it is realised on a cash basis. Members' accounts are deemed to be inactive where subscriptions are in arrears for more than 6 months.

(vii) **Rental income**

Rental income is recognised on a straight line basis over the lease terms.

(viii) **Government grants**

Government grants relating to facilitation fund are recognised in the profit or loss when the rights to receive the grants are approved and the grants will be received during the financial year.

(ix) **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

Interest income from hire-purchase financing, housing loan and term loan are recognised on an accrual basis as follows:

(a) interest earned on hire-purchase financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire-purchase debts; and

(b) interest earned on housing loan and term loan is calculated on a monthly rest basis.

(x) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

(xi) **Income from fixed income fund**

Income from fixed income fund is recognised when the right to receive payment is established.

(f) **Employee benefits**

(i) **Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if any, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employees Provident Fund or other defined contributable plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) **Defined benefit plans**

Certain foreign subsidiaries of the Company operate unfunded defined benefit schemes. The foreign subsidiaries' obligations under the schemes are determined based on external actuarial valuation in accordance with the labour law requirements in that country where the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost and past service cost);
- net interest expense or income; and
- remeasurement.

The amount recognised at the reporting date represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and reduced by the fair value of plan assets. Plan assets resulting from this calculation are to be used only to settle the employee benefit obligations and only can be returned to the Group if the remaining assets of the fund are sufficient to meet the plan's obligation to pay the related employee benefits directly.

(iii) **Retirement gratuity scheme**

The Company established a retirement gratuity scheme in 2005 for certain Executive Directors of the Company. The amount of retirement gratuity payable is determined by the Board of Directors in relation to the past services rendered and it does not account for the director's services to be rendered in later years up to retirement. The retirement gratuity is calculated based on the last drawn monthly salaries of the eligible directors and contribution to Employees Provident Fund for three years. The retirement gratuity payable is vested upon the directors reaching retirement age and is classified as current liabilities.

(g) **Borrowing costs**

All borrowing costs are recognised in profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(h) **Leases**

(i) **Finance leases – The Group as lessee**

Leases of property, plant and equipment where the Group and the Company assume substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) **Operating leases – The Group as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(iii) **Finance leases – The Group as lessor**

Leases where the Group transfers substantially all the risks and rewards of ownership of the asset are classified as finance leases. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest earned on hire purchase or finance lease financing is recognised using the 'sum-of-digits' method so as to produce a constant periodic rate of interest on the balance for each period. Unearned interest is deducted in arriving at the net balance of the hire purchase or finance lease debts.

(i) **Tax expense**

Income tax for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

(j) **Property, plant and equipment**

(i) **Recognition and measurement**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment except for freehold land and buildings are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at valuation, which is the fair value at the date of valuation, less impairment loss, if any. Buildings are stated at valuation, which is the fair value at the date of the valuation, less accumulated depreciation and impairment loss, if any.

The Group revalues its land and building every five years from the last date of valuation or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from its carrying amounts.

Surplus arising from revaluation are transferred to revaluation reserve. Any deficits are offset against the unutilised previously recognised revaluation surplus to the extent of a previous increase for the same property and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any unutilised revaluation reserve relating to the particular asset is transferred to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(ii) **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

The principal annual rates for the current and comparative financial years are as follows:

Long-term leasehold land	Over lease period of 78 to 99 years
Buildings	2% to 12.5%
Motor vehicles, plant and machinery	5% to 20%
Furniture, fittings and equipment	10% to 25%
Plantation infrastructure	12.5%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(k) **Intangible assets**

(i) **Goodwill**

Goodwill arises on the acquisition of subsidiaries is identified as any excess of the consideration paid over the Group's share of fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition. Goodwill is initially measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill acquired is allocated to the cash-generating units ("CGU") expected to benefit from the acquisition synergies. An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs to sell and its value in use. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each assets in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

(ii) **Other intangible assets**

Other intangible assets acquired by the Group are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level.

(l) **Biological assets**

This represents plantation development expenditure consisting of cost incurred on land preparation and planting and upkeep of oil palm trees to maturity which are initially recognised at cost. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss and the capitalised expenditure is amortised on a straight-line basis over the estimated productive years of the plantation of 20 years from the date of maturity.

(m) **Investment properties**

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies within the Group are accounted for as owner's occupied rather than as investment properties.

All investment properties are measured initially and subsequently at fair value with any change therein recognised in profit or loss.

Investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

(n) **Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for property development is transferred to property development costs (under current assets) where development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(o) **Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs of the development.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of development costs incurred that are probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings represent the excess of revenue recognised in profit or loss over billings to purchasers. Progress billings represent the excess of billings to purchasers over revenue recognised in profit or loss.

(p) **Impairment of non-financial assets**

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as a revaluation increase.

(q) **Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the specific identification, first-in first-out and weighted average principles, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes raw materials, direct labour and an appropriate production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Cost of completed development properties is determined on specific identification basis and includes land, construction and appropriate development overheads.

(r) **Non-current assets classified as held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of classification. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(s) **Financial instruments**

(i) **Initial recognition and measurement**

Financial instruments are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) **Financial instrument categories and subsequent measurement**

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

(a) **Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial assets are either held for trading or is designated as at FVTPL. Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

(b) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (including fixed deposits with financial institutions). Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income from financial assets is recognised on an effective interest method for debt instruments other than those financial assets classified as at FVTPL.

Equity instruments

(a) **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

(a) **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when financial liabilities are either held for trading or is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

(b) **Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(iii) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) **Derivative financial instruments**

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

(v) **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss as bad debts recovered.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(t) **Cash and cash equivalents**

The Group and the Company adopt the indirect method in the preparation of the statement of cash flows. Cash and cash equivalents are short-term and highly liquid investments and are readily convertible to cash with insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(u) **Provisions**

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the management's best estimate of the amount required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

At the reporting date, provisions are reviewed by the management and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

(v) **Warrant reserve**

Warrant reserve arose from the issuance of renounceable rights issue together with free detachable warrants in prior years, which was measured at fair value on the date of issuance. Warrants reserve is transferred to the share premium account upon the exercise of warrant and the warrant reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

(w) **Contingencies**

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(x) **Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 *Inventories* or value in use in FRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. **REVENUE**

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Attributable revenue from sale of uncompleted development properties and sale of completed development properties	923,053,554	720,332,488	-	-
Attributable revenue from construction contracts	9,000,539	-	-	-
Dividend income from subsidiaries	-	-	65,644,900	32,636,400
Interest income from money lending	57,335	55,733	-	-
Rental income	177,038	321,692	-	-
Rental income from investment properties	34,805,237	30,087,500	-	-
Revenue from hotel operations	4,075,111	4,388,150	-	-
Sale of goods	87,903,096	75,449,617	-	-
Sales of land held for property development	-	604,746	-	-
Sales of crude palm oil and palm kernel	205,954,589	209,538,209	-	-
Services rendered	845,903	1,119,627	-	-
	1,265,872,402	1,041,897,762	65,644,900	32,636,400

Group revenue excludes intra-group transactions.

5. COST OF SALES

	The Group 2016 RM	The Group 2015 RM
Attributable property development costs and cost of completed development properties sold	608,454,194	489,983,429
Attributable construction contract costs	8,411,718	-
Cost of land held for property development	-	4,032
Direct operating expenses from investment properties generating rental income	9,426,062	9,981,581
Cost of goods sold	81,097,078	68,763,856
Cost of services	791,135	1,722,009
Cost of sales of crude palm oil and palm kernel	134,423,714	146,678,135
	842,603,901	717,133,042

6. PROFIT BEFORE TAX

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before tax is arrived at after charging:				
Amortisation of prepaid lease payments	823,208	799,816	-	-
Amortisation of biological assets	13,999,299	12,112,748	-	-
Auditors' remuneration:				
Audit services	497,785	399,878	50,000	50,000
Other services by auditors of the Company	19,250	36,700	16,600	31,200
Bad debts written off	42,031	104,612	-	-
Biological assets written off	1,574,617	-	-	-
Deposits written off	1,514,040	225,600	-	-
Depreciation of property, plant and equipment	18,797,489	13,696,181	19,757	17,245
Interest expense:				
Loans and borrowings	39,822,260	37,184,288	3,268,766	2,323,634
Unwinding of discount	12,370,606	12,626,107	-	-
Impairment loss on:				
Trade receivables	108,808	97,158	-	-
Other receivables	190,992	339,200	-	-
Land held for property development written off	184,174	-	-	-
Unrealised loss on foreign exchange - net	-	36,686,405	-	-
Personnel expenses (including key management personnel):				
Contributions to Employees Provident Fund	6,238,091	5,821,920	-	-
Provision for post-employment benefit obligations	2,357,525	3,067,640	-	-
Wages, salaries and others	56,117,840	51,480,952	304,013	309,335
Property, plant and equipment written off	34,788	139,439	1	-

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Rental of motor vehicles, equipment and machinery	678,576	243,513	-	-
Rental of premises	44,485	1,247,021	-	-
and after crediting:				
Changes in fair value of investment properties	-	10,241,084	-	-
Dividend income (gross)	-	-	65,644,900	32,636,400
Gain on bargain purchase on acquisition of subsidiaries	5,085,683	-	-	-
Gain arising from derivative financial assets	42,350	-	-	-
Gain on disposal of land held for property development	-	600,714	-	-
Gain on disposal of property, plant and equipment	122,609	256,774	-	-
Interest income:				
Advances to subsidiaries	-	-	11,287,799	8,669,790
Bank balances, term deposits and fixed income funds	5,804,605	4,682,650	30,061	108
Accretion of interest	5,704	144,933	-	-
Gain on foreign exchange - net				
Realised	2,479,640	3,052,237	-	-
Unrealised	39,506,643	-	-	-
Government facilitation fund*	19,560,249	-	-	-
Rental income on land and buildings	35,526,850	30,568,670	-	-
Reversal of impairment loss on:				
Loan and finance lease receivables	909	962	-	-
Trade receivables	59,461	104,832	-	-
Other receivables	63,621	138,727	8,025	5,600

* During the financial year, the Group recognised a government facilitation fund income amounting to RM19,560,249 in connection with the Group's collaboration with an external bumiputera company in a property development project.

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors of the Company				
Executive Directors:				
Other emoluments	15,618,309	16,036,948	-	-
Estimated monetary value of benefits-in-kind	'112,609	99,861	-	-
	15,730,918	16,136,809	-	-
Non-Executive Directors:				
Fees	250,000	250,000	250,000	250,000
Other emoluments	78,990	103,540	36,750	40,500
	328,990	353,540	286,750	290,500
	16,059,908	16,490,349	286,750	290,500
Directors of subsidiaries				
Executive Directors:				
Other emoluments	5,324,684	3,058,924	-	-
Estimated monetary value of benefits-in-kind	26,868	29,250	-	-
	5,351,552	3,088,174	-	-
	21,411,460	19,578,523	286,750	290,500

8. TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current tax				
Malaysia:				
Current financial year	70,076,809	60,253,553	2,512,100	2,064,300
Prior financial year	(1,635,843)	447,725	(11,058)	(10,740)
Overseas:				
Current financial year	10,644,339	87,938	-	-
Prior financial year	-	(28,332)	-	-
	79,085,305	60,760,884	2,501,042	2,053,560
Deferred tax (Note 18):				
Origination and reversal of temporary differences	11,019,782	(19,096,253)	738,756	1,200
Under/(Over)provision in prior financial year	385,679	(981,100)	-	-
	11,405,461	(20,077,353)	738,756	1,200
Total tax expense recognised in profit or loss	90,490,766	40,683,531	3,239,798	2,054,760
Deferred tax related to other comprehensive income:				
Re-measurement losses on defined benefit plans	356,408	-	-	-
Revaluation surplus of land and buildings	-	2,861,250	-	67,870
Total tax expense recognised in other comprehensive income	356,408	2,861,250	-	67,870

(Forward)

A reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Profit before tax	304,668,805	137,314,004	70,203,441	36,413,449
Tax calculated using Malaysian tax rate of 24% (2015: 25%)	73,120,500	34,328,500	16,848,800	9,103,400
Tax effects of:				
Non-deductible expenses	8,682,056	10,399,628	1,419,056	1,119,840
Non-taxable income	(1,899,207)	(3,538,664)	(15,754,800)	(8,159,100)
Share of results of associates	196,446	(17,092)	-	-
Effect of changes in tax rate:				
Income tax	-	687,270	-	1,360
Real property gains tax	(947,000)	-	-	-
Effect of changes in overseas tax rate:				
The People's Republic of China	20,833	-	-	-
Republic of Indonesia	646,596	-	-	-
Deferred tax recognised at different rate	-	(1,925,500)	-	-
Deferred tax assets not recognised	12,928,706	1,311,096	-	-
Reversal of deferred tax asset recognised in prior year	-	-	737,800	-
Utilisation of reinvestment allowance	(1,008,000)	-	-	-
Under/(Over)provision in prior financial year:				
Current tax	(1,635,843)	419,393	(11,058)	(10,740)
Deferred tax	385,679	(981,100)	-	-
Tax expense	90,490,766	40,683,531	3,239,798	2,054,760

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. The statutory tax rate has been reduced to 24% from the prior year's tax rate of 25%. Accordingly, the applicable tax rate to be used for the measurement of any applicable deferred tax for entities in Malaysia is the current statutory tax rate.

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 30 September 2016, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Unused tax losses	22,309,254	14,786,603
Unabsorbed capital allowances	23,920	10,420
Other temporary differences	49,393,843	3,060,385
	71,727,017	17,857,408

9. EARNINGS AND NET ASSETS PER SHARE

Basic earnings per share

The basic earnings per share is calculated by dividing the Group profit attributable to owners of the parent by the weighted average number of ordinary shares of RM1 each in issue during the financial year.

Basic earnings per share are calculated as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Profit attributable to owners of the parent	205,041,491	86,960,858

	The Group	
	2016	2015
Number of ordinary shares in issue at beginning of the financial year	419,407,284	419,393,607
Effect of exercise of warrants	19,500	11,436
Weighted average number of ordinary shares in issue	419,426,784	419,405,043
Basic earnings per share (sen)	48.89	20.73

Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the Group's net profit attributable to owners of the parent for the financial year by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. warrants. A calculation is done to determine the number of shares that could have been acquired at market price based on the monetary value of the subscription rights attached to the outstanding warrants.

	The Group	
	2016 RM	2015 RM
Profit attributable to owners of the parent	205,041,491	86,960,858
	2016	**2015**
Weighted average number of ordinary shares in issue	419,426,784	419,405,043
Adjustments for warrants	8,324,571	9,669,877
Adjusted weighted average number of ordinary shares	427,751,355	429,074,920
Diluted earnings per share (sen)	47.93	20.27

Since the end of the financial year, 128,297 (2015: 18,000) warrants have been exercised resulting in the issuance of 128,297 (2015: 18,000) ordinary shares of RM1 each.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

Net assets per share

The net assets per share is calculated by dividing the total equity attributable to owners of the parent by the number of ordinary shares in issue at the reporting date.

10. PROPERTY, PLANT AND EQUIPMENT

The Group 2016	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
At 1 October 2015	12,240,000	6,400,000	81,890,241	89,362,670	22,016,487	43,731,660	4,984,838	260,625,896
Additions	-	-	2,543,301	1,289,052	2,745,708	-	9,664,174	16,242,235
In respect of subsidiaries acquired (Note 30)	-	-	566,614	1,295,086	45,483	253,244	344,861	2,505,288
Disposals	-	-	-	(454,000)	-	-	-	(454,000)
Write-offs	-	-	(9,360)	(355,366)	(403,698)	-	-	(768,424)
Reclassification	-	-	5,879,237	652,038	4,208,428	369,030	(11,108,733)	-
Effect of movements in exchange rates	-	-	898,314	3,881,822	259,951	2,324,895	60,902	7,425,884
At 30 September 2016	12,240,000	6,400,000	91,768,347	95,671,302	28,872,359	46,678,829	3,946,042	285,576,879
Accumulated Depreciation								
At 1 October 2015	-	-	4,062,547	27,513,658	10,798,823	7,261,324	-	49,636,352
Charge for the financial year*	-	86,780	6,719,734	7,254,673	2,813,448	2,324,792	-	19,199,427
Disposals	-	-	-	(446,599)	-	-	-	(446,599)
Write-offs	-	-	(4,875)	(348,572)	(380,189)	-	-	(733,636)
Reclassification	-	-	-	(972)	972	-	-	-
Effect of movements in exchange rates	-	-	346,747	(105,705)	78,038	438,715	-	757,795
At 30 September 2016	-	86,780	11,124,153	33,866,483	13,311,092	10,024,831	-	68,413,339
Net Carrying Amount								
At 30 September 2016	12,240,000	6,313,220	80,644,194	61,804,819	15,561,267	36,653,998	3,946,042	217,163,540

(Forward)

The Group 2015	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Under construction RM	Total RM
Cost/Valuation								
At 1 October 2014	9,610,000	5,600,000	83,054,944	41,776,055	17,188,816	37,451,997	20,696,422	215,378,234
Additions	-	-	-	6,315,336	4,202,367	-	9,413,513	19,931,216
Disposals	-	-	-	(2,336,007)	-	-	-	(2,336,007)
Write-offs	-	-	-	(219,188)	(38,832)	-	-	(258,020)
Reclassification	-	-	(12,537,604)	38,803,798	-	1,538,300	(27,804,494)	-
Revaluation	2,630,000	800,000	2,705,721	-	-	-	-	6,135,721
Effect of movements in exchange rates	-	-	8,667,180	5,022,676	664,136	4,741,363	2,679,397	21,774,752
At 30 September 2015	12,240,000	6,400,000	81,890,241	89,362,670	22,016,487	43,731,660	4,984,838	260,625,896
Accumulated Depreciation								
At 1 October 2014	-	284,444	9,717,683	18,751,851	8,275,361	4,508,051	-	41,537,390
Charge for the financial year*	-	71,111	4,566,457	5,058,729	2,282,718	2,172,673	-	14,151,688
Disposals	-	-	-	(1,852,134)	-	-	-	(1,852,134)
Write-offs	-	-	-	(89,802)	(28,779)	-	-	(118,581)
Revaluation	-	(355,555)	(8,042,946)	-	-	-	-	(8,398,501)
Reclassification	-	-	(3,341,428)	3,341,428	-	-	-	-
Effect of movements in exchange rates	-	-	1,162,781	2,303,586	269,523	580,600	-	4,316,490
At 30 September 2015	-	-	4,062,547	27,513,658	10,798,823	7,261,324	-	49,636,352
Net Carrying Amount								
At 30 September 2015	12,240,000	6,400,000	77,827,694	61,849,012	11,217,664	36,470,336	4,984,838	210,989,544

*Included in depreciation charge for the financial year is an amount of RM401,938 (2015: RM455,507) capitalised in biological assets.

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in September 2015 and September 2010 based on independent professional valuation on the market value basis using the cost and direct comparison of valuation methods, except for certain buildings located at oil palm plantation with carrying amounts (included current year additions) totalling RM17,937,197 (2015:RM12,380,316) were not revalued as at 30 September 2015. The directors are of the view that it is not practicable to fair value these buildings as these are mainly staff quarters and amenities which were built at the oil palm plantation for use by the plantation workers and there is a lack of active market for the buildings.

The Group 2016	Freehold land RM	Long-term leasehold land RM	Buildings RM	Motor vehicles, plant and machinery RM	Furniture, fittings and equipment RM	Plantation infrastructure RM	Under construction RM	Total RM
Analysis of Cost and Valuation								
At valuation - 2015	12,240,000	6,400,000	65,266,852	-	-	-	-	83,906,852
At cost	-	-	26,501,495	95,671,302	28,872,359	46,678,829	3,946,042	201,670,027
	12,240,000	6,400,000	91,768,347	95,671,302	28,872,359	46,678,829	3,946,042	285,576,879
Net Carrying Amount								
At valuation - 2015	12,240,000	6,313,220	62,706,997	-	-	-	-	81,260,217
At cost	-	-	17,937,197	61,804,819	15,561,267	36,653,998	3,946,042	135,903,323
	12,240,000	6,313,220	80,644,194	61,804,819	15,561,267	36,653,998	3,946,042	217,163,540
2015								
Analysis of Cost and Valuation								
At valuation - 2015	12,240,000	6,400,000	65,447,378	-	-	-	-	84,087,378
At cost	-	-	16,442,863	89,362,670	22,016,487	43,731,660	4,984,838	176,538,518
	12,240,000	6,400,000	81,890,241	89,362,670	22,016,487	43,731,660	4,984,838	260,625,896
Net Carrying Amount								
At valuation - 2015	12,240,000	6,400,000	65,447,378	-	-	-	-	84,087,378
At cost	-	-	12,380,316	61,849,012	11,217,664	36,470,336	4,984,838	126,902,166
	12,240,000	6,400,000	77,827,694	61,849,012	11,217,664	36,470,336	4,984,838	210,989,544

	Freehold land RM	Buildings RM	Furniture, fittings and equipment RM	Total RM
The Company				
2016				
Cost/Valuation				
At 1 October 2015	640,000	590,000	79,296	1,309,296
Write-off	-	-	(3,462)	(3,462)
At 30 September 2016	640,000	590,000	75,834	1,305,834
Accumulated Depreciation				
At 1 October 2015	-	-	51,546	51,546
Charge for the financial year	-	13,409	6,348	19,757
Write-off	-	-	(3,461)	(3,461)
At 30 September 2016	-	13,409	54,433	67,842
Net Carrying Amount				
At 30 September 2016	640,000	576,591	21,401	1,237,992
2015				
Cost/Valuation				
At 1 October 2014	110,000	465,000	79,296	654,296
Revaluation	530,000	125,000	-	655,000
At 30 September 2015	640,000	590,000	79,296	1,309,296
Accumulated Depreciation				
At 1 October 2014	-	37,912	43,791	81,703
Charge for the financial year	-	9,490	7,755	17,245
Revaluation	-	(47,402)	-	(47,402)
At 30 September 2015	-	-	51,546	51,546
Net Carrying Amount				
At 30 September 2015	640,000	590,000	27,750	1,257,750

	Freehold land RM	Buildings RM	Furniture, fittings and equipment RM	Total RM
The Company				
2016				
Analysis of Cost and Valuation				
At valuation - 2015	640,000	590,000	-	1,230,000
At cost	-	-	75,834	75,834
	640,000	590,000	75,834	1,305,834
Net Carrying Amount				
At valuation - 2015	640,000	576,591	-	1,216,591
At cost	-	-	21,401	21,401
	640,000	576,591	21,401	1,237,992
2015				
Analysis of Cost and Valuation				
At valuation - 2015	640,000	590,000	-	1,230,000
At cost	-	-	79,296	79,296
	640,000	590,000	79,296	1,309,296
Net Carrying Amount				
At valuation - 2015	640,000	590,000	-	1,230,000
At cost	-	-	27,750	27,750
	640,000	590,000	27,750	1,257,750

Fair value measurement disclosures for revalued land and buildings are disclosed in Note 42.

The net carrying amount of revalued assets had they been carried at cost would have been as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Freehold land	666,424	666,424	110,000	110,000
Long-term leasehold land	989,680	1,003,284	-	-
Buildings	39,784,941	44,398,625	393,300	402,500
	41,441,045	46,068,333	503,300	512,500

Included in the above property, plant and equipment are:

(a) Motor vehicles, plant and machinery analysed as follows:

The Group	Motor vehicles RM	Plant and machinery RM	Total RM
2016			
Cost	14,524,363	81,146,939	95,671,302
Accumulated depreciation	(7,883,257)	(25,983,226)	(33,866,483)
Net carrying amount	6,641,106	55,163,713	61,804,819
2015			
Cost	13,660,080	75,702,590	89,362,670
Accumulated depreciation	(6,231,853)	(21,281,805)	(27,513,658)
Net carrying amount	7,428,227	54,420,785	61,849,012

(b) Property, plant and equipment pledged as security for bank guarantee and credit facilities granted to certain subsidiaries as disclosed in Note 28 are as follows:

	The Group	
	2016	2015
	RM	RM
Cost/Valuation		
Buildings	24,000,000	24,000,000
Net Carrying Amount		
Buildings	23,414,634	24,000,000

(c) Motor vehicles and plant and machinery under finance lease arrangements are as follows:

	The Group	
	2016	2015
	RM	RM
Cost	7,799,987	8,214,531
Net carrying amount	3,968,120	5,530,073

(d) Property, plant and equipment under construction are mainly construction of buildings, plant and machinery in oil palm plantation.

(e) The long-term leasehold land of the Group has remaining unexpired lease period of more than 50 years.

11. INTANGIBLE ASSETS

	The Group	
	2016	2015
	RM	RM
Goodwill (Note 11.1)	5,635,867	5,354,813
Other intangible asset (Note 11.2)	9,000,539	-
Net carrying amount	14,636,406	5,354,813

11.1 Goodwill

	The Group	
	2016	2015
	RM	RM
Goodwill on acquisition - At cost		
At beginning of year	5,459,041	4,861,804
Effect of movements in exchange rate	281,054	597,237
At end of year	5,740,095	5,459,041
Accumulated impairment loss		
At beginning and end of year	(104,228)	(104,228)
Net carrying amount	5,635,867	5,354,813

Impairment test of goodwill

Goodwill on acquisition is allocated to the Group's cash-generating units ("CGUs"), business segments as follows:

	The Group	
	2016	2015
	RM	RM
Plantation	5,603,498	5,322,444
Property development	32,369	32,369
	5,635,867	5,354,813

The goodwill allocated to property development segment is not significant in comparison with the Group's total carrying amount of goodwill.

Key assumptions used in the value-in-use calculations based on a twenty-year cash flows projection in respect of impairment test for goodwill on the plantation segment are:

(i) discount rate of 11.5% (2015: 11.5%) which is pre-tax and reflected specific risks of the plantation segment in Indonesia;

(ii) oil palm trees with an average life of 25 (2015: 25) years with the first three years as immature and remaining years as mature which is the average life cycle of the trees;

(iii) Crude Palm Oil ("CPO") average selling price of RM2,269 (2015: RM2,254) per metric tonne based on the management's estimate;

(iv) Average CPO extraction rate of 23% (2015: 23%) based on the industry trend and past performance; and

(v) Average annual oil palm yield per hectare of 28 to 33 (2015: 28 to 33) metric tonnes based on management's estimate and historic yield.

In assessing the value-in-use, management does not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amounts.

If the estimated pre-tax discount rate applied to the discounted cash flows projection would have been 13.5% instead of 11.5% as at 30 September 2016, the goodwill would not be impacted.

11.2 Other Intangible asset

	The Group	
	2016	2015
	RM	RM
Capitalised development		
At beginning of year	-	-
Additions	4,847,540	-
Reclassification from prepayments (Note 19 (j) (ii))	4,152,999	-
At end of year	9,000,539	-

Other intangible asset represents expenditure incurred to construct a commuter station for Railway Asset Corporation ("RAC") in consideration for the right to lease a plot of land from RAC for a period of 60 years. The total estimated construction costs of the commuter station is approximately RM40,139,000.

12. BIOLOGICAL ASSETS

	The Group	
	2016	2015
	RM	RM
At cost:		
At beginning of year	247,069,607	223,923,175
Additions	5,535,606	6,828,210
In respect of subsidiaries acquired (Note 30)	72,411,849	-
Amortisation for the financial year	(13,999,299)	(12,112,748)
Written off	(1,574,617)	-
Effect of movements in exchange rate	14,675,590	28,430,970
At end of year	324,118,736	247,069,607

Biological assets represent the plantation development expenditure for oil palm in Indonesia.

Expenses capitalised during the financial year include the following:

	The Group	
	2016	**2015**
	RM	**RM**
Depreciation of property, plant and equipment	401,938	455,507
Interest capitalised	1,222,594	1,094,740
Personnel expenses:		
Wages, salaries and others	1,318,172	939,500

The interest on borrowing for the financial year is capitalised at rates ranging from 3.80% to 5.50% (2015: 3.80% to 5.50%) per annum.

The biological assets have been pledged as security for credit facilities granted to a subsidiary and the Company as disclosed in Note 28.

13. PREPAID LEASE PAYMENTS

	The Group	
	2016	**2015**
	RM	**RM**
At beginning of year	27,913,330	27,341,957
In respect of subsidiaries acquired (Note 30)	1,118,151	-
Amortisation for the financial year	(823,208)	(799,816)
Effect of movements in exchange rate	(244,460)	1,371,189
At end of year	27,963,813	27,913,330

The above is short-term leasehold land with remaining unexpired lease period of less than 50 years.

The short-term leasehold land of RM24,350,651 (2015: RM23,722,179) is pledged as security for credit facilities granted to the Group as disclosed in Note 28.

14. INVESTMENT PROPERTIES

	The Group 2016 RM	The Group 2015 RM
At beginning of year	308,457,000	299,443,000
Reversals *	-	(1,227,084)
Changes in fair values	-	10,241,084
At end of year	308,457,000	308,457,000

* Reversals represent discount given by contractor in relation to progress billings claimed in the previous financial year.

Included in the above are:

	The Group 2016 RM	The Group 2015 RM
Freehold land and buildings – at fair value		
Freehold land	46,200,000	46,200,000
Buildings	55,367,000	55,367,000
	101,567,000	101,567,000
Leasehold land and buildings – at fair value		
Leasehold land with unexpired lease period of more than 50 years	66,600,000	66,600,000
Buildings	140,290,000	140,290,000
	206,890,000	206,890,000
	308,457,000	308,457,000

Fair value measurement disclosures for investment properties are disclosed in Note 42.

Included in the above are land and buildings amounting to RM254,867,000 (2015: RM254,867,000) pledged for credit facilities granted to subsidiaries as disclosed in Note 28.

15. INVESTMENT IN SUBSIDIARIES

	The Company 2016 RM	The Company 2015 RM
Unquoted shares – at cost		
Ordinary shares	404,868,408	404,455,400
Redeemable convertible preference shares ("RCPS")	279,500,000	279,500,000
	684,368,408	683,955,400
Accumulated impairment loss		
At beginning and end of year	(2,824,214)	(2,824,214)
Net book value	681,544,194	681,131,186

Details of the subsidiaries are as follows:

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015
µ	Achieve Acres Sdn. Bhd.	Malaysia	Property development	85%	85%
	Aliran Perkasa Sdn. Bhd.	Malaysia	Property development	100%	100%
	Budi Bidara Sdn. Bhd.	Malaysia	Property development	100%	100%
	Dapat Jaya Builder Sdn. Bhd.	Malaysia	Building and civil works contracting and project management services	100%	100%
^	Danau Saujana Sdn. Bhd.	Malaysia	Property development	51%	100%
@	Detik Merdu Sdn. Bhd.	Malaysia	Investment holding	100%	100%

(Forward)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015
	Everland Asia Development Sdn. Bhd.	Malaysia	Property development	100%	100%
	Gabung Wajib Sdn. Bhd.	Malaysia	Property development	100%	100%
	Gerak Teguh Sdn. Bhd.	Malaysia	Property development	100%	100%
	GK Resort Berhad	Malaysia	Investment holding	100%	100%
~	Global Landscape Creation Sdn. Bhd.	Malaysia	Dormant	100%	100%
	MKH Plantation Sdn. Bhd. (formerly known as Global Retreat (MM2H) Sdn. Bhd.)	Malaysia	Investment holding	100%	100%
	Intelek Kekal (M) Sdn. Bhd.	Malaysia	Management services	100%	100%
	Intelek Murni (M) Berhad	Malaysia	Operating a recreational club	100%	100%
	Intra Tegas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
	Kajang Resources Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Kumpulan Indah Bersatu Sdn. Bhd.	Malaysia	Property development	100%	100%

(Forward)

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015
Metro Kajang Construction Sdn. Bhd.	Malaysia	Building and civil works contracting and project and building management services	100%	100%
MKH Credit Corporation Sdn. Bhd.	Malaysia	Money lending, hire-purchase and leasing finance	100%	100%
MKH Food Sdn. Bhd.	Malaysia	Dormant	100%	100%
MKH Management Sdn. Bhd.	Malaysia	Management, secretarial services and insurance agency	100%	100%
MKH Building Materials Sdn. Bhd.	Malaysia	Trading of building materials and household related products	100%	100%
Metro Kajang (Oversea) Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Metro K.L. City Sdn. Bhd.	Malaysia	Property development	100%	100%
Metro Nusantara Sdn. Bhd.	Malaysia	Dormant	100%	100%
Metro Tiara (M) Sdn. Bhd.	Malaysia	Property investment	100%	100%
Metro Kajang Development Sdn. Bhd.	Malaysia	Ceased operation	100%	100%
MKH Resources Sdn. Bhd.	Malaysia	Management services	100%	100%

(Forward)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015
	Pelangi Binaraya Sdn. Bhd.	Malaysia	Property development	100%	100%
	Pelangi Seri Alam Development Sdn. Bhd.	Malaysia	Building and civil works contracting	100%	100%
	Pelangi Semenyih Sdn. Bhd.	Malaysia	Property development	100%	100%
	Perkasa Bernas (M) Sdn. Bhd.	Malaysia	Property development	100%	100%
	Petik Mekar Sdn. Bhd.	Malaysia	Property development	100%	100%
	Serba Sentosa Sdn. Bhd.	Malaysia	Property development	100%	100%
	Serentak Maju Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Srijang Indah Sdn. Bhd.	Malaysia	Property investment and management and investment holding	100%	100%
	Srijang Kemajuan Sdn. Bhd.	Malaysia	Property development and property investment	99.99%	99.99%
	Stand Allied Corporation Sdn. Bhd.	Malaysia	Property development	100%	100%
	Sumber Lengkap Sdn. Bhd.	Malaysia	Property development	100%	100%
Ω	Suria Villa Sdn. Bhd.	Malaysia	Property development	100%	100%

(Forward)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015
*	Vista Haruman Development Sdn. Bhd.	Malaysia	Property development	55%	55%
	Subsidiaries of Detik Merdu Sdn. Bhd.				
# @	PT Maju Kalimantan Hadapan	Republic of Indonesia	Oil palm plantation	95%	95%
#	PT Nusantara Makmur Jaya	Republic of Indonesia	Dormant	100%	100%
	Subsidiaries of MKH Plantation Sdn. Bhd. (formerly known as Global Retreat (MM2H) Sdn. Bhd.)				
# @	PT Sawit Prima Sakti	Republic of Indonesia	Oil palm plantation	75%	-
	Subsidiary of Gabung Wajib Sdn. Bhd.				
	Amona Metro Development Sdn. Bhd.	Malaysia	Property development	60%	60%
	Alif Mesra Sdn. Bhd.	Malaysia	Property development	65%	65%
	Subsidiary of GK Resort Berhad				
	PNSB-GK Resort Sdn. Bhd.	Malaysia	Property development	70%	70%
	Subsidiary of Kumpulan Indah Bersatu Sdn. Bhd.				
	Palga Sdn. Bhd.	Malaysia	Investment holding	100%	100%

(Forward)

	Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015
	Subsidiary of Pelangi Seri Alam Development Sdn. Bhd.				
	Hillpark Resources Sdn. Bhd.	Malaysia	Property development	100%	100%
	Subsidiary of Metro Kajang (Oversea) Sdn. Bhd.				
#	Vast Furniture Manufacturing (Kunshan) Co. Ltd.	The People's Republic of China	Furniture manufacturing	100%	100%
	Subsidiary of Palga Sdn. Bhd.				
	Hiliran Juara Sdn. Bhd.	Malaysia	Property development	100%	100%
	Subsidiary of Amona Metro Development Sdn. Bhd.				
	Temara Pekeliling Sdn. Bhd.	Malaysia	Property development	50.4%	-
	Subsidiaries of Srijang Indah Sdn. Bhd.				
	Laju Jaya Sdn. Bhd.	Malaysia	Hotel business and property investment	100%	100%
	Maha Usaha Sdn. Bhd.	Malaysia	Property investment and management	100%	100%
∞	Metro Emart Sdn. Bhd.	Malaysia	E-commence	100%	-

Subsidiaries audited by firms of auditors other than Deloitte.

∞ During the financial year, the Company acquired the subsidiary for a total cash consideration of RM2. Subsequently, the Company disposed it to another subsidiary at RM2.

~ In the previous financial year, the Company acquired the subsidiary for a total cash consideration of RM2.

^ During the financial year, the Company subscribed for 508 new ordinary shares of RM1 each in the subsidiary, representing 51% of the total allotment of 998 new ordinary shares.

* During the financial year, the Company subscribed for additional 412,500 new ordinary shares of RM1 each in the subsidiary.

Ω In the previous financial year, the Company subscribed for additional 249,998 new ordinary shares of RM1 each in the subsidiary.

µ In the previous financial year, the Company subscribed for 212,498 new ordinary shares of RM1 each in a subsidiary, representing 85% of the total allotment of 249,998 new ordinary shares.

@ The investment in shares have been pledged as security for credit facilities granted to a subsidiary as disclosed in Note 28.

Redeemable Convertible Preference Shares

The salient features of the Redeemable Convertible Preference Shares ("RCPS") of the subsidiaries are as follows:

(a) Dividends

The holder has the right to be paid, out of such profits of the subsidiary available for distribution determined by the directors at their discretion to be distributed in respect of each financial year or other accounting period of the subsidiary, a dividend at a rate as the Board of Directors shall determine from time to time.

(b) Voting rights

The RCPS carry rights to vote at any general meeting of the subsidiary if:

(i) any resolution is proposed for the winding up of the subsidiary, in which case the holder of the RCPS may only then vote at such general meeting on the election of a chairman, any motion for adjournment and the resolution for winding up; or

(ii) the meeting is convened for the purpose of considering the reduction of the capital of the subsidiary; or

(iii) the meeting is relating to any dividend or part thereof unpaid on any RCPS; or

(iv) the proposition which is submitted to the meeting proposes to abrogate or vary or otherwise directly affects the special rights and privileges attaching to the RCPS; in which event the holder of the RCPS shall have such number of votes for each RCPS registered in his name equivalent to the number of ordinary shares, which solely for the purpose of calculating the number of votes of the holder of the RCPS is entitled to, one RCPS held by the holder of RCPS shall be deemed to be equivalent to one of ordinary share of the subsidiary. The holder of the RCPS shall further be entitled to speak, demand a poll, to move resolutions and participate in the meeting of the shareholders of RCPS of the subsidiary.

(c) Redemption

(i) Subject to the provision of Section 61 of the Companies Act, 1965, the subsidiary shall have the right to redeem all or any of the RCPS at RM100 only per RCPS (being the par value of RM1 and premium of RM99 per RCPS) at anytime after the date of issuance of RCPS; and

(ii) no RCPS redeemed by the subsidiary shall be capable of reissue.

(d) Conversion

The subsidiary is entitled, at any time during the period commencing on the date of issuance of RCPS to convert all or any of the RCPS registered in the name of each holder of the RCPS. Each RCPS is convertible into 100 ordinary shares of RM1 each in the share capital of the subsidiary.

(e) Capital

The holder has the right on winding up or other return of capital (other than on the redemption of the RCPS) to receive, in priority to the holders of any other class of shares in the capital of the subsidiary.

Non-controlling interests

The subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM	Individually immaterial subsidiaries RM	Total RM
2016							
NCI percentage of ownership interest and voting power	40%	5%	35%	25%	45%	-	-
Carrying amount of NCI	19,797,831	584,170	5,200,516	5,198,814	2,752,261	837,170	34,370,762
Profit/(Loss) allocated to NCI	5,299,317	2,109,584	(159,368)	89,063	2,583,349	(785,397)	9,136,548
Total comprehensive income/(loss) allocated to NCI	5,299,317	2,037,384	(159,368)	54,410	2,583,349	(785,397)	9,029,695

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	Vista Haruman Development Sdn. Bhd. RM	Individually immaterial subsidiaries RM	Total RM
2015						
NCI percentage of ownership interest and voting power	40%	5%	35%	45%	-	-
Carrying amount of NCI	18,498,513	(1,453,214)	5,359,884	(168,588)	(357,328)	21,879,267
Profit/(Loss) allocated to NCI	11,289,891	(1,261,962)	(158,327)	(125,568)	(74,419)	9,669,615
Total comprehensive income/(loss) allocated to NCI	11,289,891	(1,051,900)	(158,327)	(125,568)	(74,419)	9,879,677

The financial information of the subsidiaries, namely Amona Metro Development Sdn. Bhd., PT Maju Kalimantan Hadapan, Alif Mesra Sdn. Bhd., PT Sawit Prima Sakti and Vista Haruman Development Sdn. Bhd. that have material NCI before intra-group elimination are as follows:

	Amona Metro Development Sdn. Bhd. RM	**PT Maju Kalimantan Hadapan** RM	**Alif Mesra Sdn. Bhd.** RM	**PT Sawit Prima Sakti** RM	**Vista Haruman Development Sdn. Bhd.** RM
2016					
Assets and liabilities					
Non-current assets	84,751,650	394,022,125	84,320	72,017,292	282,700
Current assets	35,868,714	63,599,962	23,776,419	6,710,481	101,833,343
Non-current liabilities	(53,648,500)	(385,129,483)	(8,400,000)	(47,756,069)	(60,642,797)
Current liabilities	(16,166,625)	(60,832,526)	(602,120)	(10,176,448)	(35,357,112)
Non-controlling interests	(1,310,664)	-	-	-	-
Net assets/(liabilities)	49,494,575	11,660,078	14,858,619	20,795,256	6,116,134
Results					
Revenue	1,629,280	205,954,589	-	398,697	45,836,402
Profit for the financial year	13,248,292	42,107,470	(455,336)	356,252	5,740,775
Total comprehensive income	13,248,292	40,666,346	(455,336)	217,641	5,740,775

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	Vista Haruman Development Sdn. Bhd. RM
2015				
Assets and liabilities				
Non-current assets	-	395,611,642	79,660	184,100
Current assets	67,433,705	58,456,017	15,884,963	59,048,200
Non-current liabilities	(6,746,337)	(407,274,181)	(600,000)	(42,144,820)
Current liabilities	(14,441,085)	(75,799,746)	(50,668)	(17,462,121)
Net assets/(liabilities)	46,246,283	(29,006,268)	15,313,955	(374,641)
Results				
Revenue	118,666,898	209,538,209	-	9,278,176
Profit for the financial year	28,224,727	(25,188,875)	(452,363)	(279,040)
Total comprehensive income	28,224,727	(20,996,010)	(452,363)	(279,040)

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	PT Sawit Prima Sakti RM	Vista Haruman Development Sdn. Bhd. RM
2016					
Cash flows from/(used in):					
Operating activities	16,131,715	77,784,425	(7,230,035)	(780,644)	(21,492,077)
Investing activities	(11,379,096)	(5,613,192)	-	(7,020,820)	-
Financing activities	(9,856,000)	(69,586,327)	8,400,000	12,855,743	29,079,364
Net increase/(decrease) in cash and cash equivalents	(5,103,381)	2,584,906	1,169,965	5,054,279	7,587,287
Dividends paid to NCI	4,000,000	-	-	-	-

	Amona Metro Development Sdn. Bhd. RM	PT Maju Kalimantan Hadapan RM	Alif Mesra Sdn. Bhd. RM	Vista Haruman Development Sdn. Bhd. RM
2015				
Cash flows from/(used in):				
Operating activities	55,231,315	32,064,910	(708,036)	(16,606,108)
Investing activities	-	(16,088,881)	-	-
Financing activities	(41,987,685)	(24,792,250)	600,000	20,360,606
Net increase/(decrease) in cash and cash equivalents	13,243,630	(8,816,221)	(108,036)	3,754,498
Dividends paid to NCI	11,200,000	-	-	-

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group except for the covenants of the bank term loans taken by PT Maju Kalimantan Hadapan and PT Sawit Prima Sakti, subsidiaries of the Company, which restrict the ability of the subsidiaries to provide advances to other companies within the Group and to declare dividends to its shareholders until full settlement of the loans unless prior written consent is obtained from the lenders. The assets to which such restrictions apply are the cash and cash equivalents of the subsidiaries included in the consolidated financial statements amounting to RM13,766,582 (2015: RM9,054,939).

16. INVESTMENT IN ASSOCIATES

	The Group 2016 RM	The Group 2015 RM
At cost:		
Unquoted shares	6,700,000	4,250,000
Share of post-acquisition reserves	7,435,951	8,254,478
	14,135,951	12,504,478

The details of the associates, incorporated in Malaysia, are as follows:

Name of associate	Principal activities	Proportion of ownership interest and voting power held by the Group 2016	2015	Financial year end
* Rimbunan Melati Sdn. Bhd. ("RMSB")	Property development	45%	45%	31 December
^ Rafflesia School (Kajang) Sdn. Bhd.	Education centre and tenant of the Group's investment property	20%	20%	31 December
~ Panahome MKH Malaysia Sdn. Bhd.	General construction	49%	-	31 March

* Interest held through Dapat Jaya Builder Sdn. Bhd.

^ Interest held through Metro Tiara (M) Sdn. Bhd.

~ Interest held through Kajang Resources Corporation Sdn. Bhd. ("KRC"). During the year, KRC subscribed 2,450,000 new ordinary shares of RM1 each in the associate.

The above associates are accounted for using the equity method in the consolidated financial statements.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	The Group	
	2016	**2015**
	RM	**RM**
RMSB		
Non-current assets	4,033	9,014
Current assets	31,589,678	33,989,614
Non-current liabilities	-	-
Current liabilities	(5,435,997)	(7,057,621)
Net assets	26,157,714	26,941,007
Results		
Revenue	-	-
(Loss)/Profit for the financial year	(783,293)	1,282,915
Total comprehensive (loss)/income	(783,293)	1,282,915

The reconciliation of net assets to carrying amount of the associates is as follows:

	RMSB	**Individually immaterial associates**	**Total**
	RM	**RM**	**RM**
2016			
Group's share of net assets	11,770,971	2,364,980	14,135,951
Group's share of results in associates	(352,482)	(466,045)	(818,527)
Dividend received from associates	-	-	-
2015			
Group's share of net assets	12,123,453	381,025	12,504,478
Group's share of results in associates	577,312	(508,944)	68,368
Dividend received from associates	-	-	-

17. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2016	2015
	RM	RM
Freehold land		
At beginning of year	254,567,910	245,514,620
Additions	289,888,335	15,922,213
Transfer from joint venture deposits for land development (Note 19 (h))	22,701,000	-
Property development costs written off	(112,722)	-
Reclassification to development cost	(4,314,164)	-
Transfer to property development costs (Note 20)	(23,972,114)	(6,868,923)
At end of year	538,758,245	254,567,910
Leasehold land		
At beginning of year	117,955,124	134,946,604
Additions	32,231,379	46,699,012
In respect of subsidiary acquired (Note 30)	78,123,647	-
Transfer to non-current assets held for sale (Note 23)	(4,622,647)	-
Transfer from/(to) property development costs (Note 20)	55,694,634	(63,690,492)
At end of year	279,382,137	117,955,124
Total land	818,140,382	372,523,034
Development costs		
At beginning of year	187,001,104	136,617,912
Additions	70,244,104	83,022,258
In respect of subsidiary acquired (Note 30)	276,353	-
Disposal	-	(4,032)
Reclassification from land cost	4,314,164	-
Property development cost written off	(71,452)	-
Transfer to non-current assets held for sale (Note 23)	(2,859,043)	-
Transfer to property development costs (Note 20)	(8,221,086)	(32,635,034)
At end of year	250,684,144	187,001,104
Total land and development costs	1,068,824,526	559,524,138
Less: Accumulated impairment loss		
At beginning and end of year	(6,284,988)	(6,284,988)
	1,062,539,538	553,239,150

Included in land held for property development are:

(i) titles of freehold land amounting to RM87,498,887 (2015: RM86,933,869) which have been deposited with a financial institution for term loan and revolving credit facilities granted to a subsidiary as disclosed in Note 28;

(ii) freehold land amounting to RM82,179,263 (2015: RM82,179,263) which have been pledged for term loan facilities granted to certain subsidiaries as disclosed in Note 28; and

(iii) leasehold land amounting to RM63,093,076 (2015: RM28,564,519) represent entitlements of the landowners pursuant to joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

18. DEFERRED TAX ASSETS AND LIABILITIES

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
At beginning of year	34,736,511	20,552,213	675,830	744,900
Recognised in profit or loss (Note 8)	(5,378,863)	15,402,617	(675,830)	(1,200)
Recognised in other comprehensive income	-	(1,663,394)	-	(67,870)
Effect of movements in exchange rate	-	445,075	-	-
At end of year	29,357,648	34,736,511	-	675,830
Deferred tax liabilities				
At beginning of year	(47,355,540)	(49,829,031)	-	-
Recognised in profit or loss (Note 8)	(6,026,598)	4,674,736	(62,926)	-
Recognised in other comprehensive income (Note 8)	(356,408)	(1,197,856)	-	-
In respect of subsidiaries acquired (Note 30)	(10,955,563)	-	-	-
Effect of movements in exchange rate	149,051	(1,003,389)	-	-
At end of year	(64,545,058)	(47,355,540)	(62,926)	-
Total	(35,187,410)	(12,619,029)	(62,926)	675,830

Deferred tax assets and liabilities are attributable to the following:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax assets				
Deductible temporary differences arising from:				
Property, plant and equipment	777,593	(300,686)	-	9,860
Biological assets	-	(7,122,304)	-	-
Property development costs	19,227,400	22,760,252	-	-
Receivables and deposits	848,425	3,029,949	-	-
Payables and accruals	8,416,330	4,342,353	-	-
Provisions	-	4,702,900	-	737,800
Revaluation surplus of land and buildings	-	(1,667,354)	-	(71,830)
Fair value adjustment in respect of investment properties	-	(377,000)	-	-
Fair value adjustment in respect of subsidiaries acquired	-	(3,952,200)	-	-
Unused tax losses	87,900	13,319,701	-	-
Unabsorbed capital allowances	-	900	-	-
	29,357,648	34,736,511	-	675,830

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deferred tax liabilities				
Taxable temporary differences arising from:				
Property, plant and equipment	(2,445,381)	(2,330,299)	8,904	-
Biological assets	(7,606,634)	-	-	-
Investment properties	(2,957,506)	(2,423,606)	-	-
Property development costs	1,341,908	1,655,309	-	-
Receivables and deposits	(779,257)	231,100	-	-
Payables and accruals	(232,960)	2,700	-	-
Provisions	2,436,292	-	-	-
Surplus arising from revaluation of land and buildings	(7,054,975)	(5,824,171)	(71,830)	-
Fair value adjustment in respect of investment properties	(6,505,865)	(7,076,865)	-	-
Fair value adjustment in respect of subsidiaries acquired	(41,634,428)	(31,589,708)	-	-
Unused tax losses	893,748	-	-	-
	(64,545,058)	(47,355,540)	(62,926)	-

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

19. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current					
Trade					
Loan receivables	(a)	3,619,253	256,236	-	-
Trade receivables	(d)	2,090,368	-	-	-
Non-trade					
Amount due from subsidiaries	(f)	-	-	210,114,101	175,282,193
Less: Allowance for impairment loss		-	-	(178,000)	(178,000)
		-	-	209,936,101	175,104,193
Prepayments	(b)	6,317,113	-	-	-
Other receivables	(c)	1,171,687	2,367,964	-	-
		13,198,421	2,624,200	209,936,101	175,104,193
Current					
Trade					
Trade receivables		146,572,862	138,780,751	-	-
Less: Allowance for impairment loss		(933,700)	(884,353)	-	-
	(d)	145,639,162	137,896,398	-	-
Finance lease receivables	(e)	890	884	-	-
Loan receivables	(a)	135,362	147,961	-	-
		145,775,414	138,045,243	-	-

(Forward)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Current					
Non-trade					
Amount due from subsidiaries	(f)	-	-	2,995,784	2,588,457
Other receivables	(g)	34,643,790	24,751,686	47,930	55,955
Less: Allowance for impairment loss		(607,247)	(3,691,676)	(47,930)	(55,955)
		34,036,543	21,060,010	-	-
Deposits for development land acquisition		250,000	100,000	-	-
Joint venture deposits for land development	(h)	15,900,036	38,166,716	-	-
Other deposits	(i)	13,027,174	23,026,001	33,000	58,020
Prepayments	(j)	17,145,508	15,313,386	-	-
		226,134,675	235,711,356	3,028,784	2,646,477

(a) Loan receivables

	The Group	
	2016	2015
	RM	RM
Term loan (business)	3,750,883	400,465
Other loan	3,732	3,732
	3,754,615	404,197

The maturity profile of loan receivables, net of allowance for impairment loss, is as follows:

	Term loan RM	Other loan RM	Total RM
2016			
Fixed rate instruments			
Receivable within 1 year	131,630	3,732	135,362
Receivable after 1 year but not later than 2 years	82,689	-	82,689
Receivable after 2 years but not later than 3 years	82,689	-	82,689
Receivable after 3 years but not later than 4 years	3,453,875	-	3,453,875
	3,750,883	3,732	3,754,615
2015			
Fixed rate instruments			
Receivable within 1 year	144,229	3,732	147,961
Receivable after 1 year but not later than 2 years	90,172	-	90,172
Receivable after 2 years but not later than 3 years	65,181	-	65,181
Receivable after 3 years but not later than 4 years	100,883	-	100,883
	400,465	3,732	404,197

The loan receivables bear effective interest at rates ranging from 5.0% to 12.0% (2015: 5.0% to 12.0%) per annum.

(b) This is in respect of property infrastructure costs incurred on a plot of land leased from RAC for a period of 60 years for future construction of a retail mall.

(c) This is in respect of an amount due from Plasma Farmers Cooperative in Indonesia. In accordance with the Indonesian Government policy, a subsidiary assumes the responsibilities to develop plantation for small land holders (known as Plasma Farmers) in addition to its own plantation. The subsidiary is also required to train and supervise the Plasma Farmers and purchase the fresh fruit bunches from the farmers at prices determined by the Government. The amount is unsecured, interest-free, to be settled in cash not within one year. During the financial year, the Group reclassified a plasma receivable amounted to RM1,237,452 to current receivables upon its active sales of fresh fruit bunches to plantation.

(d) Trade receivables

(i) The Group's normal trade credit term ranges from 7 to 90 days (2015: 7 to 90 days).

(ii) The ageing analysis of the Group's trade receivables is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Neither past due nor impaired	121,667,529	102,521,088
1 to 30 days past due not impaired	16,223,785	16,930,604
31 to 60 days past due not impaired	6,313,445	6,171,118
61 to 90 days past due not impaired	334,265	2,948,594
More than 90 days past due not impaired	3,190,506	9,324,994
	26,062,001	35,375,310
Past due and impaired	933,700	884,353
	148,663,230	138,780,751

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly are with end financing facilities from reputable end-financiers whilst the other debtors are creditworthy customers with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM26,062,001 (2015: RM35,375,310) which are past due but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Receivables that are impaired

The movement of allowance accounts used to record the impairment is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
At beginning of year	884,353	892,027
Addition	108,808	97,158
No longer required	(59,461)	(104,832)
At end of year	933,700	884,353

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(iii) Included in trade receivables of the Group are:

(a) retention sums amounting to RM54,274,546 (2015: RM30,365,837) held by stakeholders;

(b) amounts of RM94,425 (2015: RM202,205) due from key management personnel of the Group in respect of purchase of development properties of the Group which include retention sum of RM94,425 (2015: RM117,605) held by stakeholders;

(c) amounts of RM231,657 (2015: RM694,972) due from a corporate shareholder of a subsidiary in respect of purchase of development properties of the said subsidiary which include retention sum of RM231,657 (2015: RM694,972) held by stakeholders;

(d) amount of RMNil (2015: RM1,245,125) due from a corporation in which a director of the Company has substantial interest in respect of purchase of development properties of the Group which include retention sum of RMNil (2015: RM46,635) held by stakeholders;

(e) amount of RM87,850 (2015: RM67,700) due from a director of the Company in respect of purchase of development properties of the Group which include retention sum of RM87,850 (2015: RM67,700) held by stakeholders; and

(f) amount of RM88,150 (2015: RM18,625) due from a person connected to certain directors of the Company in respect of purchase of development properties of the Group which include retention sum of RM98,150 (2015: RM18,625) held by stakeholders.

(e) Finance lease receivables

	The Group	
	2016	**2015**
	RM	**RM**
Receivable within 1 year		
Gross investment in finance lease receivables	1,109,495	1,110,415
Less: Unearned finance income	(88,856)	(88,873)
Present value of minimum lease payment receivables	1,020,639	1,021,542
Less: Allowance for impairment loss		
At beginning of year	(1,020,658)	(1,021,620)
No longer required	909	962
At end of year	(1,019,749)	(1,020,658)
	890	884

The finance lease receivables bear effective interest at 8.15% (2015: 8.15%) per annum.

The maturity profile of finance lease receivables is as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Fixed rate instrument		
Receivable within 1 year	890	884

(f) Included in amount due from subsidiaries are unsecured amounts of:

(i) RM209,936,101 (2015: RM175,104,193) which bears interest at 5.85% (2015: 5.85%) per annum and is not expected to be settled within the next 12 months; and

(ii) RM2,995,784 (2015: RM2,588,457) which is interest-free and repayable on demand.

(g) Included in other receivables of the Group are:

(i) an amount of RM4,088,287 (2015: RM3,595,868) being indirect taxes paid in advance to tax authorities;

(ii) an amount of RM10,740,800 (2015: RM6,198,415) paid to Trustee accounts for joint development of infrastructure projects with other developers;

(iii) an amount of RM4,399,820 (2015: RM5,822,085) being amount due from Plasma Farmers Cooperative in Indonesia; and

(iv) an amount of RM42,350 (2015: RMNil) being derivative financial assets on fair value of commodity forward contracts.

The Group uses commodity forward contracts to manage the exposure the adverse price movements in crude palm oil commodities. The fair values of these components have been determined based on published market prices or quoted prices from reputable financial institutions.

The Group recognised total fair value gain of RM42,350 (2015: RMNil) arising from changes in fair value of derivative financial instruments. The method and assumption applied in determining the fair value of derivative is disclosed in Note 41.

The movement of allowance account used to record the impairment of other receivables is as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At beginning of year	3,691,676	3,491,203	55,955	61,555
Additions	190,992	339,200	-	-
No longer required	(63,621)	(138,727)	(8,025)	(5,600)
Written off	(3,211,800)	-	-	-
At end of year	607,247	3,691,676	47,930	55,955

The impaired other receivables at the reporting date relate to debtors that have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

(h) The joint venture deposits are paid to landowners in respect of Joint Venture Agreements ("Agreements") whereby the Group is responsible to implement and undertake the overall development projects on the land owned by the third parties upon fulfilment of the terms and conditions as stipulated in the Agreements. During the financial year, the Group reclassified joint venture deposits amounted to RM22,701,000 to land held for property development upon fulfilment of terms and conditions stipulated in the agreement as disclosed in Note 17.

(i) Included in other deposits of the Group are:

  (i) RM9,935,659 (2015: RM9,158,380) paid to the relevant authorities for property development projects; and

  (ii) RMNil (2015: RM8,384,560) paid for the acquisition of land for property development projects.

(j) Included in prepayments of the Group are:

  (i) RM1,576,144 (2015: RM1,244,990) paid for the acquisition of land in Indonesia;

  (ii) RMNil (2015: RM4,152,999) preliminary costs incurred in respect of the construction of a commuter station for Railway Asset Corporation ("RAC") in consideration for the right to lease a plot of land from RAC for a period of 60 years. During the financial year, the Group reclassified this prepayment to intangible assets;

  (iii) RM6,959,695 (2015: RM3,630,795) preliminary costs incurred in respect of future property development projects. During the financial year, the Group reclassified certain prepayments pertaining to joint venture projects amounted to RM3,543,398 to property development costs upon fulfilment of terms and conditions as stipulated in the agreement as disclosed in Note 20; and

  (iv) an amount of RM5,338,776 (2015: RMNil) being redemption of bridging loan.

20. PROPERTY DEVELOPMENT COSTS

	The Group 2016 RM	The Group 2015 RM
At cost:		
Freehold land		
At beginning of year	122,735,500	131,234,761
Additions	15,938,828	42,209,902
Transfer from land held for property development (Note 17)	23,972,114	6,868,923
Transfer to inventories	(4,905,266)	(11,215,746)
Adjustment on completion of projects	(28,488,044)	(46,362,340)
At end of year	129,253,132	122,735,500
Leasehold land		
At beginning of year	249,955,242	175,888,454
Additions	54,600,436	21,926,085
Transfer from prepayments (Note 19 (j) (iii))	3,107,300	-
Transfer (to)/from land held for property development (Note 17)	(55,694,634)	63,690,492
Transfer to inventories	(1,622,640)	(142,978)
Adjustment on completion of projects	(70,808,032)	(11,406,811)
At end of year	179,537,672	249,955,242
Development costs		
At beginning of year	435,082,958	483,180,689
Additions	539,675,524	440,193,845
Transfer from prepayments (Note 19 (j) (iii))	436,098	-
Transfer from land held for property development (Note 17)	8,221,086	32,635,034
Transfer to inventories	(54,815,831)	(48,848,414)
Adjustment on completion of projects	(432,234,248)	(472,078,196)
At end of year	496,365,587	435,082,958
Total land and development costs	805,156,391	807,773,700

(Forward)

	The Group	
	2016	**2015**
	RM	**RM**
Less: Costs recognised as an expense in profit or loss		
At beginning of year	369,818,829	444,290,818
Additions	581,869,077	455,375,358
Adjustment on completion of projects	(531,530,324)	(529,847,347)
At end of year	420,157,582	369,818,829
	384,998,809	437,954,871

Included in the above are:

(i) interest on borrowing capitalised for the financial year amounting to RM2,232,285 (2015: RM1,193,770);

(ii) titles of freehold land amounting to RM8,995,229 (2015: RM8,995,229) which have been deposited with a financial institution for term loan and revolving credit facilities granted to certain subsidiaries as disclosed in Note 28;

(iii) titles of leasehold land amounting to RMNil (2015: RM7,275,757) which have been deposited with a financial institution for term loan and revolving credit facilities granted to a subsidiary as disclosed in Note 28;

(iv) titles of freehold land amounting to RM18,285,715 (2015: RM25,846,685) which have been pledged with a financial institution for term loan facility granted to a subsidiary as disclosed in Note 28; and

(v) freehold and leasehold land amounting to RM186,281,946 (2015: RM138,118,962) represent entitlements of the landowners pursuant to joint venture and joint land development agreements to undertake property development projects. The titles to the development land will be transferred from landowners to the property purchasers.

21. INVENTORIES

	The Group	
	2016	2015
	RM	RM
At cost:		
Raw materials	574,415	892,176
Work-in-progress	457,949	609,901
Finished goods	1,244,561	1,186,186
Food and beverages	44,068	20,750
Plantation consumables	5,476,872	5,634,528
Fertilizers	7,271,831	6,521,851
Crude palm oil and palm kernel	8,669,973	5,707,626
Completed development properties	70,371,273	48,095,126
	94,110,942	68,668,144

During the financial year, the cost of inventories recognised as an expense in cost of sales of the Group is RM250,776,409 (2015: RM250,050,062).

22. CASH, BANK BALANCES, TERM DEPOSITS AND FIXED INCOME FUNDS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Deposits with licensed banks	16,239,439	37,366,668	-	-
Cash and bank balances	105,127,118	87,689,366	267,497	405,509
Cash held under housing development accounts	161,725,882	137,306,320	-	-
Fixed income funds:				
Redeemable at call	15,389,739	6,711,990	-	-
Redeemable upon 1 day notice	2,331,389	-	-	-
Redeemable upon 5 days notice	4,273,583	-	-	-
	305,087,150	269,074,344	267,497	405,509

The deposits bear effective interest at rates ranging from 0.4% to 3.67% (2015: 0.4% to 3.4%) per annum with maturity period ranging from 15 day to 365 days (2015: 7 day to 365 days).

Fixed income funds represent investment in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash held under housing development accounts represent amounts placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.

The non-short term and highly liquid fixed deposits of RM5,175,335 (2015: RM16,687,195) included in deposit with licensed banks have maturity period of more than 3 months.

Cash and cash equivalents held by the Group which are not freely available for general use are as follows:

(i) deposits amounting to RM2,400,000 (2015: RM70,227) pledged for bank guarantee facilities granted to a subsidiary;

(ii) bank balances of RM14,311,662 (2015: RM9,595,644) pledged as restricted fund held as security for the credit facilities as disclosed in Note 28; and

(iii) deposit and bank balances of RM20,333 (2015: RM15,559) held under sinking fund account for the recreational club.

23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2016	**2015**
	RM	**RM**
At cost:		
At beginning of year	-	-
Transfer from land held for property development (Note 17)	7,481,690	-
At end of year	7,481,690	-

On 6 January 2016, a subsidiary of the Group entered into a sales and purchase agreement with third party for the disposal of a piece of leasehold land located at Hillpark Shah Alam, for a total cash consideration of RM9,500,000. As of the date of the financial statements were authorised for issue, the said disposal is still pending fulfilment of conditions precedent.

24. SHARE CAPITAL

	The Group and The Company			
	Number of shares		Amount	
	2016	2015	2016 RM	2015 RM
Authorised:				
Ordinary shares of RM1 each:				
At beginning and end of year	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares of RM1 each:				
At beginning of year	419,407,284	419,393,607	419,407,284	419,393,607
Issuance of shares pursuant to the exercise of warrants	36,700	13,677	36,700	13,677
At end of year	419,443,984	419,407,284	419,443,984	419,407,284

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the issued and paid-up share capital of the Company increased from RM419,407,284 to RM419,443,984 by way of exercise of 36,700 warrants for 36,700 new ordinary shares of RM1 each at an exercise price of RM1.89 per share.

The new ordinary shares issued rank *pari passu* in all respects with the existing shares of the Company.

25. RESERVES

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable				
Share premium	57,081	15,929	57,081	15,929
Translation reserve	(560,874)	2,239,435	-	-
Revaluation reserve	23,533,537	23,533,537	646,907	646,907
Warrant reserve	8,000,533	8,009,022	8,000,533	8,009,022
	31,030,277	33,797,923	8,704,521	8,671,858
Distributable				
Retained earnings	825,810,815	651,447,825	412,721,156	375,117,283
	856,841,092	685,245,748	421,425,677	383,789,141

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

Warrant reserve

On 31 December 2012, the Company allotted and issued 29,104,378 free warrants constituted under the deed poll dated 23 November 2012.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share of RM1 each at the exercise price during the exercise period;

(ii) the exercise price is RM2.26 per share subject to adjustments in accordance with the provisions of the deed poll executed; and

(iii) the warrants may be exercised at any time for a period of five years from 31 December 2012 to 30 December 2017 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and become void.

The exercise price was adjusted to RM1.89 per share pursuant to the bonus issue on 20 May 2014.

The movement in the Company's warrants to subscribe for new ordinary shares of RM1 each during the financial year is as follows:

	Number of warrants		
	At 1 October 2015	**Exercised**	**At 30 September 2016**
Number of warrants	34,620,140	(36,700)	34,583,440

The weighted average quoted price of shares of the Company at the time when the warrants were exercised was RM2.53 (2015: RM2.92).

Retained earnings

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available to be distributed as single tier dividends to the shareholders of the Company.

26. PROVISIONS

	Post-employment benefit obligations RM	**Retirement gratuity RM**	**Total RM**
The Group			
2016			
At beginning of year	6,310,729	19,595,520	25,906,249
Provision during the financial year	2,357,525	-	2,357,525
In respect of subsidiary acquired (Note 30)	418,548	-	418,548
Incurred during the financial year	(223,580)	-	(223,580)
Remeasurement losses on defined benefit plans:			
Actuarial loss arising from experience adjustments	1,028,501	-	1,028,501
Effect of movements in exchange rate	460,705	-	460,705
At end of year	10,352,428	19,595,520	29,947,948

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
2015			
At beginning of year	4,712,561	19,595,520	24,308,081
Provision during the financial year	3,067,640	-	3,067,640
Incurred during the financial year	(309,090)	-	(309,090)
Remeasurement gains on defined benefit plans:			
Actuarial gain arising from experience adjustments	(1,994,516)	-	(1,994,516)
Effect of movements in exchange rate	834,134	-	834,134
At end of year	6,310,729	19,595,520	25,906,249

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
The Company			
2016			
At beginning of year	-	3,074,400	3,074,400
Assignment to a subsidiary	-	(3,074,400)	(3,074,400)
	-	-	-
2015			
At beginning and end of year	-	3,074,400	3,074,400

The above provisions are classified as follows:

	Post-employment benefit obligations RM	Retirement gratuity RM	Total RM
The Group			
2016			
Non-current	10,352,428	-	10,352,428
Current	-	19,595,520	19,595,520
	10,352,428	19,595,520	29,947,948
2015			
Non-current	6,310,729	-	6,310,729
Current	-	19,595,520	19,595,520
	6,310,729	19,595,520	25,906,249
The Company			
2016			
Current	-	-	-
2015			
Current	-	3,074,400	3,074,400

(a) **Post-employment benefit obligations**

Two subsidiaries of the Company in Indonesia operate unfunded defined benefit schemes, as required under the Labour Law of the Republic of Indonesia. The defined benefit schemes expose the Group to actuarial risks, such as longevity risk and interest rate risk.

The amount recognised in the consolidated statement of financial position is determined as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Present value of obligations	10,352,428	6,310,729

Movement in the present value of unfunded defined benefit scheme in the current financial year are as follows:

	The Group	
	2016	**2015**
	RM	**RM**
At beginning of year	6,310,729	4,712,561
Amounts recognised in profit or loss (Note 6):		
Current service costs	3,706,754	2,652,681
Interest on obligation	613,755	414,959
Past service cost	(1,962,984)	-
	2,357,525	3,067,640
In respect of subsidiary acquired	418,548	-
Amounts recognised other comprehensive income:		
Remeasurement loss/(gain)	1,028,501	(1,994,516)
Benefit paid	(223,580)	(309,090)
Effect of movements in exchange rates	460,705	834,134
At end of year	10,352,428	6,310,729

The defined benefit obligation expenses were determined based on actuarial valuations prepared by an independent actuary using the projected unit credit method. Principal assumptions at reporting date are as follows:

	The Group	
	2016	**2015**
Discount rate	8.00% - 9.80%	9.75%
Future salary increase	10%	10%
Mortality rate	100% TM13	100% TM13
Resignation rate	4% - 9% until age of 30 - 32 then decrease linearly to 0% at age of 55	9% until age of 32 then decrease linearly to 0% at age of 55
Disability	5% of mortality rate	5% of mortality rate
Normal retirement age	55 - 60	55

Sensitivity analysis

The sensitivity analysis below has been determined based on reasonably possible changes in the discount rate and future salary increase occurring at the reporting date, while holding all other assumptions constant.

	The Group Increase/(Decrease) in profit	
	2016	**2015**
	RM	**RM**
Discount rate increase by 1%	1,174,820	632,837
Discount rate decrease by 1%	(1,416,722)	(752,173)
Future salary increase by 1%	(1,384,724)	(784,533)
Future salary decrease by 1%	1,173,397	668,931

The sensitivity analysis presented above has been determined using deterministic method and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

At 30 September 2016, the weighted-average duration of the defined benefit obligation was 16.62 to 26.74 years (2015: 10.13 years).

The benefits, which reflect the expected future services, as appropriate are expected to be paid as follows:

	The Group	
	2016	**2015**
	RM	**RM**
Within 1 year	711,617	419,721
Between 2 and 5 years	4,237,300	3,856,149
After 5 years	13,532,234	13,170,814
	18,481,151	17,446,684

(b) **Retirement gratuity**

Provision for retirement gratuity are for certain eligible directors. The accounting policy in respect of the retirement gratuity scheme is disclosed in Note 3(f)(iii).

27. PAYABLES AND ACCRUALS

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current					
Landowners' entitlement	(a)	424,354,259	107,483,022	-	-
Retention sum payable to subcontractors after one year		27,264,938	29,024,095	-	-
		451,619,197	136,507,117	-	-
Current					
Trade					
Trade payables	(b)	280,424,775	246,698,344	-	-
Landowners' entitlement	(a)	102,784,809	44,576,354	-	-
Retention sum payable to subcontractors within one year		35,502,529	23,439,020	-	-
Non-trade					
Amount due to subsidiaries	(c)	-	-	12,720	12,810
Other payables	(d)	41,159,229	22,729,011	193,350	9,310
Deposits received	(e)	11,454,445	10,447,118	-	-
Advances from customers	(f)	5,676,750	116,984	-	-
Accruals	(g)	49,286,404	29,365,408	509,294	756,744
		526,288,941	377,372,239	715,364	778,864

(a) These are in respect of payable for landowners' entitlement under deferred payment term pursuant to the joint land development agreements and joint venture agreements entered into with the landowners. Pursuant to the said agreements, the entitlements are determined based on agreed percentage on the total gross development value net of trade discount, where applicable, of the property development projects. These deferred payables are measured at amortised cost at imputed interest rates ranging from 5.15% to 10.00% (2015: 5.15% to 10.00%) per annum.

(b) The normal trade credit term granted to the Group ranges from 7 to 90 days (2015: 7 to 90 days) unless as specified in the agreements.

(c) Amount due to subsidiaries of the Company is unsecured, interest-free and repayable on demand.

(d) Included in other payables of the Group are outstanding purchase acquisition of a subsidiary in Indonesia of RM13,500,000 (2015: RMNil), which is due upon the completion of the registration of sale shares with Investment Coordination Board (Badan Koordinasi Penanaman Modal or "BKPM"), Public Authorities and other competent authorities.

(e) Included in deposits received of the Group are rental, utilities and other deposits received of RM8,104,531 (2015: RM8,661,595) from tenants.

(f) This represents downpayments from purchasers of crude palm oil and palm kernel.

(g) Included in accruals are accrued legal and professional fees and agents commission totalling RM35,089,049 (2015: RM18,135,046) in respect of on-going property development projects.

28. LOANS AND BORROWINGS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Non-current				
Term loans				
Secured:				
RM	160,644,927	122,304,894	-	-
United States Dollar	279,381,472	288,025,636	-	-
Revolving credits				
Secured:				
RM	115,430,058	101,749,458	-	-
Finance lease liabilities				
RM	1,892,162	2,325,369	-	-
Indonesian Rupiah	-	41,278	-	-
	557,348,619	514,446,635	-	-

(Forward)

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current				
Term loans				
Secured:				
RM	26,263,030	9,251,997	-	-
United States Dollar	28,694,702	38,459,768	-	-
Unsecured:				
RM	15,000,000	15,000,000	-	-
Revolving credits				
Secured:				
RM	140,244,430	136,608,560	-	-
Unsecured:				
RM	54,350,000	69,500,000	49,350,000	50,000,000
Bank overdrafts				
Secured:				
RM	10,221,550	8,059,524	-	-
Unsecured:				
RM	5,778,419	8,486,562	4,350,721	3,460,660
Finance lease liabilities				
RM	818,586	907,000	-	-
Indonesian Rupiah	43,458	664,658	-	-
	281,414,175	286,938,069	53,700,721	53,460,660
	838,762,794	801,384,704	53,700,721	53,460,660

The maturity profile of loans and borrowings of the Group is as follows:

The Group 2016	**Carrying amount RM**	**Within 1 year RM**	**1-2 years RM**	**2-3 years RM**	**3-4 years RM**	**4-5 years RM**	**More than 5 years RM**
Fixed rate instrument							
Finance lease liabilities							
RM	2,710,748	818,586	804,938	657,516	362,581	67,127	-
Indonesian Rupiah	43,458	43,458	-	-	-	-	-
	2,754,206	862,044	804,938	657,516	362,581	67,127	-
Floating rate instruments							
Term loans							
Secured:							
RM	186,907,957	26,263,030	41,945,525	39,763,531	33,341,374	20,339,227	25,255,270
United States Dollar	308,076,174	28,694,702	90,946,101	101,039,503	82,503,161	4,892,707	-
Unsecured:							
RM	15,000,000	15,000,000	-	-	-	-	-
Revolving credits							
Secured:							
RM	255,674,488	140,244,430	33,848,051	31,996,227	22,281,750	22,000,000	5,304,030
Unsecured:							
RM	54,350,000	54,350,000	-	-	-	-	-
Bank overdrafts							
Secured:							
RM	10,221,550	10,221,550	-	-	-	-	-
Unsecured:							
RM	5,778,419	5,778,419	-	-	-	-	-
	836,008,588	280,552,131	166,739,677	172,799,261	138,126,285	47,231,934	30,559,300
	838,762,794	281,414,175	167,544,615	173,456,777	138,488,866	47,299,061	30,559,300

The Group 2015	**Carrying amount RM**	**Within 1 year RM**	**1-2 years RM**	**2-3 years RM**	**3-4 years RM**	**4-5 years RM**	**More than 5 years RM**
Fixed rate instrument							
Finance lease liabilities							
RM	3,232,369	907,000	745,299	727,485	575,861	276,724	-
Indonesian Rupiah	705,936	664,658	41,278	-	-	-	-
	3,938,305	1,571,658	786,577	727,485	575,861	276,724	-
Floating rate instruments							
Term loans							
Secured:							
RM	131,556,891	9,251,997	26,246,000	43,737,560	38,983,500	9,580,771	3,757,063
United States Dollar	326,485,404	38,459,768	88,499,147	88,607,114	94,270,887	16,648,488	-
Unsecured:							
RM	15,000,000	15,000,000	-	-	-	-	-
Revolving credits							
Secured:							
RM	238,358,018	136,608,560	18,272,180	33,848,051	26,996,227	22,000,000	633,000
Unsecured:							
RM	69,500,000	69,500,000	-	-	-	-	-
Bank overdrafts							
Secured:							
RM	8,059,524	8,059,524	-	-	-	-	-
Unsecured:							
RM	8,486,562	8,486,562	-	-	-	-	-
	797,446,399	285,366,411	133,017,327	166,192,725	160,250,614	48,229,259	4,390,063
	801,384,704	286,938,069	133,803,904	166,920,210	160,826,475	48,505,983	4,390,063

The Company	Carrying amount RM	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM
2016							
Floating rate instruments							
Revolving credits							
Unsecured:							
RM	49,350,000	49,350,000	-	-	-	-	-
Bank overdraft							
Unsecured:							
RM	4,350,721	4,350,721	-	-	-	-	-
	53,700,721	53,700,721	-	-	-	-	-
2015							
Floating rate instruments							
Revolving credits							
Unsecured:							
RM	50,000,000	50,000,000	-	-	-	-	-
Bank overdraft							
Unsecured:							
RM	3,460,660	3,460,660	-	-	-	-	-
	53,460,660	53,460,660	-	-	-	-	-

Finance lease liabilities

Finance lease liabilities are payable as follows:

The Group	2016 Future minimum lease payments RM	2016 Finance charges RM	2016 Present value of minimum lease payments RM	2015 Future minimum lease payments RM	2015 Finance charges RM	2015 Present value of minimum lease payments RM
Less than one year	971,026	108,982	862,044	1,759,575	187,917	1,571,658
Between one and five years	2,007,968	115,806	1,892,162	2,543,178	176,531	2,366,647
	2,978,994	224,788	2,754,206	4,302,753	364,448	3,938,305

The finance lease liabilities bear effective interest at rates ranging from 0.88% to 16.00% (2015: 2.40% to 16.00%) per annum.

The term loans, bridging loan and revolving credits bear effective interest at rates ranging from 3.85% to 7.20% (2015: 3.80% to 7.35%) per annum.

The bank overdrafts bear effective interest at rates ranging from 5.11% to 8.10% (2015: 6.85% to 8.10%) per annum. **Unsecured bank overdrafts** are supported by corporate guarantee of the Group and of the Company.

Term loan I of RM975,000 (2015: RM2,275,000) is repayable by 40 quarterly principal instalments of RM325,000 each over 10 years commencing from the third month from the day of first drawdown and is secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) deposit of titles of the freehold land held for property development of a subsidiary; and

(d) debenture by way of fixed and floating charge over the freehold land held for property development and leasehold land and building of subsidiaries.

Term loan II of RMNil (2015: RM3,269,882) is repayable by 24 quarterly principal instalments of RM2,375,000 each over 8 1/2 years commencing from the first day of the 34th month following the date of the first drawdown or payment by way of redemption, whichever is earlier. **Term loan III** of RM5,334,754 (2015: RM7,465,289) is part of the total term loan of RM30,000,000 which is repayable by 8 equal quarterly principal instalments of RM3,750,000 each over 4 1/2 years commencing on the first day of the 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. **Secured revolving credit I** of RM39,744,000 (2015: RM39,744,000) is part of the total revolving credit of RM50,000,000 which is repayable on demand. **Secured revolving credit II** of RM93,304,030 (2015: RM66,633,000) is part of the total revolving credit of RM110,000,000 which is repayable by 10 equal half yearly principal instalments of RM11,000,000 each over 8 years commencing on the first day of the 42nd month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loans and revolving credits are secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) deposit of titles of the land held for property development of a subsidiary;

(d) general debenture over a subsidiary; and

(e) debenture by way of fixed and floating charge over the land held for property development and leasehold land and building of subsidiaries.

Term loan IV of RM268,685,735 (2015: RM326,485,404) is repayable in 20 quarterly principal instalments commencing 27th month from the day of first drawdown and is secured and supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantation land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) corporate guarantee of the Company;

(f) pledged of shares of a subsidiary;

(g) assignment over all applicable insurance policies; and

(h) negative pledge over a subsidiary's assets.

Term loan V of RM1,271,830 (2015: RM1,830,085) is repayable by 96 monthly instalments of RM51,163 each commencing December 2010 and is secured and supported as follows:

(a) by way of charge over the freehold buildings of a subsidiary upon issuance of titles;

(b) first party open monies deed of assignment; and

(c) corporate guarantee of the Company.

Term loan VI of RM3,588,518 (2015: RM5,227,596) is repayable in 19 quarterly principal instalments of RM471,076 each and final instalment to be calculated and advised by the bank commencing on 4th month after the first drawdown. **Secured revolving credit III** RM23,000,000 (2015: RM23,000,000) is repayable on demand. The term loan and revolving credit are secured and supported as follows:

(a) facility agreement;

(b) legal charge over the leasehold land and building of a subsidiary;

(c) legal assignment over debt service account;

(d) legal assignment over all tenancy and rent agreements;

(e) specific debenture on fixed and floating charge over the leasehold land and building of a subsidiary;

(f) deed of subordinate in respect of shareholders advances and loans to the subsidiary;

(g) legal assignment of all of the subsidiary's present and future rights, title and benefits in and under such insurance policies procure in respect of the charge; and

(h) corporate guarantee of the Company.

Term loan VII of RM4,699,093 (2015: RM4,809,160) is repayable in 300 monthly principal instalments of RM27,543 each, commencing November 2014 and is secured and supported as follows:

(a) legal charge over the freehold buildings;

(b) first party open monies deed of assignment; and

(c) corporate guarantee of the Company.

Term loan VIII of RM9,461,274 (2015: RM11,861,274) is repayable by 84 monthly principal instalments commencing 19th month from the date of first drawdown or on 1 January 2014, whichever is earlier. The term loan is secured and supported as follows:

(a) legal charge over the freehold land of a subsidiary;

(b) a limited debenture by way of a fixed and floating charge over construction costs for a private and international school developed on the said freehold land;

(c) legal assignment over a subsidiary and/or the customer's rights and interest under an offer to lease and purchase;

(d) legal assignment over all rents and other monies payables; and

(e) corporate guarantee of the Company.

Term loan IX of RM34,994,304 (2015: RM34,994,304) is repayable by 10 quarterly principal instalments of RM3,500,000 each commencing December 2016 and is secured and supported as follows:

(a) legal charge over freehold land held for property development of a subsidiary; and

(b) corporate guarantee of the Company.

Term loan X of RM50,000,000 (2015: RMNil) is repayable by 16 quarterly principal instalments of RM3,125,000 each commencing April 2019 and is secured and supported as follows:

(a) legal charge over leasehold land held for property development of a subsidiary;

(b) joint and several guarantee of the directors of a subsidiary; and

(c) corporate guarantee of the Company.

Term loan XI of RM16,874,981 (2015: RM17,537,481) is repayable by 11 quarterly principal instalments of RM1,830,000 each and final principal instalment of RM892,481 or any balance outstanding with the first repayment to commence on 39th month from the date of first reimbursement or payment by way of redemption whichever is earlier. **Term loan XII** of RM35,393,428 (2015: RM34,299,820) is part of the total term loan of RM40,000,000 which is repayable by 11 equal quarterly principal instalments of RM3,340,000 each and final principal instalment of RM3,260,000 with the first repayment to commence on 39th month from the day of first reimbursement or payment by way of redemption whichever is earlier. The secured term loans are secured and supported as follows:

(a) specific debenture over the project land of a subsidiary;

(b) corporate guarantee of the Company; and

(c) legal charge over freehold land held for property development of a subsidiary.

Term loan XIII of RM21,002,311 (2015: RM7,987,000) is repayable by 48 monthly principal instalments commencing from the 4th year following to the date of the first drawdown or payment by way of redemption, whichever is earlier and is secured and supported as follows:

(a) specific debentures by way of fixed and floating charge for all present and future assets of the project;

(b) deed of assignment over the rights under the joint development agreement;

(c) legal assignment and charge over all sales proceed; and

(d) corporate guarantee of the Company.

Term loan XIV of RM3,312,464 (2015: RMNil) is part of the total term loan of RM7,000,000 and is repayable by 5 quarterly principal instalments of RM1,167,000 each and final principal instalment of RM1,165,000 commencing from the 33rd month following the date of first drawdown or payment by way of redemption whichever is earlier. The term loan is secured and supported as follows:

(a) legal charge over the freehold land held for property development of a subsidiary;

(b) specific debenture over the project land; and

(c) corporate guarantee of the Company.

Term loan XV of RM24,878,172 (2015: RMNil) is repayable in 12 quarterly principal instalments commencing 61st month from the day of first drawdown. **Term loan XVI** of RM14,512,267 (2015: RMNil) is repayable in 12 quarterly principal instalments commencing 48th month from the day of first drawdown. The term loans are secured and supported as follows:

(a) facility agreement and security sharing agreement;

(b) legal charge over the oil palm plantantion land of a subsidiary in Indonesia;

(c) deed of fiduciary by way of fixed and floating charge over the oil palm plantation in Indonesia;

(d) charge over a designated bank account of a subsidiary in Indonesia;

(e) corporate guarantee of the former immediate holding company of a subsidiary in Indonesia;

(f) pledge of 95% shares of a subsidiary and former immediate holding company of a subsidiary;

(g) assignment over all applicable insurance policies; and

(h) negative pledge over a subsidiary's assets.

Secured revolving credit IV of RM20,000,000 (2015: RM20,000,000) and **secured bank overdraft I** of RM3,645,095 (2015: RM8,059,524) are repayable on demand and are secured and supported as follows:

(a) legal charge over the leasehold land held for property development of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit V of RM825,000 (2015: RM1,925,000) is repayable by 20 quarterly principal instalments of RM275,000 each commencing on 25 August 2012 and is secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit VI of RM9,375,000 (2015: RM15,000,000) is repayable by 8 quarterly principal instalments of RM1,875,000 each commencing on the 39th month from the date of first drawdown. **Secured bank overdraft II** of RM6,576,455 (2015: RMNil) is repayable on demand. The revolving credit and bank overdraft are secured and supported as follows:

(a) legal charge over leasehold land and building of a subsidiary; and

(b) corporate guarantee of the Company.

Secured revolving credit VII of RM4,510,000 (2015: RMNil) is rollover quarterly and repayable on demand is secured and supported as follows:

(a) specific debenture by way of fixed and floating charge for all present and future assets of the projects;

(b) legal assignment and charge over all sales proceed;

(c) legal charge over leasehold land belongs to joint venture partner; and

(d) corporate guarantee of the Company.

Secured revolving credit VIII of RM30,198,208 (2015: RM34,837,768) is part of the total revolving credit of RM45,000,000 granted to a subsidiary and is repayable by 18 quarterly principal instalments of RM2,500,000 each commencing December 2014 and **secured revolving credit IX** of RM34,718,250 (2015: RM37,218,250) is part of the total revolving credit of RM40,000,000 and is repayable on demand. All revolving credits are secured and supported as follows:

(a) legal charge over the leasehold land and building of a subsidiary;

(b) corporate guarantee of the Company;

(c) specific debenture by way of fixed and floating charge over the leasehold land and building of a subsidiary; and

(d) legal assignment of rental proceeds from the investment property of a subsidiary.

Unsecured revolving credits I of RMNil (2015: RM1,500,000) of the Group is repayable by 8 quarterly principal instalments of RM750,000 each commencing April 2014 and is supported by corporate guarantee of the Company.

Unsecured term loan II of RM15,000,000 (2015: RM15,000,000), **Unsecured revolving credits II** of RM5,000,000 (2015: RM18,000,000) and **Unsecured bank overdraft** of RM1,427,698 (2015: RM5,025,902) of the Group is repayable on demand and is supported by corporate guarantee of the Company.

Unsecured revolving credits of RM49,350,000 (2015: RM50,000,000) and **Unsecured bank overdraft** of RM4,350,721 (2015: RM3,460,660) of the Company are repayable on demand.

29. DIVIDEND

	Net dividend per share Sen	Total amount RM	Date of payment
2016			
Interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2015	7.0	29,359,770	31 December 2015
2015			
Interim single tier dividend of 8.0 sen per ordinary share in respect of financial year ended 30 September 2014	8.0	33,551,728	11 November 2014

A first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,361,079 was declared on 25 November 2016 and to be paid on 30 December 2016. The financial statements for the current financial year do not reflect the dividend. Such dividend will be accounted in equity as an appropriation of retained earnings in the financial year ending 30 September 2017.

The directors do not recommend any final dividend payment in respect of the financial year ended 30 September 2016.

30. ACQUISITION OF SUBSIDIARIES

During the financial year

(a) On 4 February 2016, Amona Metro Development Sdn. Bhd. ("AMDSB"), a subsidiary of Gabung Wajib Sdn. Bhd. ("GWSB"), which is a 60% owned subsidiary of the Company acquired 84% equity interest in Temara Pekeliling Sdn. Bhd. ("TPSB"), for a cash consideration of RM5,000,000. The acquisition was completed on 18 February 2016.

The fair value of the assets acquired and liabilities assumed at the effective date of acquisition are as follows:

	The Group 2016 RM
Land held for property development (Note 17)	78,400,000
Receivables, deposits and prepayments	3,231
Cash and bank balances	485
Deferred tax liabilities (Note 18)	(3,715,000)
Payables and accruals	(13,197,678)
Loans and borrowings	(50,000,000)
Total identifiable net assets	11,491,038
Non-controlling interests	(1,838,566)
Equity attributable to owners of the parent	9,652,472
Gain on bargain purchase on acquisition included in other income	(4,652,472)
Total purchase consideration paid in cash	5,000,000
Cash and bank balances of subsidiary acquired	(485)
Acquisition of subsidiary, net of cash acquired	4,999,515

(b) On 10 June 2016, MKH Plantation Sdn. Bhd. (formerly known as Global Retreat (MM2H) Sdn. Bhd.) ("MPSB"), a wholly owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement to acquire 6,975 ordinary shares of IDR1,000,000 each equivalent to 75% equity interest in PT Sawit Prima Sakti ("PTSPS"), a company incorporated in the Republic of Indonesia, for a cash consideration of RM15,000,000. The process to register the sales shares with Investment Coordination Board (Badan Koordinasi Penanaman Modal or "BKPM"), public authorities and other competent authorities is currently ongoing. However, the Company was able to exercise power over and gained control of PTSPS effective 10 June 2016 as disclosed in Note 36(c). As a result, PTSPS became a 75% owned subsidiary of the Company.

The fair value of the assets acquired and liabilities assumed at the effective date of acquisition are as follows:

	The Group 2016 RM
Property, plant and equipments (Note 10)	2,505,288
Biological assets (Note 12)	72,411,849
Prepaid lease payments (Note 13)	1,118,151
Inventories	878,788
Receivables, deposits and prepayments	266,895
Cash and bank balances	2,371,550
Deferred tax liabilities (Note 18)	(7,240,563)
Provisions (Note 26)	(418,548)
Payables and accruals	(12,877,978)
Loans and borrowings	(38,437,817)
Total identifiable net assets	20,577,615
Non-controlling interests	(5,144,404)
Equity attributable to owners of the parent	15,433,211
Gain on bargain purchase on acquisition included in other income	(433,211)
Total purchase consideration to be paid in cash	15,000,000
Cash and bank balances of subsidiary acquired	(2,371,550)
Purchase consideration outstanding	(13,500,000)
Acquisition of subsidiary, net of cash acquired	(871,550)

(c) On 16 June 2016, the Company acquired 100% equity interest in Metro Emart Sdn. Bhd. for a cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

In the previous financial year

On 10 June 2015, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Global Landscape Creation Sdn. Bhd. for a total cash consideration of RM2. The said acquisition did not give rise to a material impact on the financial statements of the Group.

31. FINANCIAL GUARANTEE

	The Company	
	2016	2015
	RM	RM
Corporate guarantees given by the Company to financial institutions and creditors for banking and credit facilities granted to the subsidiaries:		
Outstanding as at financial year end	800,521,319	755,887,029

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it is not probable that the counterparties to financial guarantee contracts will claim under the contracts.

32. CONTINGENT LIABILITY

On 18 April 2016, PT Maju Kalimantan Hadapan ("PT MKH"), a subsidiary of the Company, received a tax assessment letter from the Indonesia's Director General of Tax ("DGT") for the year of assessment 2012, to restrict the claims on net unrealised foreign exchange losses incurred by PT MKH amounted to IDR97,700 million, equivalent to RM31.17 million. According to the tax assessment letter, DGT restricted PT MKH's claims on net unrealised foreign exchange losses up to IDR12,639 million, equivalent to RM4.03 million instead of the abovementioned IDR97,700 million. Based on applicable corporate income tax rate of 25%, the restricted amount of the net unrealised foreign exchange losses of IDR85,061 million, equivalent to RM27.14 million will result in over-recognition of deferred tax assets of IDR21,265 million, equivalent to RM6.78 million in the financial statements of the Group and PT MKH.

On 29 June 2016, PT MKH filed an objection letter in reply to above tax assessment letter and as of the date of the financial statements, PT MKH is still awaiting for the decision of DGT on the above tax assessment.

Based on consultation with the local tax experts, the directors of PT MKH are of the opinion that PT MKH has a valid defense against DGT's assessment. Accordingly, PT MKH has not made any adjustment in respect of the tax assessment in the financial statements of the Group and the Company.

33. CAPITAL COMMITMENTS

As at 30 September 2016, the Group has the following capital commitments in respect of purchase of property, plant and equipment:

	The Group	
	2016	2015
	RM	RM
Approved and contracted for	30,178,690	3,009,608
Approved and not contracted for	3,315,160	11,413,328
	33,493,850	14,422,936

34. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries, associates and key management personnel.

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors of the Company				
Fees	250,000	250,000	250,000	250,000
Other short-term emoluments	13,215,359	13,573,550	36,750	40,500
Estimated monetary value of benefits-in-kind	112,609	99,861	-	-
Total short-term employee benefits	13,577,968	13,923,411	286,750	290,500
Post-employment benefits	2,481,940	2,566,938	-	-
	16,059,908	16,490,349	286,750	290,500

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other key management personnel				
Remuneration	9,305,495	6,902,927	-	-
Other short-term employee benefits	29,786	43,220	-	-
Post-employment benefits	1,080,265	801,840	-	-
	10,415,546	7,747,987	-	-
Total key management personnel compensation	26,475,454	24,238,336	286,750	290,500

Other key management personnel comprises persons other than the directors of Company, having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

(c) **Related party transactions and balances of the Company**

	The Company	
	2016	2015
	RM	RM
Received or receivable from subsidiaries		
Gross dividend	(65,644,900)	(32,636,400)
Interest income	(11,287,799)	(8,669,790)
Paid or payable to subsidiaries		
Management fee	24,000	24,000
Secretarial fee	9,600	-

Information on outstanding balances with related parties of the Company are disclosed in Notes 19 and 27.

(d) **Related party transactions and balances of the Group**

	The Group	
	2016	**2015**
	RM	**RM**
Received and receivables from associate		
Rental income	1,916,957	1,917,390
Received and receivable from company in which a director has substantial equity interest		
Secretarial fees	1,590	1,980
Received and receivable from other related parties		
Progress billings to:		
(i) certain directors of the Company	80,600	1,334,100
(ii) a corporate shareholder of a subsidiary	-	4,242,605
(iii) a corporate in which a director of the Company has substantial interest	2,266,698	3,049,276
(iv) a person connected to a director of the Company	875,100	1,209,650
(v) certain key management personnel of the Group	1,336,997	1,580,800

Information on outstanding balances with related parties of the Group is disclosed in Note 19.

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purposes of resource allocation and assessment of segment performance. Therefore, the Group's reportable segments under FRS 8 are as follows:

(i)	Property development and construction	- property development, building and civil works contracting.
(ii)	Hotel and property investment	- hotel business and property investment and management.
(iii)	Trading	- trading in building materials and household related products and general trading.
(iv)	Manufacturing	- furniture manufacturing.
(v)	Plantation	- oil palm cultivation.
(vi)	Investment holding	- investment holding and management services.

Non-reportable segments comprise recreational club operation, money lending and provision of insurance broking services.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represents profit before tax of the segment. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding investment in associates, deferred tax assets, current tax assets and other investment.

Segment liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities, interest bearing loans and borrowings and deferred tax liabilities.

Segment revenue and results

2016	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Revenue									
Total external revenue	932,006,873	205,954,589	39,057,581	71,839,768	16,063,133	-	950,458	-	1,265,872,402
Inter-segment revenue	-	398,697	681,500	117,951	-	129,474,950	-	(130,673,098)	-
Total segment revenue	932,006,873	206,353,286	39,739,081	71,957,719	16,063,133	129,474,950	950,458	(130,673,098)	1,265,872,402
Results									
Operating results	241,350,170	87,924,117	20,592,111	5,340,073	1,875,571	33,536,071	(1,680,764)	(37,067,460)	351,869,889
Interest expense	(52,501,983)	(25,567,187)	(2,647,883)	-	-	(25,806,399)	(209,708)	54,540,294	(52,192,866)
Interest income	10,792,765	760,569	41,812	78,738	207,772	11,393,770	7,717	(17,472,834)	5,810,309
Share of results of associates	(437,504)	-	(381,023)	-	-	-	-	-	(818,527)
Segment results	199,203,448	63,117,499	17,605,017	5,418,811	2,083,343	19,123,442	(1,882,755)	-	304,668,805
Tax expense	(60,396,515)	(21,762,296)	(3,183,366)	(1,296,867)	(563,777)	(3,105,376)	(182,569)	-	(90,490,766)
Profit/(Loss) for the financial year	138,806,933	41,355,203	14,421,651	4,121,944	1,519,566	16,018,066	(2,065,324)	-	214,178,039

(Forward)

2016	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufactu-ring RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Other segment information									
Depreciation and amortisation	1,244,343	29,187,374	1,926,850	14,536	610,648	507,190	129,055	-	33,619,996
Gain on bargain purchase on acquisition of subsidiaries	(4,652,472)	(433,211)	-	-	-	-	-	-	(5,085,683)
Gain on disposal of property, plant and equipment	(122,609)	-	-	-	-	-	-	-	(122,609)
Government facilitation fund	(19,560,249)	-	-	-	-	-	-	-	(19,560,249)
Impairment loss on trade and other receivables	297,302	-	-	-	-	-	2,498	-	299,800
Provision for post-employment benefit obligations	-	2,357,525	-	-	-	-	-	-	2,357,525
Loss/(Gain) on foreign exchange:									
Realised	5,964	(3,297,595)	-	-	(88,025)	899,395	621	-	(2,479,640)
Unrealised	-	(39,534,801)	-	-	-	28,158	-	-	(39,506,643)
Reversal of impairment loss on trade and other receivables	(115,057)	-	-	-	-	(8,025)	(909)	-	(123,991)

(Forward)

2015	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Revenue									
Total external revenue	720,947,634	209,538,209	34,792,942	65,011,821	10,437,796	-	1,169,360	-	1,041,897,762
Inter-segment revenue	-	-	607,500	64,203	-	88,275,470	-	(88,947,173)	-
Total segment revenue	720,947,634	209,538,209	35,400,442	65,076,024	10,437,796	88,275,470	1,169,360	(88,947,173)	1,041,897,762
Results									
Operating results	153,696,871	(3,766,306)	25,260,808	5,600,759	795,833	32,897,645	(482,142)	(31,775,020)	182,228,448
Interest expense	(44,018,165)	(27,144,607)	(3,064,794)	-	-	(20,059,934)	(129,973)	44,607,078	(49,810,395)
Interest income	7,100,777	1,749,344	45,127	-	38,556	8,723,995	1,842	(12,832,058)	4,827,583
Share of results of associates	577,313	-	(508,945)	-	-	-	-	-	68,368
Segment results	117,356,796	(29,161,569)	21,732,196	5,600,759	834,389	21,561,706	(610,273)	-	137,314,004
Tax expense	(32,914,344)	3,579,904	(3,880,182)	(1,407,151)	(59,606)	(5,860,469)	(141,683)	-	(40,683,531)
Profit/(Loss) for the financial year	84,442,452	(25,581,665)	17,852,014	4,193,608	774,783	15,701,237	(751,956)	-	96,630,473

(Forward)

2015	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufactu-ring RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Other segment information									
Depreciation and amortisation	807,976	23,247,995	1,914,553	16,548	475,425	17,245	129,003	-	26,608,745
Changes in fair value of investment properties	-	-	(10,241,084)	-	-	-	-	-	(10,241,084)
Loss/(Gain) on disposal of property, plant and equipment	(256,774)	-	-	-	-	-	-	-	(256,774)
Impairment loss on trade and other receivables	17,100	-	-	-	-	-	419,258	-	436,358
Provision for post-employment benefit obligations	-	3,067,640	-	-	-	-	-	-	3,067,640
Loss/(Gain) on foreign exchange:									
Realised	-	618,287	-	1,376	(134,901)	(3,536,999)	-	-	(3,052,237)
Unrealised	-	37,025,605	-	-	-	-	(339,200)	-	36,686,405
Reversal of impairment loss on trade and other receivables	(133,347)	-	-	(104,612)	-	(5,600)	(962)	-	(244,521)

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 SEPTEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON *(CONT'D)*

2016	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufactu-ring RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Assets									
Segment assets	2,176,055,870	562,468,865	359,892,585	27,562,948	33,694,607	21,138,334	21,469,829	-	3,202,283,038
Investment in associates	14,135,951	-	-	-	-	-	-	-	14,135,951
Deferred tax assets	24,704,600	-	-	13,618	-	4,639,430	-	-	29,357,648
Current tax assets	6,964,853	706	412,032	-	-	240,151	21,200	-	7,638,942
Total assets	2,221,861,274	562,469,571	360,304,617	27,576,566	33,694,607	26,017,915	21,491,029	-	3,253,415,579
Liabilities									
Segment liabilities	904,544,254	60,028,215	12,236,590	10,124,108	4,714,920	21,651,232	1,095,281	-	1,014,394,600
Current tax liabilities	11,961,855	10,352,502	1,565,677	216,097	141,755	795,834	23,569	-	25,057,289
Interest bearing liabilities	368,478,625	308,119,632	42,520,715	-	-	119,643,822	-	-	838,762,794
Deferred tax liabilities	30,581,600	17,944,394	13,855,210	-	1,933,288	62,926	167,640	-	64,545,058
Total liabilities	1,315,566,334	396,444,743	70,178,192	10,340,205	6,789,963	142,153,814	1,286,490	-	1,942,759,741
Other segment information									
Additions to non-current assets other than financial instruments and deferred tax assets	398,367,834	10,297,892	4,374,940	6,755	5,501,053	-	38,787	-	418,587,261

APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 SEPTEMBER 2016 TOGETHER WITH THE AUDITORS' REPORT THEREON *(CONT'D)*

2015	Property development and construction RM	Plantation RM	Hotel and property investment RM	Trading RM	Manufacturing RM	Investment holding RM	Non-reportable segments RM	Elimination RM	Total RM
Assets									
Segment assets	1,617,212,686	476,495,176	355,498,187	25,320,488	33,058,524	19,453,100	21,032,350	-	2,548,070,511
Investment in associates	12,123,455	-	381,023	-	-	-	-	-	12,504,478
Deferred tax assets	29,033,499	1,428,269	-	12,013	-	4,262,730	-	-	34,736,511
Current tax assets	3,127,213	-	180,113	-	-	-	3,216	-	3,310,542
Total assets	1,661,496,853	477,923,445	356,059,323	25,332,501	33,058,524	23,715,830	21,035,566	-	2,598,622,042
Liabilities									
Segment liabilities	514,460,146	43,027,686	13,349,181	9,829,966	2,507,141	20,727,945	1,118,852	-	605,020,917
Current tax liabilities	14,396,232	301	970,543	357,931	51,453	2,537,308	14,814	-	18,328,582
Interest bearing liabilities	297,347,474	327,191,340	50,042,716	-	-	126,803,174	-	-	801,384,704
Deferred tax liabilities	30,767,600	-	14,250,700	-	2,175,610	-	161,630	-	47,355,540
Total liabilities	856,971,452	370,219,327	78,613,140	10,187,897	4,734,204	150,068,427	1,295,296	-	1,472,089,743
Other segment information									
Additions to non-current assets other than financial instruments and deferred tax assets	147,511,453	18,804,434	4,843,301	24,251	752,946	-	11,017	-	171,947,402

Geographical information

Revenue and non-current assets information is presented based on the segment's country of domicile. Revenue from external customers based on the location of its customers has not been disclosed as revenue earned outside the segment's country of domicile is insignificant. Non-current assets do not include financial instruments, investment in associates and deferred tax assets.

	Revenue		Non-current assets	
	2016 RM	2015 RM	2016 RM	2015 RM
Malaysia	1,043,854,680	821,921,757	1,439,986,209	919,978,941
The Peoples' Republic of China	16,063,133	10,437,796	21,709,736	18,813,123
Republic of Indonesia	205,954,589	209,538,209	493,183,088	414,231,380
	1,265,872,402	1,041,897,762	1,954,879,033	1,353,023,444

Major customer information

There is no single customer with revenue equal or more than 10% of the Group revenue.

36. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

(a) On 17 December 2015, Kajang Resources Corporation Sdn. Bhd. ("KRC"), a wholly owned subsidiary of the Company subscribed for 49 new ordinary shares of RM1 each, representing 49% equity interest in PanaHome MKH Malaysia Sdn. Bhd. ("PanaHome MKH"), a company incorporated in Malaysia. Consequently, PanaHome MKH became an associate of the Group.

On 31 December 2015, KRC further subscribed for additional 489,951 ordinary shares of RM1 each representing 49% of the total allotment of 999,900 ordinary shares in PanaHome MKH for a total cash consideration of RM489,951.

On 31 March 2016, KRC further subscribed for additional 1,960,000 ordinary shares of RM1 each representing 49% of the total allotment of 4,000,000 ordinary shares in PanaHome MKH for a total cash consideration of RM1,960,000.

(b) On 4 February 2016, Amona Metro Development Sdn. Bhd. ("AMDSB"), a subsidiary of Gabung Wajib Sdn. Bhd. ("GWSB"), which is a 60% owned subsidiary of the Company, has acquired 84,002 ordinary shares of RM1 each representing 84% equity interest in Temara Pekeliling Sdn. Bhd. ("TPSB"), for a cash consideration of RM5,000,000. The acquisition was completed on 18 February 2016. As a result, TPSB became a 84% owned subsidiary of AMDSB and 50.4% owned subsidiary of GWSB and the Company.

(c) On 10 June 2016, MKH Plantation Sdn. Bhd. (formerly known as Global Retreat (MM2H) Sdn. Bhd.) ("MPSB"), a wholly owned subsidiary of the Company entered into a conditional Sale and Purchase Agreement to acquire 6,975 ordinary shares of IDR1,000,000 each equivalent to 75% equity interest in PT Sawit Prima Sakti ("PTSPS"), for a cash consideration of RM15,000,000. MPSB was able to exercise power over and gained control of PTSPS effective 10 June 2016. As a result, PTSPS became a 75% owned subsidiary of MPSB and the Company.

(d) On 16 June 2016, the Company acquired 2 ordinary shares of RM1 each representing 100% equity interest in Metro Emart Sdn. Bhd. ("MESB"), for a cash consideration of RM2. As a result, MESB became a 100% owned subsidiary of the Company.

37. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

(a) On 4 October 2016, the Company incorporated a wholly-owned subsidiary company known as MKH Land (Aust) Pty Ltd in Australia with issued and paid up share capital of AUD100 comprising 100 shares of AUD1 each.

(b) On 21 November 2016, Metro K.L. City Sdn. Bhd. ("METRO") entered into a Joint Development Agreement ("JDA") with PR1MA Corporation Malaysia ("PR1MA") for the purpose of undertaking the construction and completion of a mixed development on a parcel of freehold land held under H.S. (D) 6468 PT 5694, Mukim Kajang, Selangor ("Project Land") measuring approximately 8.22 acres with total initial start up costs and preliminaries works of RM38,000,000. The expected gross development value of the Project Land is approximately RM464.0 million over a period of 4 years. The profit and cost sharing between PR1MA and METRO is based on a ratio of 30% and 70%.

(c) On 6 December 2016, the Company announced to undertake a renounceable rights issue at an issue price to be determined and announced later, together with a bonus issue, on the basis of one rights share for every ten existing shares held and two bonus shares for every one rights share subscribed.

(d) On 2 December 2016, MKH Plantation Sdn. Bhd. (formerly known as Global Retreat (MM2H) Sdn. Bhd.) ("MPSB"), received approval from the Investment Coordination Board of Indonesia (Badan Koordinasi Penanaman Modal) for the transfer of sale shares in respect of the acquisition of PT Sawit Prima Sakti ("PTSPS") from the vendor to MPSB. MPSB has on 9 December 2016 completed the acquisition of 75% equity interest in PTSPS.

38. OPERATING LEASE ARRANGEMENTS - THE GROUP AS LESSOR

The Group has entered into property leases on its investment properties, which comprise freehold and leasehold land and buildings, with non-cancellable lease terms ranging from 12 to 30 years. The lease contracts contain fixed upward revision of the rental charges over the lease period.

Future minimum rental receivables under non-cancellable operating leases at the reporting date but not recognised as receivables, are as follows:

	The Group	
	2016	2015
	RM	RM
Not later than 1 year	3,862,630	3,844,218
Later than 1 year but not later than 5 years	16,723,873	15,912,907
Later than 5 years	49,322,226	53,713,447
	69,908,729	73,470,572

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial assets				
Loans and receivables:				
Receivables and deposits	199,720,439	184,755,454	212,964,885	177,750,670
Cash, bank balances, term deposits and fixed income funds	305,087,150	269,074,344	267,497	405,509
Financial liabilities				
Other financial liabilities at amortised cost:				
Payables and accruals	972,231,388	513,762,372	715,364	778,864
Loans and borrowings	838,762,794	801,384,704	53,700,722	53,460,660

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk primarily arises from the receivables. For other financial assets, the Group minimises credit risk by dealing with high credit rating counterparties. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the statements of financial position and corporate guarantee provided by the Company to banks on subsidiaries' credit facilities.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade related receivables at the reporting date are as follows:

	The Group			
	2016 RM	**% of total**	**2015 RM**	**% of total**
By country:				
Malaysia	148,439,374	97.99%	134,058,465	96.94%
The Peoples' Republic of China	1,323,600	0.87%	1,070,201	0.77%
Republic of Indonesia	1,722,061	1.14%	3,172,813	2.29%
	151,485,035	100.00%	138,301,479	100.00%

The Group does not have any significant exposure to any individual customer at the reporting date.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries and creditors for credit terms granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounts to RM800,521,319 (2015: RM755,887,029) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was immaterial as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amount RM	Total contractual amount RM	On demand or within 1 year RM	1-2 years RM	2 to 5 years RM	Over 5 years RM
The Group						
2016						
Financial liabilities:						
Payables and accruals	972,231,388	1,019,003,906	526,661,930	150,087,414	342,254,562	-
Loans and borrowings	838,762,794	914,506,829	312,483,340	188,702,691	381,560,616	31,760,182
	1,810,994,182	1,933,510,735	839,145,270	338,790,105	723,815,178	31,760,182
The Company						
2016						
Financial liabilities:						
Payables and accruals	715,364	715,364	715,364	-	-	-
Loans and borrowings	53,700,721	56,712,988	56,712,988	-	-	-
	54,416,085	57,428,352	57,428,352	-	-	-

	Carrying amount RM	Total contractual amount RM	On demand or within 1 year RM	1-2 years RM	2 to 5 years RM	Over 5 years RM
The Group						
2015						
Financial liabilities:						
Payables and accruals	513,762,372	531,999,953	380,285,504	78,107,044	73,607,405	-
Loans and borrowings	801,384,704	887,416,100	317,424,997	156,707,733	408,158,704	5,124,666
	1,315,147,076	1,419,416,053	697,710,501	234,814,777	481,766,109	5,124,666
The Company						
2015						
Financial liabilities:						
Payables and accruals	778,864	778,864	778,864	-	-	-
Loans and borrowings	53,460,660	53,460,660	53,460,660	-	-	-
	54,239,524	54,239,524	54,239,524	-	-	-

(iii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk when the currency denomination differs from its functional currency.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Ringgit Malaysia ("RM"), Indonesian Rupiah ("IDR") and Chinese Renminbi ("RMB"). The foreign currency in which these transactions are denominated is mainly USD. Foreign currency exposure in transactions and currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group also holds cash and bank balances denominated in USD for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investment in The Peoples' Republic of China and Republic of Indonesia are not hedged as currency positions in RMB and IDR are considered to be long-term in nature.

Financial assets and liabilities denominated in USD are as follows:

	The Group	
	2016	2015
	RM	RM
United States Dollar		
Cash and bank balances	32,685,105	27,399,613
Trade receivables	1,323,600	1,070,201
Term loans	(308,076,174)	(326,485,404)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit for the financial year to a reasonably possible change in the USD exchange rate against their respective functional currencies, with all other variables held constant.

The Group	Profit for the financial year 2016 RM	Profit for the financial year 2015 RM
USD/RM		
Strengthened 5%	478,700	503,500
Weakened 5%	(478,700)	(503,500)
USD/RMB		
Strengthened 3%	82,600	36,700
Weakened 3%	(82,600)	(36,700)
USD/IDR		
Strengthened 5%	(10,887,600)	(11,740,500)
Weakened 5%	10,887,600	11,740,500

The Group	Translation reserve 2016 RM	Translation reserve 2015 RM
IDR/RM		
Strengthened 5%	403,543	280,100
Weakened 5%	(403,543)	(280,100)
RMB/RM		
Strengthened 3%	806,382	(235,300)
Weakened 3%	(806,382)	235,300

(iv) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities. Interest bearing financial assets include finance lease receivables, loan receivables and deposits with licensed banks. Deposits are placed for better yield returns than cash at banks and to satisfy conditions for bank guarantee.

The Group's interest bearing financial liabilities comprise finance lease, bank overdrafts, revolving credits, bridging loan and term loans.

The fixed deposits placed with licensed banks and loan receivables at fixed rate exposes the Group to fair value interest rate risk. The bank overdrafts, revolving credits, bridging loan and term loans totalling RM836,008,588 (2015: RM797,446,399) at floating rate expose the Group to cash flow interest rate risk whilst finance lease of RM2,754,206 (2015: RM3,938,305) at fixed rate expose the Group to fair value interest rate risk.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group also actively reviews its debts portfolio to ensure favourable rates are obtained, taking into account the investment holding period and nature of assets.

As at the reporting date, a change of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the total equity and profit after tax by approximately RM3,176,800 (2015: RM2,990,400), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities are as follows:

(i) **Cash and cash equivalents, trade and other receivables and payables**

The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial assets and liabilities.

(ii) **Long-term trade receivables and payables, loan receivables and finance lease receivables**

The fair values of long-term trade receivables and payables, loan receivables and finance lease receivables are estimated using expected future cash flows of contractual instalment payments discounted at current prevailing rates offered for similar types of credit or lending arrangements.

(iii) **Derivative financial instruments**

Commodity forward contracts are valued based on published market prices or quoted prices from reputable financial institutions. The fair values of derivative financial instruments are the estimated amounts that the Company would expect to pay or receive on the termination of the outstanding positions as at the end of the financial year arising from such contracts. They are determined by reference to the difference between the contracted rate and the forward rate as at the end of the financial year applied to a contract of similar amount and maturity profile.

(iv) **Borrowings**

The carrying amounts of bank overdrafts, short-term revolving credits, bridging loan and short-term loans approximate fair values due to the relatively short-term maturities of these financial liabilities.

The carrying amounts of long-term floating rate revolving credits and loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease is estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

The carrying amounts and fair value of financial instruments, other than the carrying amounts which are reasonable approximation of fair values, are as follows:

	The Group	
	Carrying amount RM	**Fair value RM**
2016		
Financial assets		
Long-term other receivables	1,171,687	580,811
Financial liabilities		
Finance lease liabilities	2,754,206	2,965,687
2015		
Financial assets		
Long-term other receivables	2,367,964	795,338
Financial liabilities		
Finance lease liabilities	3,938,305	4,096,133

42. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities at the reporting date:

	Fair value measurement using			
The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2016	**RM**	**RM**	**RM**	**RM**
Investment properties (Note 14)				
Commercial properties	-	-	244,300,000	244,300,000
Office and shoplot	-	-	19,157,000	19,157,000
Education centre	-	-	45,000,000	45,000,000
	-	-	308,457,000	308,457,000
Liability for which fair value is disclosed (Note 41)				
Finance lease payables	-	2,965,687	-	2,965,687
Asset for which fair value is disclosed (Note 41)				
Long-term other receivables	-	580,811	-	580,811
Derivative financial assets	-	42,350	-	42,350
	-	623,161	-	623,161

The Group	**Fair value measurement using**			
	Level 1	**Level 2**	**Level 3**	**Total**
2015	**RM**	**RM**	**RM**	**RM**
Land and buildings under property, plant and equipment (Note 10)				
Factory buildings	-	-	38,007,378	38,007,378
Office and shoplot	-	-	46,080,000	46,080,000
	-	-	84,087,378	84,087,378
Investment properties (Note 14)				
Commercial properties	-	-	244,300,000	244,300,000
Office and shoplot	-	-	19,157,000	19,157,000
Education centre	-	-	45,000,000	45,000,000
	-	-	308,457,000	308,457,000
Liability for which fair value is disclosed (Note 41)				
Finance lease payables	-	4,096,133	-	4,096,133
Asset for which fair value is disclosed (Note 41)				
Long-term other receivables	-	795,338	-	795,338

The land and building under property, plant and equipment were revalued by directors in September 2015 and September 2010 based on independent professional valuation. The fair value of these assets are within level 3 of the fair value hierarchy using significant unobservable inputs. There is no fair value determined for the current financial year as the Group revalues its land and building every five years or at a shorter intervals whenever fair value of the said assets is expected to differ substantially from the carrying amounts.

Fair value reconciliation of land and buildings under property, plant and equipment measured at level 3 are as follows:

The Group	**Factory buildings RM**	**Office and shoplot RM**	**Total RM**
2015			
Land and buildings under property, plant and equipment			
At beginning of year	8,682,951	40,852,670	49,535,621
Additions	17,369,086	-	17,369,086
Depreciation charge for the financial year	(1,267,000)	(679,459)	(1,946,459)
Revaluation	8,627,433	5,906,789	14,534,222
Effect of movements in exchange rates	4,594,908	-	4,594,908
At end of year	38,007,378	46,080,000	84,087,378

Description of valuation techniques used and key unobservable inputs to valuation on land and buildings under property, plant and equipment measured at level 3 are as follows:

Property category	**Value technique**	**Significant unobservable inputs**	**Range**
Property, plant and equipment			
Commercial properties	Comparison method	Market value per square feet	RM273 - RM291
Commercial properties	Cost method	Construction price per square feet	RM55 - RM250
Factory buildings	Cost method	Construction price per square feet	RM27 - RM79

Fair value reconciliation of investment properties measured at level 3 are as follows:

The Group 2016	**Commercial properties RM**	**Office and shoplot RM**	**Education centre RM**	**Total RM**
Investment properties				
At beginning and end of year	244,300,000	19,157,000	45,000,000	308,457,000
2015				
Investment properties				
At beginning of year	236,000,000	18,443,000	45,000,000	299,443,000
Changes in fair value recognised in profit or loss	8,300,000	714,000	1,227,084	10,241,084
Reversals	-	-	(1,227,084)	(1,227,084)
At end of year	244,300,000	19,157,000	45,000,000	308,457,000

Description of valuation techniques used and key unobservable inputs to valuation on investment properties measured at level 3 are as follows:

Property category	**Value technique**	**Significant unobservable inputs**	**Range**
Investment properties			
Commercial properties	Comparison method	Market value per square feet	RM50 - RM758
Commercial properties	Investment method	Estimated average rental rate per square feet per month	RM3.47 - RM12.89
		Estimated outgoings per square feet per month	RM1.48 - RM1.54
		Term yield	6.85% - 7.25%
		Sinking fund	3%
		Void rate	2.00% - 5.00%
Commercial properties	Cost method	Construction price per square feet	RM120

(Forward)

Property category	Value technique	Significant unobservable inputs	Range
Investment properties			
Office and shoplot	Investment method	Estimated average rental rate per square feet per month	RM4
		Estimated price per parking bay	RM17,000 - RM28,300
		Estimated outgoings per square feet per month	RM0.25
		Term yield	7.5%
Education centre	Investment method	Estimated average rental rate per square feet per month	RM0.80
		Estimated outgoings per square feet per month	RM0.04
		Term yield	6.00%
		Sinking fund	2.00%
		Void rate	2.00%

The estimated fair value would increase/(decrease) if:

- Estimated rental/average rental rate per square feet per month were higher/(lower)
- Estimated price per parking bay per month were higher/(lower)
- Estimated outgoings per square feet per month lower/(higher)
- Rent growth rate per annum were higher/(lower)
- Void rate lower/(higher)
- Term yield rate lower/(higher)
- Reversionary yield rate lower/(higher)
- Sinking fund rate lower/(higher)
- Construction price per square feet higher/(lower)

Direct Comparison method

Under the direct comparison method, a property's fair value is estimated based on comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. Fair value of properties derived using direct comparison method have been generally included in Level 3 fair value hierarchy due to the adjustments mentioned above. The most significant input into this valuation approach is price per square feet of comparable properties.

Investment method

In the investment method of valuation, the projected net income and other benefits that the subject property can generate over the life of the property is capitalised at market derived term yields to arrive at the present market value of the property. Net income is the residue of gross annual rental less annual expenses (outgoings) required to sustain the rental with allowance for void.

Cost method of valuation

In the cost method of valuation, the market value of the subject property is the sum of the market value of the land and building. The value of the building is assumed to have a direct relationship with its cost of construction. The cost of construction is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

Valuation processes applied by the Group

The fair value of land and buildings under property, plant and equipment is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group revalues its land and buildings every five years or at shorter intervals whenever the fair value of the said assets is expected to differ substantially from the carrying amounts.

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuer provides the fair value of the Group's investment property annually.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair value

There is no transfer between Level 1 and 2 fair values during the financial year.

43. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to sustain future development of the businesses so that it can continue to maximise returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or repay existing borrowings. No changes were made in the objectives, policies and processes during the financial years ended 30 September 2016 and 30 September 2015.

The debt-to-equity ratio is calculated as total debts divided by total capital of the Group. Total debts comprise interest bearing loans and borrowings whilst total capital is the total equity attributable to owners of the parent. The Group's policy is to keep the debt-to-equity ratio of not exceeding 80%. The debt-to-equity ratio as at 30 September 2016 and 2015, which are within the Group's objectives of capital management are as follows:

	The Group	
	2016 RM	2015 RM
Loans and borrowings	838,762,794	801,384,704
Total equity attributable to owners of the parent	1,276,285,076	1,104,653,032
Debt-to-equity ratio (%)	66%	73%

The Group is not subject to any externally imposed capital requirements other than a subsidiary which is required to maintain a debt-to-equity ratio of 70:30 and loan-to-value ratio of not more than 70% in respect of the term loan facilities. Based on the proforma financial information provided to the financial institutions, the Group has complied with this capital requirement.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 September 2016 and 2015 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements", as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia.

The retained earnings of the Group and of the Company as at 30 September 2016 and 2015 is analysed as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings of the Company and its subsidiaries:				
Realised	807,786,898	666,257,213	412,712,252	374,369,458
Unrealised	165,151,371	116,183,759	8,904	747,825
	972,938,269	782,440,972	412,721,156	375,117,283
Total share of retained earnings from associates:				
Realised	7,435,951	8,254,478	-	-
	980,374,220	790,695,450	412,721,156	375,117,283
Less: Consolidation adjustments	(154,563,405)	(139,247,625)	-	-
Total retained earnings	825,810,815	651,447,825	412,721,156	375,117,283

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

MKH BERHAD (Company No. 50948-T)
(Incorporated in Malaysia)

CERTIFIED TRUE COPY

TAN WAN SAN
(MIA 10195)
Company Secretary

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
INTERIM REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year-to-Date 31.12.2016 RM'000	Preceding Year-to-Date 31.12.2015 RM'000
Revenue	**261,025**	266,365	**261,025**	266,365
Cost of sales	**(164,689)**	(178,545)	**(164,689)**	(178,545)
Gross profit	**96,336**	87,820	**96,336**	87,820
Other income	**3,860**	45,980	**3,860**	45,980
Sales and marketing expenses	**(7,378)**	(7,747)	**(7,378)**	(7,747)
Administrative expenses	**(17,726)**	(16,008)	**(17,726)**	(16,008)
Other expenses	**(6,737)**	(10,299)	**(6,737)**	(10,299)
Profit from operations	**68,355**	99,746	**68,355**	99,746
Share of results of associates	**(1,266)**	173	**(1,266)**	173
Interest expenses	**(9,843)**	(9,657)	**(9,843)**	(9,657)
Profit before tax	**57,246**	90,262	**57,246**	90,262
Tax expense	**(15,770)**	(23,241)	**(15,770)**	(23,241)
Profit for the period	**41,476**	67,021	**41,476**	67,021
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange translation differences	**(1,812)**	(2,113)	**(1,812)**	(2,113)
Other comprehensive income for the period	**(1,812)**	(2,113)	**(1,812)**	(2,113)
Total comprehensive income for the period	**39,664**	64,908	**39,664**	64,908
Profit attributable to:				
Owners of the parent	**40,789**	61,570	**40,789**	61,570
Non-controlling interests	**687**	5,451	**687**	5,451
	41,476	67,021	**41,476**	67,021
Total comprehensive income attributable to:				
Owners of the parent	**39,186**	59,512	**39,186**	59,512
Non-controlling interests	**478**	5,396	**478**	5,396
	39,664	64,908	**39,664**	64,908
Earnings per share				
Basic Earnings per ordinary share (sen)	**9.72**	14.68	**9.72**	14.68
Diluted Earnings per ordinary share (sen)	**9.66**	14.62	**9.46**	14.46
Proposed/Declared Dividend per share (sen)	**7.00**	7.00	**7.00**	7.00

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim Financial Report.

MKH BERHAD (Company No. 50948-T)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION INTERIM FINANCIAL REPORT AS AT 31 DECEMBER 2016

	(Unaudited) 31.12.2016 RM'000	(Audited) 30.09.2016 RM'000
Assets		
Property, plant and equipment	221,110	217,163
Intangible assets	18,892	14,636
Biological assets	335,600	324,119
Prepaid lease payments	28,101	27,964
Investment properties	308,457	308,457
Investment in associates	12,870	14,136
Land held for property development	1,086,515	1,062,540
Deferred tax assets	28,912	29,358
Receivables, deposits and prepayments	12,113	13,198
Total Non-Current Assets	2,052,570	2,011,571
Property development costs	417,749	384,999
Inventories	88,952	94,111
Accrued billings	146,615	216,392
Receivables, deposits and prepayments	280,107	226,135
Current tax assets	13,707	7,639
Cash, bank balances, term deposits and fixed income funds	326,145	305,087
	1,273,275	1,234,363
Non-current assets classified as held for sale	7,482	7,482
Total Current Assets	1,280,757	1,241,845
TOTAL ASSETS	3,333,327	3,253,416
Equity		
Share capital	419,572	419,444
Share premium	201	57
Warrant reserve	7,971	8,000
Translation reserve	(2,164)	(561)
Revaluation reserve	23,534	23,534
Retained earnings	837,237	825,811
Equity attributable to owners of the parent	1,286,351	1,276,285
Non-Controlling Interests	34,849	34,371
Total Equity	1,321,200	1,310,656
Liabilities		
Deferred tax liabilities	64,457	64,545
Provisions	10,842	10,352
Loans and borrowings - long-term	572,873	557,349
Payables, deposits received and accruals	457,185	451,619
Total Non-Current Liabilities	1,105,357	1,083,865
Provisions	19,596	19,596
Progress billings	6,959	6,539
Payables, deposits received and accruals	503,447	526,289
Loans and borrowings - short-term	351,986	281,414
Current tax liabilities	24,782	25,057
Total Current Liabilities	906,770	858,895
Total Liabilities	2,012,127	1,942,760
TOTAL EQUITY AND LIABILITIES	3,333,327	3,253,416
Net Assets per share attributable to shareholders of the Company (RM)	3.07	3.04

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim Financial Report.

MKH BERHAD (Company No. 50948-T)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	<---- Attributable to owners of the parent ----						---->		
		<---- Non-distributable		---->	Distributable				
Group	**Share Capital RM'000**	**Share Premium RM'000**	**Warrant Reserve RM'000**	**Translation Reserve RM'000**	**Revaluation Reserve RM'000**	**Retained Earnings RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Financial period ended 31 December 2016									
At 1.10.2015 (audited)	419,444	57	8,000	(561)	23,534	825,811	1,276,285	34,371	1,310,656
Total comprehensive income for the period	-	-	-	(1,603)	-	40,789	39,186	478	39,664
Transactions with owners									
Issuance of shares pursuant to warrants	128	144	(29)	-	-	-	243	-	243
Dividends	-	-	-	-	-	(29,363)	(29,363)	-	(29,363)
At 31.12.2016 (unaudited)	419,572	201	7,971	(2,164)	23,534	837,237	1,286,351	34,849	1,321,200
Financial period ended 31 December 2015									
At 1.10.2015 (audited)	419,407	16	8,009	2,239	23,534	651,448	1,104,653	21,879	1,126,532
Total comprehensive income for the period	-	-	-	(2,058)	-	61,570	59,512	5,396	64,908
Transactions with owners									
Issuance of shares pursuant to warrants	18	20	(4)	-	-	-	34	-	34
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,000)	(4,000)
Dividends	-	-	-	-	-	(29,360)	(29,360)	-	(29,360)
At 31.12.2015 (unaudited)	419,425	36	8,005	181	23,534	683,658	1,134,839	23,275	1,158,114

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim Financial Report.

MKH BERHAD (Company No. 50948-T)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS INTERIM REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	(Unaudited) 31.12.2016 RM'000	(Unaudited) 31.12.2015 RM'000
Cash Flows From/(Used In) Operating Activities		
Profit before tax	57,246	90,262
Adjustments for non-cash items	30,397	(6,145)
Operating profit before changes in working capital	87,643	84,117
Change in property development costs	(32,201)	(11,099)
Change in inventories	5,159	4,330
Change in accrued billings in respect of property development	70,198	37,782
Change in receivables, deposits and prepayments	(59,223)	(46,981)
Change in payables and accruals	(23,748)	356
Cash generated from operations	47,828	68,505
Interest paid	(10,870)	(9,871)
Interest received	1,523	1,254
Tax paid	(23,833)	(14,442)
Tax refund	1,232	1,019
Retirement benefits obligations paid	(177)	(124)
Net cash from operating activities	15,703	46,341
Cash Flows From/(Used In) Investing Activities		
Additions to land held for property development	(23,974)	(14,054)
Acquisition of property, plant and equipment	(1,669)	(4,433)
Additions to biological assets	(1,127)	(526)
Additions to intangible assets	(3,993)	-
Subscription of shares in an associate	-	(490)
Placement of deposits with licensed banks	(46)	9,375
Net cash used in investing activities	(30,809)	(10,128)
Cash Flows From/(Used In) Financing Activities		
Dividend paid	(29,363)	(29,360)
Dividend paid to non-controlling shareholders	-	(4,000)
Net drawdown of bank borrowings	51,686	29,238
Payments of finance lease liabilities	(252)	(445)
Proceeds from issuance of shares	243	34
Net cash (used in)/from financing activities	22,314	(4,533)
Net increase in cash and cash equivalents	7,208	31,680
Effect of exchange rate fluctuations	4,530	45
Cash and cash equivalents at beginning of the period	267,180	226,159
Cash and cash equivalents at end of the period	278,918	257,884

The notes on cash and cash equivalents can be referred to paragraph B5 (ii).

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Report for the financial year ended 30 September 2016 and the accompanying explanatory notes attached to the interim Financial Report.

MKH BERHAD **(Company No. 50948-T)**
(Incorporated in Malaysia)

EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The quarterly financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") 134 – Interim Financial Reporting and Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with MKH Berhad's audited financial statements for the financial year ended 30 September 2016.

CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted for the annual financial statements for the financial year ended 30 September 2016 ("Annual Report 2016") except for adoption of the following new and revised Standards and Amendments:

FRS 14	Regulatory DeferralAccounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012 - 2014 cycle	

The adoption of the above new and revised Standards and Amendments did not have any significant effect on this interim financial statement of the Group.

New and revised Standards and Amendments that are issued, but not yet effective and have not been early adopted

The Group have not adopted the following new and revised Standards and Amendments that have been issued as at the date of authorisation of this interim financial statements but are not yet effective for the Group:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[2]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[2]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)[2]
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)[2]
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transaction[2]
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010) and Transition Disclosures[3]
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

A1. BASIS OF PREPARATION (continued)

New and revised Standards and Amendments that are issued, but not yet effective and have not been early adopted (continued)

Amendments to FRS 107	Disclosure Initiative[1]
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses[1]

[1] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced, with earlier application still permitted.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate,* including its parents, significant investors and venturers were allowed to defer the adoption of the MFRS Framework until such time as mandated by the MASB. On 2 September 2014, with the issuance of MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants,* the MASB announced that Transitioning Entities which have chosen to continue with the FRS Framework are now required to adopt the MFRS Framework latest by 1 January 2017.

On 8 September 2015, the MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted.

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 30 September 2019, being the first set of financial statements prepared in accordance with new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors have expressed an unqualified opinion on the Company's statutory financial statements for the financial year ended 30 September 2016 in their report dated 29 December 2016.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's operations were not materially affected by seasonal or cyclical factors other than the general effects of the prevailing economic conditions.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and the financial year-to-date.

A5. CHANGES IN ESTIMATES

There were no material changes in estimates that have had material effect in the current quarter and the financial year-to-date.

A6. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter and the financial year-to-date except issuance of 128,297 ordinary shares of RM1/- each pursuant to the exercised of 128,297 warrants at an exercise price of RM1.89 per ordinary share.

A7. DIVIDEND PAID

A first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,362,829 was declared on 25 November 2016 and paid on 30 December 2016.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 December 2016

	Property development & construction RM'000	Plantation RM'000	*Hotel* & property investment RM'000	Trading RM'000	Manu-facturing RM'000	Investment holding RM'000	Non-reportable segment RM'000	Eliminations RM'000	Consolidated RM'000
Revenue									
Total external revenue	163,550	69,390	8,619	15,589	3,610	-	267	-	261,025
Inter-segment revenue	-	517	74	15	-	13,180	-	(13,786)	-
Total segment revenue	163,550	69,907	8,693	15,604	3,610	13,180	267	(13,786)	261,025
Results									
Operating result#	38,554	21,410	4,253	1,531	643	10,191	(55)	(9,695)	66,832
Interest expense*	(10,913)	(6,302)	(577)	-	-	(6,472)	(136)	14,557	(9,843)
Interest income**	2,964	237	5	12	4	3,159	4	(4,862)	1,523
Share of results of associates	(1,266)	-	-	-	-	-	-	-	(1,266)
Segment result	29,339	15,345	3,681	1,543	647	6,878	(187)	-	57,246
Tax expense									(15,770)
Profit for the period									41,476
Assets									
Segment assets	2,223,578	589,844	361,342	26,998	35,462	18,177	22,437	-	3,277,838
Investment in associates	12,870	-	-	-	-	-	-	-	12,870
Deferred tax assets									28,912
Current tax assets									13,707
Total assets									3,333,327
Liabilities									
Segment liabilities	1,309,311	358,948	53,213	8,394	4,872	185,525	2,625	-	1,922,888
Deferred tax liabilities									64,457
Current tax liabilities									24,782
Total liabilities									2,012,127
Other segment information									
Depreciation and amortisation	332	8,070	498	3	281	127	80	-	9,391
Additions to non-current assets other than financial instruments and deferred tax assets	28,042	2,260	843	-	21	-	73	-	31,239
* Included inter-company interest expense	6,649	2,878	-	-	-	4,894	136	(14,557)	-
** Included inter-company interest income	(1,743)	-	-	-	-	(3,119)	-	4,862	-
# Included unrealised foreign exchange losses	-	4,194	-	-	-	-	-	-	4,194
# Included realised foreign exchange gains	-	(647)	-	-	-	(1,037)	-	-	(1,684)
# Included loss arising from derivative financial assets	-	(1,569)	-	-	-	-	-	-	(1,569)

Note: The construction division has been combined with property development division to form a reportable segment as major part of its revenue is derived from internal property development projects.

A8. OPERATING SEGMENTS (continued)

(a) Segment Analysis – Business Segments *(continued)*

Financial period ended 31 December 2015

	Property development & construction RM'000	Plantation RM'000	Hotel & property investment RM'000	Trading RM'000	Manu-facturing RM'000	Investment holding RM'000	*Non-reportable* segment RM'000	Eliminations RM'000	Consolidated RM'000
Revenue									
Total external revenue	201.346	31,432	9,218	19.353	4,656	-	360	-	266,365
Inter-segment revenue	-	-	-	-	-	45,091	-	(45,091)	-
Total segment revenue	201,346	31,432	9,218	19,353	4.656	45,091	360	(45,091)	266,365
Results									
Operating result	68.946	23,955	4,430	1,702	432	7.983	71	(9.024)	98,495
Interest expense	(9,397)	(6,450)	(704)	-	-	(6,138)	(36)	13,068	(9,657)
Interest income	2,323	131	16	24	137	2.664	-	(4,044)	1,251
Share of results of associates	372	-	(199)	-	-	-	-	-	173
Segment result	62,244	17,636	3,543	1,726	569	4,509	35	-	90,262
Tax expense									(23,241)
Profit for the period									67,021
Assets									
Segment assets	1,608.799	520,538	355.970	26,780	32.337	18,432	19.134	-	2,581,990
Investment in associates	12,986	-	182	-	-	-	-	-	13,168
Deferred tax assets									30,335
Current tax assets									3,400
Total assets									2,628,893
Liabilities									
Segment liabilities	775.453	394.316	60.321	10,039	2,843	155,548	1,091	-	1.399,611
Deferred tax liabilities									48,869
Current tax liabilities									22,299
Total liabilities									1.470,779
Other segment information									
Depreciation and amortisation	301	7,350	547	3	152	5	32	-	8,390
Additions to non-current assets other than financial instruments and deferred tax assets	26,831	1,819	1.488	-	1.712	-	-	-	31,850
* Included inter-company interest expense	6,010	2,875	-	-	-	4,147	36	(13,068)	-
** Included inter-company interest income	(1.421)	-	-	-	-	(2,623)	-	4,044	-
# Included unrealised foreign exchange gains	-	(22.988)	-	-	-	-	-	-	(22,988)
# Included realised foreign exchange losses	-	998	-	-	-	463	-	-	1.461

Note: The construction division has been combined with property development division to form a reportable segment as major part of its revenue is derived from internal property development projects.

A8. OPERATING SEGMENTS (continued)

(b) Segment Analysis – Geographical Segments

	Revenue		**Non-current assets**	
	31.12.2016	**31.12.2015**	**31.12.2016**	**31.12.2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Malaysia	188,025	230,277	1,441,853	900,110
The Peoples' Republic of China	3,610	4,656	22,371	19,342
Republic of Indonesia	69,390	31,432	508,424	419,364
	261,025	266,365	1,972,648	1,338,816

The non-current assets do not include financial instruments and deferred tax assets.

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without any amendments from the previous audited financial statements.

A10. MATERIAL EVENT SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group in the current quarter and the financial year-to-date except for on 7 October 2016, the Company has incorporated a wholly-owned subsidiary company known as MKH Land (Aust) Pty Ltd in Australia with issued and paid up share capital of AUD100 comprising 100 shares of AUD1/- each.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 16 February 2017, the latest practicable date which is not earlier than 7 days from the date of issuance of this interim Financial Report, the net changes in the contingent liabilities of the Company to financial institutions and suppliers for banking and trade credit facilities granted to subsidiary companies since the preceding financial year ended 30 September 2016 recorded an increase of approximately RM55.6 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 16 February 2017 was approximately RM1.0 billion and RM856.1 million respectively.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.12.2016 RM'000
Approved, contracted but not provided for:	
- Intangible asset for property development division	24,300
- Investment property for hotel and property investment division	1,510
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	3,680
	29,490

A14. RELATED PARTY TRANSACTIONS

There were no related party transactions in the current quarter and the financial year-to-date.

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ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE OF THE GROUP FOR:

(i) **First quarter ended 31 December 2016**

The Group recorded lower revenue and profit before tax of RM261.0 million and RM57.2 million for the current quarter as compared to the preceding year correspondence quarter of RM266.4 million and RM90.3 million respectively. The decrease in the Group's revenue by 2.0% and the profit before tax by 36.7% was mainly due to absence on project grant from government of RM11.7 million and inclusion of unrealised foreign exchange losses of RM4.2 million in the current quarter as compared to unrealised foreign exchange gains of RM23.0 million in the preceding year correspondence quarter from the plantation division's United States Dollar borrowings.

Excluding the above mentioned one off project grant and the unrealised foreign exchanges losses/gains, the adjusted profit before tax of RM61.4 million in the current quarter was higher than the preceding year corresponding quarter of RM55.6 million as a result of higher revenue and profit contribution from the plantation division as mentioned in the plantation paragraph below. The shortfall in the property and construction division's revenue by 18.8% and the adjusted profit before tax by 42.0% in the current quarter was mitigated by higher revenue and profit contribution from plantation division.

Performance of property and construction can be referred to the property and construction division paragraph mentioned below.

The performance commentary by Segments as follows:

Property and construction

This division recorded lower revenue and profit before tax of RM163.6 million and RM29.3 million for the current quarter as compared to the preceding year correspondence quarter of RM201.3 million and RM62.2 million respectively was mainly due to absence on project grant from government of RM11.7 million and lower sales revenue and profit recognition following the handling over vacant possession of MKH Boulevard and completion of profit recognition on the sales of Pelangi Semenyih (built then sell) in the preceding quarter.

As at 31.12.2016, the Group has locked-in unbilled sales value of RM705.0 million from which attributed sales revenue and profits will be recognised progressively as their development percentage of completion progresses and were mainly contributed from the ongoing projects namely Hill Park Shah Alam, Pelangi Heights, Kajang East, MKH Avenue, Saville @ Kajang, Saville @ Cheras and Hillpark Home 3. The newly launched projects in 2016, namely Saville @ D'Lake and Hillpark Residence still at preliminary stage of development.

Plantation

The division recorded higher revenue of RM69.4 million for the current quarter as compared to the preceding year correspondence quarter of RM31.4 million mainly due to higher crude palm oil ("CPO") sales volume of 24,900 metric tonnes ("MT") and higher average selling price of RM2,536 per MT in the current quarter as compared to the preceding year correspondence quarter CPO sales volume of 17,000 MT and average selling price of RM1,703 per MT.

Despite the increase in revenue, this division recorded lower profit before tax of RM15.3 million in the current quarter as compared to the preceding year correspondence quarter of RM17.6 million mainly due to inclusion of unrealised foreign exchange losses of RM4.2 million in the current quarter as compared to the unrealised foreign exchange gains of RM23.0 million in the preceding year correspondence quarter. The unrealised foreign exchange losses were mainly due to weakening of Indonesia Rupiah against its USD borrowings.

Excluding the unrealised foreign exchange losses/gains, this division recorded a turnaround from the preceding year correspondence quarter loss before tax of RM5.4 million to a profit before tax of RM19.5 million in the current quarter mainly due to increase in gross profit as a result of increase in CPO sales volume coupled with the increase in average selling price.

Palm oil plantation's production: key indicators for there (3) months period ended 31 December 2016:

	Q1	YTD 2017
Fresh Fruit Bunches (MT)	100,747	100,747
Crude Palm Oil (MT)	22,163	22,163
Palm Kernel (MT)	4,061	4,061
CPO average price/MT	2,536	2,536
PK average price/MT	2,187	2,187

Palm oil plantation's production: key indicators for year ended 30 September 2016:

	Q1	Q2	Q3	Q4	Year 2016
Fresh Fruit Bunches (MT)	116,408	91,161	79,368	70,737	357,674
Crude Palm Oil (MT)	25,121	23,855	19,534	16,842	85,352
Palm Kernel (MT)	4,247	4,455	3,773	3,138	15,613
CPO average price/MT	1,703	1,954	2,290	2,310	2,056
PK average price/MT	1,002	1,271	1,668	2,119	1,604

Hotel and property investment
Despite the marginal decrease in revenue to RM8.7 million for the current quarter as compared to the preceding year correspondence quarter of RM9.2 million, this division recorded a slight increase in profit before tax of RM3.7 million in the current quarter as compared to the preceding year correspondence quarter of RM3.5 million.

Trading
This division recorded lower revenue and profit before tax of RM15.6 million and RM1.5 million for the current quarter as compared to the preceding year correspondence quarter of RM19.4 million and RM1.7 million respectively mainly due to lower sales of buildings materials to the Group's sub-contractors.

Manufacturing
Despite the decrease in revenue to RM3.6 million in the current quarter as compare to the preceding year correspondence quarter of RM4.7 million, this division maintained profit before tax of RM0.6 million mainly due to improvement in gross profit margin.

Investment holding
This division revenue and profit before tax/(loss before tax) were mainly derived from the inter-group transactions on management fee and interest billings and charging which were eliminated at the Group level.

(ii) **Financial year-to-date ended 31 December 2016 by Segments**

The performance commentary for the financial year-to-date and the preceding year-to-date is same as paragraph B1 (i) above.

B2. COMMENT ON MATERIAL CHANGES IN THE PROFIT BEFORE TAX OF THE CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

	1st Quarter ended 31.12.2016 RM'000	4th Quarter ended 30.9.2016 RM'000
Profit before tax	57,246	79,987

The profit before tax for the current quarter of RM57.2 million was lower compared to the preceding quarter of RM80.0 million mainly due to the inclusion of unrealised foreign exchange losses in the current quarter of RM4.2 million as compared to unrealised foreign exchange gains in the preceding quarter of RM7.4 million. The profit before tax excluding foreign exchange losses of RM61.4 million in the current quarter as compared to the preceding quarter of RM72.6 million is mainly due to absence on unbilled rental income of RM4.6 million and lower new sales and profits recognition by the property and construction division as a result of stringent lending guidelines, weaker Ringgit and slowdown in property market sentiment.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

This is not applicable to the Group.

B4. CURRENT YEAR PROSPECTS

The Board of Directors expect the Group to achieve satisfactory results for the financial year ending 30 September 2017 arising from the profit recognition of the ongoing projects that have been launched and sales locked-in in the previous financial years by the property and construction division and the profit contribution (excluding unrealised foreign exchange gains/losses) from the plantation as more palms are entering into maturity stage with higher yield couple with the anticipation in the increase in CPO and palm kernel prices.

B5. (i) PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The profit before tax of the Group from continuing operations is arrived at after (charging)/crediting:

	Current Quarter 31.12.2016 RM'000	Financial year-to-date 31.12.2016 RM'000
Amortization of prepaid lease payments	(300)	(300)
Amortization of biological assets	(4,095)	(4,095)
Depreciation of property, plant and equipment	(4,996)	(4,996)
Loss arising from derivative financial assets	(1,569)	(1,569)
Property, plant and equipment written off	(1)	(1)
Interest expense	(9,843)	(9,843)
Net gain/(loss) on foreign exchange:		
- realised	1,684	1,684
- unrealised	(4,194)	(4,194)
Interest income	1,523	1,523

(ii) CASH AND CASH EQUIVALENTS

The cash and cash equivalents at end of the period comprise of the following:

	(Unaudited) 31.12.2016 RM'000	(Unaudited) 31.12.2015 RM'000
Cash and bank balances	92,823	118,123
Cash held under housing development accounts	184,152	146,804
Cash held under sinking fund accounts	17	12
Deposits with licensed banks	26,776	25,134
Short term funds	22,375	4,042
Bank overdrafts	(25,271)	(19,237)
	300,872	274,878
Less: Non short term and highly liquid fixed deposits	(6,860)	(7,071)
Less: Deposits and bank balances pledged for credit facilities	(15,094)	(9,923)
	278,918	257,884

B6. TAX EXPENSE

The taxation of the Group from continuing operations comprises of the following: -

	Current Quarter 31.12.2016 RM'000	Financial Year-to-Date 31.12.2016 RM'000
Current taxation		
- income taxation	15,697	15,697
- deferred taxation	12	12
	15,709	15,709
Under provision in prior year	61	61
	15,770	15,770

The effective tax rate applicable to the Group for the financial year-to-date is higher than the statutory rate of taxation as certain expenses were disallowed for tax purposes.

B7. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced which is pending completion as at the date of issue of this announcement except for the proposed renounceable rights issue of up to 45,402,742 new ordinary shares in the capital of MKH ("MKH Share(s)") at an issue price to be determined and announced later ("Right Share(s)") together with a bonus issue of up to 90,805,484 new MKH Shares ("Bonus Share(s)") to be credited as fully paid-up, on the basis of one (1) Right Share for every ten (10) existing MKH Shares held and two (2) Bonus Shares for every one (1) Right Share subscribed for an entitlement date to be determined and announced later, which was announced on 6 December 2016.

On 26 January 2017, Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing and quotation for up to 136,208,226 new MKH Shares (comprising up to 45,402,742 Rights Shares and up to 90,805,484 Bonus Shares) to be issued pursuant to the Proposed Rights with Bonus Issue and the additional warrants 2012/2017 in MKH ("MKH Warrants") and new MKH Shares to be issued pursuant to the exercise of the additional MKH Warrants on the Main Market of Bursa Securities.

B7. STATUS OF CORPORATE PROPOSALS ANNOUNCED (continued)

Barring any unforeseen circumstances, the above corporate proposal is expected to be completed in the second quarter of 2017.

B8. GROUP BORROWINGS AND DEBT SECURITIES

The loans and borrowings (including finance lease liabilities) of the Group from continuing operations are as follows: -

	As at 31.12.2016 RM'000
Short-term - unsecured	141,858
Short-term - secured	210,128
Long-term - unsecured	8,103
Long-term - secured	564,770
	924,859

The Group's loans and borrowings from continuing operations include foreign currency bank borrowings as follows:

	Denominated in United States Dollar USD'000	**Denominated in Ringgit Malaysia RM'000**
Long-term - secured	70,000	313,267
	70,000	313,267

B9. MATERIAL LITIGATION

There was no material litigation involving the Group during the current quarter under review.

B10. DIVIDEND

The Board of Directors does not recommend any dividend payment for the current quarter ended 31 December 2016 except a first interim single tier dividend of 7.0 sen per ordinary share in respect of financial year ended 30 September 2016 amounting to RM29,362,829 was declared on 25 November 2016 and paid on 30 December 2016.

B11. EARNINGS PER SHARE ("EPS")

	Current Year Quarter 31.12.2016 (unaudited)	Preceding Year Corresponding Quarter 31.12.2015 (unaudited)	Current Year-to-Date 31.12.2016 (unaudited)	Preceding Year-to-Date 31.12.2015 (unaudited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)	**40,789**	61,570	**40,789**	61,570
Weighted average number of ordinary shares ('000)				
At 1 October 2016/2015	**419,444**	419,407	**419,444**	419,407
Effect of exercise of warrants ('000)	**100**	17	**100**	17
At 31 December 2016/2015	**419,544**	419,424	**419,544**	419,424
BASIC EPS (sen)	**9.72**	14.68	**9.72**	14.68
DILUTED EPS				
Profit attributable to Owners of the parent (RM'000)	**40,789**	61,570	**40,789**	61,570
Adjusted weighted average number of ordinary shares in issue and issuable ('000)				
Weighted average number of ordinary shares ('000)	**419,544**	419,424	**419,544**	419,424
Adjustment for warrants ('000)	**2,878**	1,637	**11,417**	6,494
At 31 December 2016/2015	**422,422**	421,061	**430,961**	425,918
DILUTED EPS (sen)	**9.66**	14.62	**9.46**	14.46

B12. REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants.

The retained earnings of the Group is analysed as follows:

	As at 31.12.2016 RM'000	(Audited) As at 30.09.2015 RM'000
Total retained earnings of its subsidiaries		
- realised	824,015	807,787
- unrealised	161,679	165,151
	985,694	972,938
Total share of retained earnings from an associate		
- realised	6,170	7,436
	991,864	980,374
Less: Consolidation adjustments	(154,627)	(154,563)
Total retained earnings of the Group	837,237	825,811

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B13. AUTHORISATION FOR ISSUE

The interim Financial Report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2017.

MKH

MKH Berhad (50948-T)
5th Floor, Wisma MKH,
Jalan Semenyih, 43000 Kajang,
Selangor Darul Ehsan.
Tel 03-8737 8228, 03-8737 2323 **Fax** 03-8736 5436
www.mkhberhad.com

Registered Office

Suite 1, 5th Floor, Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
Malaysia

Date: 19 APR 2017

To: The Shareholders of MKH Berhad ("MKH")

Dear Sir/Madam,

On behalf of the Board of Directors of MKH ("**Board**"), I wish to report, after making due enquiries in relation to the period between 30 September 2016 (being the date on which the latest audited consolidated financial statements of MKH and its subsidiaries ("**MKH Group**") have been made up) and the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

(i) in the opinion of the Board, the business of the MKH Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstance has arisen since the last audited consolidated financial statements of the MKH Group which has adversely affected the trading or the value of the assets of the MKH Group;

(iii) the current assets of the MKH Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in the Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the MKH Group;

(v) there has been, since the last audited consolidated financial statements of the MKH Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing of the MKH Group; and

(vi) save as disclosed in the unaudited financial statements of the Group for the three (3)-month financial period ended 31 December 2016, there has been no material change in the published reserves or any unusual factor affecting the profits of the MKH Group since the last audited consolidated financial statements of the MKH Group.

Yours faithfully,
For and on behalf of the Board of
MKH BERHAD

TAN SRI DATUK CHEN LOK LOI
Managing Director

1. SHARE CAPITAL

Save for the Rights Shares and Bonus Shares, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of this Abridged Prospectus.

As at the LPD, there is only one (1) class of shares in our Company, namely ordinary shares in the share capital of our Company, all of which rank *pari passu* with one another.

As at the date of the Abridged Prospectus, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Group is under any option or agreed conditionally or unconditionally to be put under any option:-

(a) the Entitled Shareholders who will be provisionally allotted the Rights Shares with attached Bonus Shares under the Rights with Bonus Issue; and

(b) the MKH warrants which were issued on 31 December 2012 and due to expire on 30 December 2017. The Warrant Holders are entitled to subscribe for one (1) MKH Share at an exercise price of RM1.89 (subject to adjustments to be made in accordance with the Deed Poll). The MKH Warrants were issued at no cost to the entitled shareholders of MKH.

2. REMUNERATION OF DIRECTORS

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:-

Article 115(1)

A Director may appoint a person approved by a majority of his co-Directors to act as his alternate, provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The alternate Director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation under this Article shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

Article 118

The fees payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, provided always that:-

(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) salaries payable to executive Directors may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

(d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 119

(a) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

(b) If by arrangement with the other Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, in particular without limiting to the generality of the foregoing, if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

Article 129

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Article 156

The remuneration of the Chief Executive Officer and the Managing Director shall, subject to the terms of any agreement entered into in any particular case, be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

3. CONSENTS

Our Joint Principal Advisers, Joint Managing Underwriters, Joint Underwriters, Principal Bankers, Share Registrar and the Solicitors for the Rights with Bonus Issue have given and have not subsequently withdrawn their consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Company Secretary has given and has not subsequently withdrawn his consent for the inclusion of his name and all references thereto in the form and context in which it appears in this Abridged Prospectus.

Messrs Deloitte PLT, being our Auditors and Reporting Accountants have given and have not subsequently withdrawn its consent for the inclusion of its name, the audited consolidated financial statements of our Company for the FYE 30 September 2016 together with the auditors' report thereon, the pro forma consolidated statements of financial position of our Group as at 30 September 2016 together with the Reporting Accountants' letter thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its consent for the inclusion of its name and citation of the market data of MKH Shares and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

4. CONFLICT OF INTEREST

AmInvestment Bank

AmInvestment Bank, its subsidiaries and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of AMMB Holdings Berhad ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage securities trading, asset and funds management and credit transaction service businesses.

The AmBank Group has engaged and/or may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to their roles involved in the Rights with Bonus Issue. In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with the MKH Group, shareholders of MKH, and/or affiliates of MKH or any other entity or person, holding long or short term positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group and/or our affiliates. This is a result of the businesses of the AmBank Group generally acting independently of each other and accordingly there may be situations where parts of the AmBank Group and/or its customers now have or in the future, may have interest or take action that may conflict with the interests of the Company.

As at LPD, AmBank Group has, in the ordinary course of their banking businesses, extended credit facilities to the MKH Group and Chen Choy & Sons Realty Sdn. Bhd. amounting to RM115,51 million, which represents 0.09% of AmBank Group's audited total assets as at 31 March 2016.

AmInvestment Bank is of the view that the aforementioned credit facilities do not result in a conflict of interest situation in respect of its capacities as the Joint Principal Adviser, Joint Managing Underwriter and Joint Underwriter for the Rights with Bonus Issue as the said credit facilities have been extended by the AmBank Group in the ordinary course of its banking business and the terms and conditions of such facilities were offered on an arm's length basis. Furthermore, the credit facilities are not material in comparison with the audited total assets of AmBank Group as at 31 March 2016 of approximately RM133.76 billion.

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Kenanga IB

Kenanga IB, together with its subsidiaries and associated companies (the "**Kenanga Group**") form a diversified financial group and are engaged in a wide range of investment banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

The Kenanga Group has engaged in, and may in the future engage in, transactions with and perform services for MKH Group and/or its affiliates, in addition to the roles set out in this letter. Further, in the ordinary course of business, any member of Kenanga Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with MKH Group and/or its affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of MKH Group and/or its affiliates. This is a result of the businesses of Kenanga Group generally acting independently of each other and accordingly, there may be situations where parts of Kenanga Group and/or its customers, now or in the future, may have interests or take actions that may conflict with the interest of MKH.

Kenanga Group has, in the ordinary course of business, granted credit facilities to certain parties related to MKH Group amounting to RM25 million or approximately 0.41% of the total assets of pro forma consolidated statements of financial position of Kenanga Group as at 31 December 2015. The credit facilities granted are not material when compared to Kenanga Group's latest audited total assets and therefore would not give rise to a conflict of interest situation.

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5. MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor our subsidiary companies have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years immediately preceding the date of this Abridged Prospectus:-

(i) Underwriting Agreement; and

(ii) Sale and purchase agreement dated 5 May 2015, entered into between Datuk Bandar Kuala Lumpur (as vendor) and Temara Pekeliling Sdn. Bhd. (a subsidiary of the Company) (as purchaser) for the purchase of a parcel of vacant leasehold commercial land PT24 Seksyen 47 Bandar Kuala Lumpur measuring approximately 1.5 acres in Wilayah Persekutuan for a consideration of RM62,643,600, which has been settled in full via bank borrowing of RM50,000,000 and balance of RM12,643,600 via cash.

6. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group, or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of our Group.

7. GENERAL

(i) There are no existing or proposed service contracts entered or to be entered into by our Company with any Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of issuance of this Abridged Prospectus; and

(ii) Save as disclosed in this Abridged Prospectus and to the best of their knowledge, our Board is not aware of the following:-

(a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

(b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;

(c) material commitments for capital expenditure;

(d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

(e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

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8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, Malaysia during normal office hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of issuance of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past two (2) financial years ended 30 September 2015 and 30 September 2016 as well as our latest unaudited consolidated financial statements for the FPE 31 December 2016;

(iii) the pro forma consolidated statements of financial position of our Group as at 30 September 2016 together with the Reporting Accountants' letter thereon referred to in Appendix II of this Abridged Prospectus;

(iv) the Directors' Report referred to in Appendix VI of this Abridged Prospectus;

(v) the consent letters referred to in Section 3 of this Appendix;

(vi) the Deed Poll;

(vii) the material contracts referred to in Section 5 of this Appendix; and

(viii) the undertaking letters dated 4 January 2017 by the Undertaking Shareholders referred to in Section 3 of this Abridged Prospectus.

9. RESPONSIBILITY STATEMENT

Our Board has seen and approved the Abridged Prospectus and all the documentation relating to the Rights with Bonus Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

AmInvestment Bank and Kenanga IB, being our Joint Principal Advisers for the Rights with Bonus Issue, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights with Bonus Issue.

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