



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2013**

	(Unaudited) INDIVIDUAL QUARTER		(Unaudited) CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000	Current Year-to-Date 31.03.2013 RM'000	Preceding Year-to-Date 31.03.2012 RM'000
CONTINUING OPERATIONS				
Revenue	137,234	115,453	285,070	226,442
Cost of sales	(92,339)	(76,061)	(183,886)	(151,966)
Gross profit	44,895	39,392	101,184	74,476
Other income	1,348	719	2,413	1,895
Sales and marketing expenses	(3,410)	(3,689)	(9,182)	(6,627)
Administrative expenses	(16,305)	(13,117)	(26,938)	(21,397)
Other expenses	(1,658)	(1,233)	(3,793)	(3,141)
Profit from operations	24,870	22,072	63,684	45,206
Share of profit of an associate	280	2,242	10,739	3,422
Interest expenses	(5,455)	(5,299)	(9,472)	(8,880)
Profit before tax from continuing operations	19,695	19,015	64,951	39,748
Tax expense	(5,429)	(4,364)	(14,717)	(9,544)
Profit for the period from continuing operations	14,266	14,651	50,234	30,204
DISCONTINUED OPERATIONS				
Profit for the period from discontinued operations	-	612	-	1,201
Profit for the period	14,266	15,263	50,234	31,405
Other comprehensive income				
Foreign exchange translation differences	643	(8,221)	(837)	(10,703)
Income tax relating to components of other comprehensive income	(243)	(5,640)	152	(4,167)
Other comprehensive income for the period	400	(13,861)	(685)	(14,870)
Total comprehensive income for the period	14,666	1,402	49,549	16,535
Profit attributable to:				
Owners of the parent	12,674	15,915	46,882	32,442
Non-controlling interest	1,592	(652)	3,352	(1,037)
	14,266	15,263	50,234	31,405
Total comprehensive income attributable to:				
Owners of the parent	13,073	2,035	46,193	17,572
Non-controlling interest	1,593	(633)	3,356	(1,037)
	14,666	1,402	49,549	16,535
Earnings per share				
Basic Earnings per ordinary share (sen)	3.71	4.97*	13.74	10.13*
Diluted Earnings per ordinary share (sen)	-	-	-	-
Proposed/Declared Dividend per share (sen)	-	-	-	-

* The Basic EPS has been adjusted to effect the Bonus Issue of 26,458,525 and 29,104,378 new ordinary shares which was completed on 23 May 2012 and 10 January 2013 respectively..

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 2012 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM FINANCIAL REPORT AS AT 31 MARCH 2013**

	(Unaudited) 31.03.2013	(Restated) 30.09.2012
	RM'000	RM'000
Assets		
Property, plant and equipment	169,132	163,355
Intangible assets	5,616	5,651
Biological assets	223,780	210,400
Prepaid lease payments	28,796	29,145
Investment properties	245,141	237,681
Investment in associated companies	56,492	50,350
Land held for property development	286,523	261,463
Deferred tax assets	21,236	21,704
Receivables, deposits and prepayments	27,649	35,203
Total Non-Current Assets	1,064,365	1,014,952
Property development costs	120,401	128,816
Inventories	45,230	42,880
Amount due from customers on contracts	2,099	1,952
Accrued billings	40,792	100,766
Receivables, deposits and prepayments	142,708	94,463
Current tax assets	3,413	1,087
Cash and cash equivalents	107,849	109,664
Total Current Assets	462,492	479,628
TOTAL ASSETS	1,526,857	1,494,580
Equity		
Share capital	349,252	291,044
Share Premium	21,994	-
Translation reserve	(17,142)	(16,453)
Revaluation reserve	9,030	9,030
Retained earnings	518,642	513,961
Equity attributable to Equity holders of the Company	881,776	797,582
Non-Controlling Interest	1,584	(1,772)
Total Equity	883,360	795,810
Liabilities		
Deferred tax liabilities	17,538	14,981
Provisions	1,882	1,894
Loans and borrowings - long-term	269,292	307,383
Payables, deposits received and accruals	19,115	15,758
Total Non-Current Liabilities	307,827	340,016
Provisions	18,482	18,482
Progress billings	12,486	663
Payables, deposits received and accruals	116,145	139,924
Loans and borrowings - short-term	181,364	192,911
Current tax liabilities	7,193	6,774
Total Current Liabilities	335,670	358,754
Total Liabilities	643,497	698,770
TOTAL EQUITY AND LIABILITIES	1,526,857	1,494,580
Net Assets per share attributable to shareholders of the Company (RM)	2.52	2.49*

* The preceding year's net assets per share has been adjusted to effect the Bonus Issue of 29,104,378 new ordinary shares in order to be comparable to current year's net assets per share.

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 2012 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013**

< ----- Attributable to owners of the parent ----- >

< ----- Non-distributable ----- >

Distributable

Group	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Revaluation Reserve of Disposal Group Classified as Held for Sale RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Financial period ended 31 March 2013									
At 1.10.2012 (audited)									
As previously stated	291,044	-	(16,453)	9,030	-	491,461	775,082	(1,772)	773,310
Effect of adopting Amendments to FRS 112	-	-	-	-	-	22,500	22,500	-	22,500
As restated	291,044	-	(16,453)	9,030	-	513,961	797,582	(1,772)	795,810
Total comprehensive income for the period	-	-	(689)	-	-	46,882	46,193	3,356	49,549
Transactions with owners									
Issuance of shares pursuant to Bonus Issue	29,104	-	-	-	-	(29,104)	-	-	-
Issuance of shares pursuant to Rights Issue	29,104	23,284	-	-	-	-	52,388	-	52,388
Share issue expenses	-	(1,290)	-	-	-	-	(1,290)	-	(1,290)
Dividends	-	-	-	-	-	(13,097)	(13,097)	-	(13,097)
At 31.03.2013 (unaudited)	349,252	21,994	(17,142)	9,030	-	518,642	881,776	1,584	883,360
Financial period ended 31 March 2012									
At 1.10.2011 (audited)									
As previously stated	264,585	-	6,984	10,102	20,571	431,562	733,804	154	733,958
Effect of adopting Amendments to FRS 112	-	-	-	-	-	19,728	19,728	-	19,728
As restated	264,585	-	6,984	10,102	20,571	451,290	753,532	154	753,686
Total comprehensive income for the period	-	-	(14,870)	-	-	32,442	17,572	(1,037)	16,535
Transactions with owners									
Realisation of reserve of disposal group classified as held for sale	-	-	-	(1,071)	(20,571)	21,642	-	-	-
Dividends	-	-	-	-	-	(9,922)	(9,922)	-	(9,922)
At 31.03.2012 (audited)	264,585	-	(7,886)	9,031	-	495,452	761,182	(883)	760,299

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 2012 and the accompanying explanatory notes attached to the interim Financial Report.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2013**

	(Unaudited) 31.03.2013 RM'000	(Unaudited) 31.03.2012 RM'000
Cash Flows From Operating Activities		
Profit before taxation		
- continuing operations	64,951	39,748
- discontinued operations	-	1,542
Adjustments for non-cash items	5,552	6,962
Operating profit before changes in working capital	<u>70,503</u>	<u>48,252</u>
Change in property development costs	9,060	6,981
Change in inventories	(2,350)	1,082
Change in amount due to customers on contracts	(146)	(228)
Change in receivables, deposits and prepayments	19,377	(34,384)
Change in payables and accruals	(8,600)	(8,517)
Cash generated from operations	<u>87,844</u>	<u>13,186</u>
Interest paid	(11,834)	(10,445)
Interest received	1,063	462
Tax paid	(13,490)	(7,826)
Tax refund	20	92
Net cash from/(used in) operating activities	<u>63,603</u>	<u>(4,531)</u>
Cash Flows From Investing Activities		
Additions to investment property	(7,460)	-
Additions to land held for property development	(25,060)	(19,524)
Acquisition of property, plant and equipment	(11,465)	(38,944)
Additions to biological assets	(13,720)	(20,956)
Subscription of shares in an associate	(200)	(200)
Disposal of discontinued operation, net of cash and cash equivalents disposed	-	58,790
Proceeds from disposal of property, plant and equipment	147	207
Proceeds from disposal of investment property	-	55
Proceeds from disposal of land held for property development	-	1,603
Proceeds from redemption of non-cumulative redeemable preference shares	4,797	-
Net cash used in investing activities	<u>(52,961)</u>	<u>(18,969)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	52,388	-
Dividend paid	(13,097)	(9,922)
Net (repayment)/drawdown of bank borrowings	(20,656)	49,423
Payments of finance lease liabilities	(791)	(883)
Proceeds from Government grant	-	250
Share issue expenses	(1,290)	-
Net cash from financing activities	<u>16,554</u>	<u>38,868</u>
Net increase in cash and cash equivalents	<u>27,196</u>	<u>15,368</u>
Effect of exchange rate fluctuations	(432)	133
Cash and cash equivalents at beginning of the period	<u>77,528</u>	<u>45,599</u>
Cash and cash equivalents at end of the period	<u>104,292</u>	<u>61,100</u>

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 2012 and the accompanying explanatory notes attached to the interim Financial Report.



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 2012.

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 2012 (“Annual Report 2012”) except for the adoption of the following Revised Financial Reporting Standards (“FRSs”) and Amendments/Improvements to FRSs:

Revised FRSs

FRS 124 Related Party Disclosures

Amendments/Improvements to FRSs

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 7 Financial Instruments: Disclosures

FRS 101 Presentation of Financial Statements

FRS 112 Income Taxes

The adoption of the above revised FRSs and amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group except for the amendment to FRS 112 Income Taxes. Prior to 1 October 2012, the Group provides for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of this amendment, as there is a presumption that the carrying amount of investment properties measured at fair value will be recovered entirely through sale, deferred tax liability on investment properties will be recognised based on rate applicable to real property gain tax. The effects on the statement of financial position of the Group as at 30 September 2012 arising from the above change in accounting policy will be as follows:

	Increase/ (Decrease) RM'000
Group	
Statement of financial position	
Retained earnings	22,500
Deferred tax liabilities	<u>(22,500)</u>

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted

The Group have not adopted the following new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of this interim financial statements but are not yet effective for the Group:

	Effective for financial periods beginning on or after	
<u>New FRSs</u>		
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interest in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
<u>Revised FRSs</u>		
FRS 119	Employee Benefits	1 January 2013
FRS 127	Separate Financial Statements	1 January 2013
FRS 128	Investments in Associate and Joint Ventures	1 January 2013
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
FRS 7	Financial Instruments: Disclosures	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
FRS 101	Presentation of Financial Instruments	1 January 2013
FRS 116	Property, Plant and Equipment	1 January 2013
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
FRS 134	Interim Financial Reporting	1 January 2013
<u>New IC Int</u>		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
<u>Amendments to IC Int</u>		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

The brief discussion on the above significant new and revised FRSs, amendments/improvements to FRSs, new IC Int and amendments to IC Int that are applicable to the Group can be referred to the Annual Report 2012. The financial effects of their adoption are currently still being assessed by the Group.

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 2012 in their report dated 21 December 2012.

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 except for the renounceable rights issue of 29,104,378 rights shares on the basis of one (1) rights share for every ten (10) existing MKH shares held together with 29,104,378 free detachable warrants and 29,104,378 bonus shares on the basis of one (1) warrant and one (1) bonus share for every one (1) rights share subscribed for at an issue price of RM1.80 for each rights share. The rights issue with warrants and bonus issue was completed on 10 January 2013.

A7. DIVIDEND PAID

On 5 March 2013, the Company paid a final dividend of 5.0 sen less 25% tax per ordinary shares of RM1.00 each amounting to RM13,096,977 in respect of the financial year ended 30 September 2012. The dividend was approved by the shareholders during the Annual General Meeting held on 5 February 2013.

A8. OPERATING SEGMENTS

(a) Segment Analysis – Business Segments

Financial period ended 31 March 2013

	Property development & construction RM'000	Hotel & property investment RM'000	Trading RM'000	Manu- facturing RM'000	Plantation RM'000	Investment holding RM'000	Non-reportable segment RM'000	Non-Halal (Discontinued Operations) Farming, food processing & retail RM'000	Eliminations RM'000	Consolidated RM'000
Revenue										
Total external revenue	189,484	15,854	31,085	4,786	42,689	-	1,172	-		285,070
Inter-segment revenue	-	-	14	-	-	7,890	-	-	(7,904)	-
Total segment revenue	<u>189,484</u>	<u>15,854</u>	<u>31,099</u>	<u>4,786</u>	<u>42,689</u>	<u>7,890</u>	<u>1,172</u>	<u>-</u>	<u>(7,904)</u>	<u>285,070</u>
Results										
Operating result	42,265	7,986	1,953	(186)	11,045	811	399	-	(1,723)	62,550
Interest expense	(6,759)	(1,239)	-	-	(178)	(4,754)	(39)	-	3,497	(9,472)
Interest income	1,216	14	-	146	44	1,484	4	-	(1,774)	1,134
Share of profits of associates	10,870	(131)	-	-	-	-	-	-	-	10,739
Segment result	<u>47,592</u>	<u>6,630</u>	<u>1,953</u>	<u>(40)</u>	<u>10,911</u>	<u>(2,459)</u>	<u>364</u>	<u>-</u>	<u>-</u>	<u>64,951</u>
Tax expense										(14,717)
Profit for the period										<u>50,234</u>
Assets										
Segment assets	670,967	284,659	21,820	20,852	394,460	26,330	26,628	-	-	1,445,716
Investment in associates	56,291	201	-	-	-	-	-	-	-	56,492
Deferred tax assets										21,236
Current tax assets										3,413
Total assets										<u>1,526,857</u>
Liabilities										
Segment liabilities	288,890	66,662	8,972	1,757	119,046	133,414	25	-	-	618,766
Deferred tax liabilities										17,538
Current tax liabilities										7,193
Total liabilities										<u>643,497</u>
Other segment information										
Depreciation and amortisation	555	685	10	209	4,942	10	65	-	-	6,476
Additions to non-current assets other than financial instruments and deferred tax assets	25,616	7,847	-	14	23,012	-	2	-	-	56,491

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 March 2012

	Property development & construction RM'000	Hotel & property investment RM'000	Trading RM'000	Manu- facturing RM'000	Plantation RM'000	Investment holding RM'000	Non-reportable segment RM'000	Non-Halal (Discontinued Operations) Farming, food processing & retail RM'000	Eliminations RM'000	Consolidated RM'000
Revenue										
Total external revenue	171,103	14,633	32,381	5,752	2,111	-	462	10,632	-	237,074
Inter-segment revenue	-	-	12	-	-	5,923	-	-	(5,935)	-
Total segment revenue	<u>171,103</u>	<u>14,633</u>	<u>32,393</u>	<u>5,752</u>	<u>2,111</u>	<u>5,923</u>	<u>462</u>	<u>10,632</u>	<u>(5,935)</u>	<u>237,074</u>
Results										
Operating result	39,801	6,862	2,175	274	(4,852)	1,149	(173)	1,601	(660)	46,177
Interest expense	(6,284)	(1,262)	-	-	(20)	(3,552)	(76)	(59)	2,314	(8,939)
Interest income	1,082	162	-	110	44	882	4	-	(1,654)	630
Share of profits of an associate	3,422	-	-	-	-	-	-	-	-	3,422
Segment result	<u>38,021</u>	<u>5,762</u>	<u>2,175</u>	<u>384</u>	<u>(4,828)</u>	<u>(1,521)</u>	<u>(245)</u>	<u>1,542</u>	<u>-</u>	<u>41,290</u>
Tax expense										(9,885)
Profit for the period										<u>31,405</u>
Assets										
Segment assets	588,701	254,853	21,696	23,685	337,973	2,491	18,653	-	-	1,248,052
Investment in an associate	41,699	-	-	-	-	-	-	-	-	41,699
Deferred tax assets										14,495
Current tax assets										2,773
Total assets										<u>1,307,019</u>
Liabilities										
Segment liabilities	268,386	61,543	9,198	2,532	56,112	123,009	1,283	-	-	522,063
Deferred tax liabilities										34,950
Current tax liabilities										9,435
Total liabilities										<u>566,448</u>
Other segment information										
Depreciation and amortisation	491	605	11	183	388	11	3	761	-	2,453
Additions to non-current assets other financial instruments and deferred tax assets	20,570	700	-	100	58,073	-	4	1,483	-	80,930

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	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysia	237,595	218,579	580,596	538,553
The Peoples' Republic of China	4,786	5,752	12,028	12,044
Republic of Indonesia	42,689	2,111	366,364	314,130
	<u>285,070</u>	<u>226,442</u>	<u>958,988</u>	<u>864,727</u>
Discontinued operations				
Malaysia	-	10,632	-	-
	<u>285,070</u>	<u>237,074</u>	<u>958,988</u>	<u>864,727</u>

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 except as follows:

On 17 April 2013, the Company has acquired two (2) existing ordinary shares of RM1/- each representing 100% of the issued and paid-up share capital of Vista Haruman Development Sdn Bhd ("VHDSB"), a shelf company, for a cash consideration of RM1,950/- (including reimbursement of incorporation expenses of RM1,948/-). As a result, VHDSB become a wholly-owned subsidiary of the Company.

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 as follows:

On 6 February 2013, the Company has entered into a Share Sale Agreement ("the SSA") with Supreme Suria Sdn Bhd for the proposed acquisition of 45,000 ordinary shares of RM1/- each or equivalent to 45% of the issued and paid-up share capital of Budi Bidara Sdn Bhd ("Sale Shares") at the purchase price of Ringgit Malaysia Eighteen Million (RM18,000,000/-) only ("Proposed Acquisition"). The Proposed Acquisition is targeted to be completed within five (5) months from the date of the SSA.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

As at 22 May 2013, 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 2012 recorded a decrease of approximately RM21.6 million. Total credit facilities granted to subsidiaries with corporate guarantees issued by the Company to the lenders and utilised by subsidiaries as at 22 May 2013 was approximately RM578.8 million and RM400.4 million respectively.

A13. CAPITAL COMMITMENTS

The capital commitment of the Group is as follows:

	As at 31.03.2013 RM'000
Approved, contracted but not provided for:	
- Investment property for hotel and property investment division	17,500
- Property, plant and equipment for plantation division	9,300
Approved but not contracted and not provided for:	
- Property, plant and equipment for plantation division	<u>25,200</u>
	<u><u>52,000</u></u>

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) Second quarter ended 31 March 2013

The Group recorded higher revenue from continuing operations for the current quarter of RM137.2 million as compared to the preceding year corresponding quarter of RM115.5 million. The increase in Group's revenue by 19% was mainly contributed by the plantation division arising from its increase in sales of crude palm oil ("CPO") and palm kernel.

Despite the increase in the Group's revenue, the Group's profit before tax was maintained at RM19.7 million as compared to the preceding year corresponding quarter of RM19.6 million. This was mainly due to lower profit before tax contribution from the property and construction division of RM10.5 million in the current quarter as compared to preceding year corresponding quarter of RM18.7 million following the completion and handing over vacant possession of Pelangi Semenyih 2 (Phase 1A and 1B), Hill Park Home 2 and Areca Residence in the immediate preceding quarter ended 31 December 2012. Other profit contribution from the on-going development projects, namely Pelangi Semenyih 2, Saville@Melawati, Pelangi Seri Alam, Saville@the Park and Mewah 9 Residence are progressing as per schedule.

The lower profit before tax contribution from the property and construction division by RM8.2 million was mitigated by the higher profit contribution from the plantation division of RM8.8 million as a result of the increase in sales of CPO and palm kernel in the current quarter as compared to the preceding year corresponding quarter.

(ii) Current year-to-date (YTD) ended 31 March 2013 by Segments

Property and construction

This division recorded higher revenue and profit before tax of RM189.5 million and RM47.6 million for the current YTD as compared to the preceding YTD of RM171.1 million and RM38.0 million respectively. The increase in revenue by 11% and profit before tax by 25% was mainly due to higher percentage of profit recognition of on-going projects coupled with the completion and handing over vacant possession of certain projects as mentioned under paragraph B1(i) above.

As at 31.03.2013, the Group has locked-in unbilled sales value of RM468.7 million from which attributed sales revenue and profits will be recognised progressively as their development percentage of completion progresses.

Hotel and property investment

This division recorded higher revenue and profit before tax of RM15.9 million and RM6.6 million for the current YTD as compared to the preceding YTD of RM14.6 million and RM5.8 million respectively. The increase in revenue and profit before tax was mainly due to increase in average rental rates.

Trading

This division recorded lower revenue and profit before tax of RM31.1 million and RM2.0 million for the current YTD as compared to the preceding YTD of RM32.4 million and profit before tax of RM2.2 million respectively. The lower revenue and profit before tax was mainly due to lower sales of building materials to the Group's external subcontractors following the completion of the projects by the Group as mentioned under paragraph B1(i) above.

Manufacturing

This division recorded lower revenue of RM4.8 million for the current YTD as compared to the preceding YTD of RM5.8 million and from profit before tax of RM0.4 million in the preceding YTD to the current YTD loss before tax of RM40,000. The loss before tax was mainly due to insufficient sales revenue and gross profit to absorb certain fixed production and administrative overheads.

Plantation

As at to date, this division has planted approximately 15,000 hectares out of the plantable area of 15,200 hectares (total land area of 15,942.6 hectares) representing 98% of the plantable area and approximately 11,800 hectares are under harvesting stage.

This division recorded CPO and palm kernel revenue totaling RM42.7 million from both matured and immatured palms and profit before tax of RM10.9 million for the current YTD as compared to the preceding YTD revenue of RM2.1 million and loss before tax of RM4.8 million.

Investment holding

This division revenue and losses were mainly derived from the inter-group transactions which were eliminated at the Group level.

Discontinued operations: Non-Halal Livestock farming, food processing and retail

The Group has completed the disposal of this Non-Halal division on 16 January 2012, there were no revenue and operation profit contribution from this division for the current quarter.

B2. COMMENT ON MATERIAL CHANGES IN THE PROFIT BEFORE TAX OF THE CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

	2nd Quarter ended 31.03.2013 RM'000	1st Quarter ended 31.12.2012 RM'000
Profit before tax from:		
- Continuing operations	19,695	45,256
- Discontinued operations	-	-
	<u>19,695</u>	<u>45,256</u>

The profit before tax from the continuing operations for the current quarter was lower at RM19.7 million as compared to RM45.3 million in the preceding quarter mainly attributable to lower profit contribution from the property and construction division and an associated company following the completion and handing over vacant possession of Pelangi Semenyih 2 (Phase 1A and 1B), Hill Park Home 2 and Areca Residence in the preceding quarter.

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 2013 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 positive profit contribution from the plantation as more palms are entering into maturity stage in the current financial year.

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 31.03.2013 RM'000	Financial year-to-date 31.03.2013 RM'000
Amortization of prepaid lease payments	(197)	(394)
Amortization of biological assets	(1,522)	(2,265)
Depreciation of property, plant and equipment	(1,683)	(3,817)
Impairment loss on:		
- receivables	-	(4)
Interest expense	(5,455)	(9,472)
Net gain/(loss) on foreign exchange:		
- realised	712	(88)
- unrealised	(1,024)	(1,481)
Interest income	584	1,134
	<u>584</u>	<u>1,134</u>

(ii) CASH AND CASH EQUIVALENTS

The cash and cash equivalents at end of the period comprise of the following:

	(Unaudited) 31.03.2013 RM'000	(Unaudited) 31.03.2012 RM'000
Continuing operations		
Cash and bank balances	35,675	27,050
Cash held under housing development accounts	52,688	47,539
Cash held under sinking fund accounts	-	7
Deposits with licensed banks and financial institutions	17,417	8,970
Short term funds	2,069	869
Bank overdrafts	(3,557)	(23,335)
	<u>104,292</u>	<u>61,100</u>
Discontinued operations		
Cash and bank balances	-	-
Bank overdrafts	-	-
	<u>-</u>	<u>-</u>
	<u>104,292</u>	<u>61,100</u>

B6. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Individual Quarter		Cumulative Quarter	
	Current	Preceding Year	Current	Preceding
	Year	Corresponding	Year-to-Date	Year-to-Date
	Quarter	Quarter	Year-to-Date	Year-to-Date
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	10,632
Cost of sales	-	-	-	(7,469)
Gross profit	-	-	-	3,163
Other income	-	-	-	49
Distribution expenses	-	-	-	(259)
Administrative expenses	-	-	-	(1,800)
Other expenses	-	-	-	(164)
Profit from operations	-	-	-	989
Interest expenses	-	-	-	(59)
Profit before tax	-	-	-	930
Tax expense	-	-	-	(341)
Profit from operating activities, net of tax	-	-	-	589
Gain on disposal of discontinued operation	-	612	-	612
Profit for the period	-	612	-	1,201

Included in profit before tax from discontinued operations are:

Depreciation of property, plant and equipment	-	-	-	(761)
Interest expense	-	-	-	(59)
Inventories written off	-	-	-	(23)
Net loss on foreign exchange	-	-	-	(1)

B7. TAX EXPENSE

The taxation of the Group from continuing operations comprises of the following: -

	Current Quarter 31.03.2013 RM'000	Financial Year-to-Date 31.03.2013 RM'000
Current taxation		
- income taxation	3,572	11,564
- deferred taxation	1,857	3,153
	<u>5,429</u>	<u>14,717</u>
Under provision in prior year	-	-
	<u>5,429</u>	<u>14,717</u>

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.

B8. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 10 January 2013, the Company has completed the renounceable rights issue of 29,104,378 rights shares on the basis of one (1) rights share for every ten (10) existing MKH shares held together with 29,104,378 free detachable warrants and 29,104,378 bonus shares on the basis of one (1) warrant and one (1) bonus share for every one (1) rights share subscribed for at an issue price of RM1.80 for each rights share.

The utilisation of rights issue proceeds are as follows:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Intended Time Frame
Repayment of bank borrowings	45,000	45,000	-	Completed
General working capital	5,988	6,098	(110)	Completed
Estimated expenses in relation to the Corporate Exercise	1,400	1,290	110	Completed
	<u>52,388</u>	<u>52,388</u>	<u>-</u>	

B9. GROUP BORROWINGS AND DEBT SECURITIES

The loans and borrowings (including finance lease liabilities) of the Group from continuing operations are as follows: -

	As at 31.03.2013 RM'000
Short-term - unsecured	41,857
Short-term - secured	139,846
Long-term - unsecured	317
Long-term - secured	268,636
	<u>450,656</u>

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
Short-term - secured	3,500	10,816
Long-term - secured	38,500	118,963
	<u>42,000</u>	<u>129,779</u>

B10. MATERIAL LITIGATION

There was no material litigation involving the Group during the current quarter under review.

B11. DIVIDEND

The Board of Directors does not recommend any dividend payment for the current quarter ended 31 March 2013.

B12. EARNINGS PER SHARE (“EPS”)

	Current Year	Preceding Year	Current	Preceding
	Quarter	Corresponding	Year-to-Date	Year-to-Date
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	(unaudited)	(audited)	(unaudited)	(audited)
BASIC EPS				
Profit attributable to Owners of the parent (RM'000)				
from:				
- continuing operations	12,674	15,303	46,882	31,241
- discontinued operations	-	612	-	1,201
	12,674	15,915	46,882	32,442
Weighted average number of ordinary shares ('000)				
At 1 October 2012	291,044	291,044 ^	291,044	291,044 ^
Bonus issue	29,104	29,104 *	29,104	29,104 *
Rights issue	21,051	-	21,051	-
At 31 March 2013	341,199	320,148	341,199	320,148
BASIC EPS (sen)				
from:				
- continuing operations	3.71	4.78^*	13.74	9.76^*
- discontinued operations	-	0.19^*	-	0.38^*
	3.71	4.97	13.74	10.13

^ The EPS has been adjusted to effect the Bonus Issue of 26,458,525 new ordinary shares which was completed on 23 May 2012.

* The EPS has been adjusted to effect the Bonus Issue of 29,104,378 new ordinary shares which was completed on 10 January 2013 as disclosed under paragraph A6.

DILUTED EPS (sen)

Not applicable

B13. 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 31.03.2013 RM'000	(Restated) As at 30.9.2012 RM'000
Total retained earnings of its subsidiaries		
- realised	472,879	526,883
- unrealised	97,380	69,112
	<u>570,259</u>	<u>595,995</u>
Total share of retained earnings from an associate		
- realised	53,842	43,103
	<u>624,101</u>	<u>639,098</u>
Less: Consolidation adjustments	(105,459)	(125,137)
Total retained earnings of the Group	<u><u>518,642</u></u>	<u><u>513,961</u></u>

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.

B14. 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 29 May 2013.